

BASE PROSPECTUS FOR ADMISSION TO TRADING ON EURONEXT BRUSSELS

dated 28 June 2013

BASS MASTER ISSUER NV/SA

(institutionele VBS naar Belgisch recht / SIC institutionelle de droit belge)

EUR 30,000,000,000

RESIDENTIAL MORTGAGE BACKED NOTE PROGRAMME

This document constitutes a base prospectus (the **Base Prospectus**) within the meaning of Directive 2003/71/EC (the **Prospectus Directive**). This Base Prospectus has been approved by the Financial Services and Market Authority (**FSMA**) which is the Belgian competent authority for the purpose of the Prospectus Directive and relevant implementing measures in Belgium, in accordance with the procedure set out in Article 32 of the Belgian Act of 16 June 2006 on the public offering of investment instruments and the admission of investments instruments to trading on a regulated market (the **Prospectus Act**), as a Base Prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Belgium for the purpose of giving information with regard to the issue of Notes under the Programme during the period of twelve months after the date hereof. This approval cannot be considered a judgement as to the quality of the transaction, nor on the situation or prospects of the Issuer.

Under this EUR 30,000,000,000 Residential Mortgage Backed Note Programme (the **Programme**) Bass Master Issuer NV/SA, *Institutionele VBS naar Belgisch recht / SIC institutionelle de droit belge* (the **Issuer**) may from time to time issue Class A notes, Class B notes, Class C notes, Class D notes and Class E notes (the **Notes**) denominated in Euro or in another currency as set out in the Final Terms, to the initial Dealers in respect of the first issue and any Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "relevant Dealer(s)" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes. The Notes may be issued in one or more Series. Each Series will consist of one or more Classes of Notes, and each Class may consist of two or more Sub-classes. One or more Series and Classes may be issued at any time. Notes of Series-0 are intended to be issued to (i) BNP Paribas Fortis SA/NV and/or any direct or indirect subsidiary of BNP Paribas Fortis SA/NV, and/or (ii) any entity of the BNP Paribas group.

The Notes, other than the Class E Notes, will be issued to finance the purchase of Mortgage Receivables and the Related Security relating thereto from time to time from the Seller. The net proceeds of the Class E Notes will be deposited on the Reserve Account. The Notes will be secured by a right of pledge over the Mortgage Receivables and the Related Security relating thereto and a right of pledge over certain other assets of the Issuer in favour of the Security Agent.

Application may be made for the Notes to be admitted to trading on the regulated market of NYSE Euronext Brussels (**Euronext Brussels**) during the period of 12 months from the date of this Base Prospectus. Notice of certain terms and conditions not contained in this Base Prospectus which are

applicable to a particular Series of Notes will be set out in the final terms in respect of that Series of Notes, of which a form is included in Section 21 (*Final Terms*), as the same may be amended, restated and/or supplemented from time to time (the **Final Terms**), which will be delivered to Euronext Brussels and filed with the FSMA on or before the date of each issue of Notes. Notes issued under the Programme may also be listed on any other stock exchange specified in the Final Terms.

The Notes may only be subscribed, purchased or held by investors that qualify both as (a) institutional or professional investors within the meaning of Article 5 § 3 of the Belgian Act of 3 August 2012 on certain forms of collective management of investment portfolios (*Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles / Loi relative à certaines formes de gestion collective de portefeuilles d'investissement*), as amended from time to time (the **UCITS Act**) that are acting for their own account; and (b) a holder of an exempt securities account (**X-Account**) with the Clearing System operated by the National Bank of Belgium or (directly or indirectly) with a participant in such system.

For each Note in respect of which the Issuer becomes aware that it is held by an investor other than an Eligible Holder acting for its own account in breach of the above requirement, the Issuer will suspend interest payments until such Note will have been transferred to and held by an Eligible Holder.

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

The FSMA may be requested to provide other competent authorities in the European Economic Area with a certificate of approval so that application may be made for Notes issued under the Programme to be admitted to trading on other regulated markets. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or are to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

It is a condition precedent to the issuance of each Series of Notes that the Class A Notes, on issue, be assigned at least a 'Aaasf' rating by Moody's Investors Service Limited (**Moody's**), a 'AAAsf' rating by Fitch France S.A.S. (**Fitch**) and together with Moody's, the **Rating Agencies**), the Class B Notes, on issue, be assigned at least a 'Aa3sf' rating by Moody's, a 'AAsf' rating by Fitch and the Class C Notes, on issue, be assigned at least a 'A2sf' rating by Moody's, a 'BBB+sf' rating by Fitch (the **Minimum Ratings**).

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. For a discussion on some of the risks associated with an investment in the Notes see Section 3 (*Risk Factors*) of this Base Prospectus.

The Notes will be solely the 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, the Seller, the Arranger, the Security Agent, the Dealers, the Pool Servicer, the Administrator, the Insurance Companies, the GIC Provider, the Swap Counterparties, the Domiciliary Agent and the Reference Agent (each as defined herein). Furthermore, the Seller, the Security Agent, the Dealers, the Pool Servicer, the Administrator, the Insurance Companies, the GIC Provider, the Swap Counterparties, the Domiciliary Agent, the Reference Agent nor any other person in whatever capacity acting will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Security Agent, the Dealers, the Pool Servicer, the Administrator, the Insurance Companies, the GIC Provider, the Swap Counterparties, the Domiciliary Agent or the Reference Agent will be under any obligation

whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Relevant Documents).

For the page reference of the definitions of the capitalised terms used in this Base Prospectus see Section 31 (*Index of Defined Terms*).

For a discussion of certain risks that should be considered in connection with an investment in any of the Notes, see Section 3 (*Risk Factors*).

Arranger

BNP Paribas Fortis SA/NV

SECTION 1

IMPORTANT INFORMATION

1. RESPONSIBILITY STATEMENT

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

The Seller is responsible solely for the information contained in the following sections of this Base Prospectus: *Overview of the Belgian Residential Mortgage Market*, *The Seller*, *Description of Mortgage Loans* and *Mortgage Loan Underwriting and Servicing*. To the best of its knowledge (having taken all reasonable care to ensure that such is the case) the information contained in these sections is in accordance with the facts and does not omit anything likely to affect the impact of such information. Any information in these sections and any other information from third-parties identified as such in these sections has been accurately reproduced and as far as the Seller is aware and is able to ascertain from information published by that third-party, does not omit any facts which would render the reproduced information inaccurate or misleading. The Seller accepts responsibility accordingly.

The Pool Servicer is responsible solely for the information contained in the following section *Related Party Transactions – The Pool Servicer* of this Base Prospectus. To the best of its knowledge (having taken all reasonable care to ensure that such is the case) the information contained in these sections is in accordance with the facts and does not omit anything likely to affect the impact of such information. Any information in these sections and any other information from third-parties identified as such in these sections has been accurately reproduced and as far as the Pool Servicer is aware and is able to ascertain from information published by that third-party, does not omit any facts which would render the reproduced information inaccurate or misleading. The Pool Servicer accepts responsibility accordingly.

The Security Agent is responsible solely for the information contained in the sections *Related Party Transactions – The Security Agent* of this Base Prospectus. To the best of its knowledge (having taken all reasonable care to ensure that such is the case) the information contained in these sections is in accordance with the facts and does not omit anything likely to affect the impact of such information. Any information in these sections and any other information from third-parties identified as such in these sections has been accurately reproduced and as far as the 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. The Security Agent accepts responsibility accordingly.

The Administrator is responsible solely for the information contained in the section *Related Party Transactions – The Administrator* of this Base Prospectus. To the best of its knowledge (having taken all reasonable care to ensure that such is the case) the information contained in these sections is in accordance with the facts and does not omit anything likely to affect the impact of such information. Any information in these sections and any other information from third-parties identified as such in these sections has been accurately reproduced and as far as the Administrator 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 Administrator accepts responsibility accordingly.

The Domiciliary Agent, Listing Agent, Reference Agent, the GIC Provider and the Interest Swap Counterparty are responsible solely for the information contained in the sections *Related Party Transactions – The Domiciliary Agent – The Listing Agent – The Reference Agent – The GIC Provider – The Interest Swap Counterparty* of this Base Prospectus. To the best of their knowledge (having taken all reasonable care to ensure that such is the case) the information contained in these sections is in accordance with the facts and does not omit anything likely to affect the impact of such information. Any information in these sections and any other information from third-parties identified as such in these sections has been accurately reproduced and as far as the Domiciliary Agent, Listing Agent, Reference Agent, the GIC Provider and the Interest Swap Counterparty are 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 Domiciliary Agent, Listing Agent, Reference Agent, the GIC Provider and the Interest Swap Counterparty accept responsibility accordingly.

2. FINAL TERMS

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Series Notes will be set forth in the Final Terms in respect of such Series of Notes, which, with respect to Notes to be admitted to trading on the regulated market of Euronext Brussels, will be filed with the FSMA and delivered to Euronext Brussels on or before the date of each issue of Notes.

3. RELATED OR ADDITIONAL INFORMATION

This Base Prospectus should be read and construed with any supplement hereto and with any other document or information incorporated by reference herein (if any) and, in respect of the Notes, must be read and construed together with the Final Terms.

The deed of incorporation and the by-laws (*statuten/statuts*) of Bass Master Issuer NV/SA (*institutionele VBS naar Belgisch recht / S.I.C. institutionnelle de droit belge*), as amended from time to time, shall be deemed to be incorporated in, and to form part of, this Base Prospectus, and will be available at the specified offices of the Domiciliary Agent and the registered office of the Issuer and will be available on the website <https://www.intertrustgroup-fgreporting.com>.

The documents incorporated by reference in this Base Prospectus are listed in *Documents incorporated by reference* below.

Every significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of the Notes and which arises or is noted between the time when this Base Prospectus is approved and the time when trading of any of the Notes on a regulated market begins, shall be mentioned in a supplement to this Base 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 Base Prospectus. Investors who have already agreed to purchase or subscribe for new 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 for such new Notes. The investors must be notified of the possibility to withdraw their acceptances at the moment of the publication of any supplement.

If the terms of the Programme are modified or amended in a manner which would make this Base Prospectus, as supplemented, inaccurate or misleading, a new Base Prospectus will be prepared.

4. REPRESENTATIONS ABOUT THE NOTES

No person, other than the Issuer, is, or has been authorised to give any information or to make any representation concerning the issue and sale of the Notes which is not contained in or not consistent with this Base 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 Seller, the Security Agent, the Arrangers, the Dealers, the Pool Servicer, the Administrator, the Insurance Companies, the GIC Provider, the Swap Counterparties, the Domiciliary Agent and the Reference Agent (each as defined herein), or any of their respective affiliates. Neither the delivery of this Base 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.

5. FINANCIAL CONDITION OF THE ISSUER

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

The Arranger, any of the Dealers 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.

6. GENERAL SELLING RESTRICTIONS

This Base Prospectus (which term shall, where applicable, include any supplements and 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 this Base Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. 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 Base Prospectus in accordance with applicable laws and regulations. Neither this Base Prospectus nor any other information supplied constitutes an offer or invitation by or on behalf of the Issuer or any Dealer to any person to subscribe for or to purchase any Notes.

Each Dealer will agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Dealer shall have any responsibility therefore.

Neither the Issuer nor any Dealer shall represent, that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available there under, or assumes any responsibility for facilitating such sale.

7. **SALE, HOLDING AND TRANSFER RESTRICTIONS APPLICABLE IN ANY JURISDICTION - ONLY PERMITTED TO ELIGIBLE HOLDERS**

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

- (a) institutional or professional investors within the meaning of Article 5 § 3 of the Belgian Act of 3 August 2012 on certain forms of collective management of investment portfolios (*Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles / Loi relative à certaines formes de gestion collective de portefeuilles d'investissement*, as amended from time to time (**Institutional Investors**) that are acting for their own account; and
- (b) a holder of an exempt securities account with the Clearing System operated by the National Bank of Belgium or (directly or indirectly) with a participant in such system.

A list of the types of persons that for the time being qualify as institutional or professional investors is attached as Annex 1 to this Base Prospectus.

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. Any transfers of Notes effected in breach of the above requirement will be unenforceable vis-à-vis the Issuer.

8. **ADDITIONAL REGIONAL RESTRICTIONS**

Subject to the general restriction to Eligible Holders, *inter alia* the following restrictions will in addition apply. For a more complete description of restrictions on offers and sales and applicable U.S. tax law requirements, see Section 28 (*Subscription and Sale*).

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 (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.

Certain of the Notes are or may be issued in bearer form and are therefore subject to certain U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or its possessions, or to U.S. Persons (including, for purposes of this paragraph, persons treated as United States persons under the U.S. tax laws). For a more complete description of restrictions on offers and sales and applicable U.S. tax law requirements, see Section 28 (*Subscription and Sale*).

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

9. EXCLUDED HOLDERS

Notes may not be acquired by a Belgian or foreign transferee who is not subject to income tax or who is, as far as interest income is concerned, subject to a tax regime that is deemed by the Belgian tax authorities to be significantly more advantageous than the common Belgian tax regime applicable to interest income (within the meaning of Articles 54 and 198, 11° of the BITC 1992).

Furthermore, no Notes may be acquired by a Belgian or foreign transferee that qualifies as an “affiliated company” (within the meaning of Article 11 of the Company Code) of the Issuer, save where such transferee also qualifies as a “financial institution” referred to in Article 56, §2, 2° of the Belgian Income Tax Code 1992.

Finally, notes may not be acquired by a foreign transferee being a resident of or having an establishment in, or acting, for the purposes of the Notes, through a bank account held in a tax haven jurisdiction as referred to in Article 307, §1, fourth indent of the Belgian Income Tax Code 1992.

10. STABILISATION

In connection with each issue of Notes a stabilising manager (each a **Stabilising Manager**) may be appointed. If a Stabilising Manager is appointed, the relevant Stabilising Manager will be set out in the Final Terms. The Stabilising Manager or any duly appointed person acting for the Stabilising Manager may over-allot (provided that the aggregate Principal Amount Outstanding of the relevant Class or Sub-class of any Series of Notes allotted does not exceed 105 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Sub-class of any Series of Notes) or effect transactions with a view to supporting the market price of the relevant Class or Sub-class of any Series of Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Class or Sub-class of any Series of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the relevant Class or Sub-class of any Series of Notes. Stabilisation transactions shall be conducted in accordance with all applicable laws and regulations as amended from time to time.

11. CURRENCY

All references in this document to '€' and 'euro' refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, references to Sterling and £ refer to pounds sterling, references to U.S. Dollars and \$ refer to United States dollars and references to JPY and ¥ refer to Japanese Yen.

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SECTION 2

OVERVIEW OF THE PROGRAMME

The following is an overview of the principal features of Programme, and should be read as an introduction to this Base Prospectus. This overview does not purport to be complete, is taken from and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Base Prospectus. Any decision to invest in the Notes must be based on a consideration of the Base Prospectus as a whole, including any supplement thereto.

Capitalised terms used, but not defined, in this section can be found elsewhere in this Base Prospectus. For the page reference of the definitions of the capitalised terms used herein see Section 31 (Index of Defined Terms).

1. THE ISSUER

The Issuer, Bass Master Issuer NV/SA, *institutionele VBS naar Belgisch recht / S.I.C. institutionnelle de droit belge*, is organised as a Belgian public limited company (*naamloze vennootschap / société anonyme*) registered with the Belgian Federal Public Service for Finance (*Federale overheidsdienst Financiën / Service Public Fédérale 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 V.B.S.**), is incorporated under Belgian law and has its registered office at Louizalaan 486, 1050 Brussels, Belgium. It is registered with the Crossroad Bank for Enterprises under n° 0898.307.694. The Issuer is a special purpose vehicle. The shares of the Issuer are held by Stichting Holding Bass and Genfinance International NV/SA.

In order to fund purchases of Mortgage Receivables, the Issuer may issue Notes from time to time under the Programme. Other than for purchasing Mortgage Receivables, the proceeds of the Notes issued from time to time can be used to redeem other Notes, subject to fulfilment of the Repayment Test. The proceeds of any Class E Notes will be credited to the Reserve Account and will not be available for the above purposes.

For each issue of Notes, Final Terms will be made available and the Notes will be issued in Series only. Each Series may consist of one or more of the following classes: Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes and each Series and Class, may consist of two or more Sub-classes. The terms of each Series of Notes will be set forth in the Final Terms. A separate Series-0 is intended to be issued to (i) BNP Paribas Fortis SA/NV and/or any direct or indirect subsidiary of BNP Paribas Fortis SA/NV, and/or (ii) any entity of the BNP Paribas group. The Notes within one Class of different Series may have different terms and the Notes within a Series and different Class or different Sub-classes may have different terms. The Notes issued on a certain date may be fungible with Notes issued on an earlier date.

On the Programme Closing Date the Issuer has entered into certain agreements including the Programme Agreement, the GIC Agreement, the Pledge Agreement, the Parallel Debt Agreement, the Servicing Agreement and the Domiciliary Agency Agreement.

The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with, *inter alia*, drawings made under the Reserve Account and the Issuer Collection Account, to make payments of, *inter alia*, principal and interest due in respect of the Notes. The obligations of the Issuer in respect of the Notes, will rank below the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments (see Section 10 (*Credit Structure*)) and (i) the right to payment of interest and principal on the

Class B, the Class C, the Class D and the Class E Notes will be subordinated to, *inter alia*, the Class A Notes, (ii) the right to payment of interest and principal on the Class C, the Class D and the Class E Notes will be subordinated to, *inter alia*, the Class A and the Class B Notes, (iii) the right of payment of interest and principal on the Class D and the Class E Notes will be subordinated to, *inter alia*, the Class A, the Class B and the Class C Notes, (iv) the right of payment of interest and principal on the Class E Notes will be subordinated to, *inter alia*, the Class A, the Class B, the Class C and the Class D Notes, as more fully described herein under *Credit Structure and Terms and Conditions of the Notes*.

Pursuant to the GIC Agreement, the GIC Provider has agreed to pay a guaranteed rate of interest on the balance standing from time to time to the credit of the relevant Issuer Accounts (see Section 10 (*Credit Structure*)).

Pursuant to the Servicing Agreement, the Administrator and the Pool Servicer have agreed provide certain administration, calculation and cash management services to the Issuer (see Section 17 (*Servicing Agreement*)).

2. SECURITY

Pursuant to the Pledge Agreement, the Notes will be secured by a first ranking pledge granted by the Issuer to the Security Agent and the other Secured Parties over (i) the Mortgage Receivables and the Related Security, (ii) the Issuer's rights under or in connection with (most of) the Relevant Documents and (iii) the balances standing to the credit of the Issuer Accounts.

The Pledge Agreement and the Security Agent Agreement set out the priority of the claims of the Secured Parties.

See for a more detailed description Section 10 (*Credit Structure*) and Section 25 (*Description of Security*).

3. INTEREST ON THE NOTES

The Notes will carry a floating rate of interest, payable quarterly in arrears on each Note Payment Date, or a fixed rate of interest payable quarterly in arrears on each Note Payment Date. On a Step-up Date, (i) Fixed Rate Notes will switch to a floating rate of interest plus a margin and (ii) Floating Rate Notes will be reset subject to and in accordance with the Conditions of the Notes and the Final Terms.

4. REDEMPTION OF THE NOTES

Unless previously redeemed, the Issuer will, subject to Condition 9.2 (*Principal*) (or, in case of the Class E Notes, subject to the amount standing to the credit of the Reserve Account after application of the Interest Priority of Payments on such date being at least equal to the Reserve Account Target Level) and, in respect of the Subordinated Notes, subject to the Repayment Test, redeem all of the Notes of a Series and Class or Sub-class thereof at their respective Principal Amount Outstanding on the Final Maturity Date of such Series and Class or Sub-class thereof.

The Notes (other than the Class E Notes) may be issued in the form of Soft-bullet Notes or Pass-through Notes. Soft-bullet Notes will not be redeemable up to the relevant Step-up Date. After the Step-up Date relating to the relevant Series and Class or Sub-class thereof, the Soft-bullet Notes of such Series and Class or Sub-class will become Pass-through Notes. Furthermore, on the relevant Step-up Date and on each Note Payment Date thereafter the Issuer will have the option to redeem all of the Notes of a Series and Class, or, as the case may be, Sub-class (other than the Class E Notes), but not some only, at their Principal Amount

Outstanding, subject to Condition 9.2 (*Principal*) and, in respect of the Subordinated Notes, subject to the Repayment Test.

Pass-through Notes will be subject to (partial) mandatory redemption, if the Pro-rata Condition is satisfied, on a *pro rata* basis, and, if the Pro-rata Condition is not satisfied, on a sequential basis. On or after the occurrence of a Trigger Event, all Notes (other than the Class E Notes) will become Pass-through Notes and will be subject to mandatory redemption on a sequential basis.

The Issuer will have the option to redeem all of the Notes, but not some only, (i) for tax reasons or (ii) in case of regulatory changes. Furthermore, the Issuer has a clean-up call option to redeem (i) all Notes or (ii) all Notes of a Series and Class or Sub-class, if certain conditions are met.

The holders of Series-0 Notes will have the right to require the Issuer to redeem some or all of these Notes, provided certain conditions are met (including no Trigger Event having occurred, fulfillment of the Repayment Test and no Enforcement Notice having been given) (see Section 10 (*Credit Structure*), 18 (*Early redemption of Series-0 Notes*) below).

In respect of the Class E Notes of a Series, the Issuer will have the option to redeem such Notes on the relevant Step-up Date and on each Note Payment Date thereafter.

5. LISTING

Application can be made for the Notes issued under the Programme to be admitted to trading on the regulated market Euronext Brussels during the period of 12 months from the date of this Base Prospectus. Notes issued under the Programme may also be listed on any other stock exchange specified in the Final Terms.

6. RATING

It is a condition precedent for each issue of a Series of Notes that the Class A Notes, on issue, be assigned at least a "Aaasf" rating by Moody's and a "AAAsf" rating by Fitch, the Class B Notes, on issue, be assigned at least a "Aa3sf" rating by Moody's and a "AAsf" rating by Fitch and the Class C Notes, on issue, be assigned at least a "A2sf" rating by Moody's and a "BBB+sf" rating by Fitch.

7. RISK FACTORS

There are certain factors which may affect the ability of the Issuer to fulfil its obligations under the Notes issued under the Programme. 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 Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables 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 the Mortgage Receivables (see Section 3 (*Risk Factors*)).

SECTION 3

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risk associated with the Notes are also described below. The Issuer believes that the factors described below represent the material risks inherent in investing in the Notes. The inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons not known to the Issuer or not deemed to be material enough and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

1. RISK FACTORS REGARDING THE MORTGAGE LOANS

1.1 Sale and pledge of Mortgage Receivables

Pursuant to the Mortgage Receivables Purchase Agreement, the Seller has agreed to transfer to the Issuer the full economic benefit of, and the legal title to, the Mortgage Receivables and all Related Security. The sale of the Mortgage Receivables and the Related Security is a true sale to the effect that, upon an insolvency or bankruptcy of the Seller, the Mortgage Receivables will not form part of the insolvent estate or be subject to claims by the Seller's liquidator or creditors except as set out below.

The sale has the following characteristics:

- (a) the Issuer has no recourse to the Seller except that (i) the Seller may be required to repurchase Mortgage Receivables in relation to which there is a breach of warranty at the time of the transfer of the Mortgage Receivables; 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 is for the Outstanding Principal Amount of the Mortgage Receivables.

For further details on the Mortgage Receivables Purchase Agreement, see Section 16 (*Mortgage Receivables Purchase Agreement*) below.

The enforceability of a transfer or pledge of Mortgage Receivables 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. Prior to the entry into force of the Belgian Act of 3 August 2012 regarding various measures to facilitate the mobilisation of claims in the financial sector (the **Mobilisation Act**) on 3 September 2012, Articles 50 and following of the Mortgage Credit Act granted an exemption from article 5 of the Mortgage Act in relation to a transfer and pledge of mortgage receivables by or to a (public or institutional) VBS so that a transfer or pledge of mortgage receivables to or by a VBS was enforceable against third parties (*tegenwerpeijk aan derden/opposable aux tiers*) without marginal notation. A loss of the status as an Institutional VBS would however have resulted in the exemption set out in Articles 50 and following of the Mortgage Credit Act not being available and therefore in an absence of an effective sale of the Mortgage Receivables. As to the (maintenance of the) status of the Issuer as an Institutional VBS see 2.1 (*The status of the Issuer as Institutional VBS*) below.

The Mobilisation Act has now however expanded and clarified the exemptions from article 5 of the Mortgage Act by amending articles 50 and following of the Mortgage Credit Act. First of all, a transfer or pledge of mortgage receivables by or to an institution that at the time or transfer or pledge qualifies as a Belgian credit institution falling under the Credit Institutions Supervision Act, such as the Seller, now also benefits from the exemption. Furthermore, also a transfer or pledge by or to an institution that at the time or transfer or pledge qualifies as a “mobilisation vehicle” as defined in article 2 of the Mobilisation Act (a **Mobilisation Vehicle**) benefits from the exemption and is enforceable against third parties (*tegenwerpelijk aan derden / opposable aux tiers*) without marginal notation. An institution that is registered on the list of institutional undertakings for the collective investment in receivables held by the Belgian Federal Public Service Finance in accordance with the provisions of the UCITS Act, qualifies as a Mobilisation Vehicle as set out in the Mobilisation Act. The Issuer was registered as an Institutional VBS with the Belgian Federal Public Service Finance on 10 June 2008.

1.2 No notification of the Sale and Pledge

Except as described below, the sale of the Mortgage Receivables to the Issuer and the pledge of the Mortgage Receivables to the Noteholders and the other Secured Parties will not be notified to the Borrowers nor to the Insurance Companies or third party providers of Related Security.

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

- (a) the liabilities of the Borrowers under the Mortgage Receivables (and the liabilities of the Insurance Companies or, as the case may be, the providers of Related 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 Mortgage Receivables to the Issuer, will however, be the agent of the Issuer (for so long as it remains Pool Servicer under the Servicing Agreement) for the purposes of the collection of moneys relating to the Mortgage Receivables 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 Mortgage Receivables, the Mortgages, the Insurance Policies or the other Related Security and that the Seller in such capacity may waive any rights under the Mortgage Receivables, the Mortgage and other Related 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 Mortgage Loan Documents, the Mortgages, the Insurance Policies or the other Related Security other than in accordance with the relevant Mortgage Receivables Purchase Agreement and the Servicing Agreement;
- (b) if the Seller were to transfer or pledge the same Mortgage Receivables, Insurance Policies or other Related Security to a party other than the Issuer either before or after the relevant Mortgage Purchase 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 providers of security and acts in good faith would have the first claim to the relevant Mortgage Receivable, Insurance Policies or the other Related Security. 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 relevant Mortgage Purchase Date, and it will undertake to the Issuer and the Security Agent that it will not make any such transfer or pledge after the relevant Mortgage Purchase Date and the Issuer will make a similar undertaking to the Security Agent;

- (c) payments made by Borrowers, insurers or other providers of Related Security to creditors of the Seller, will validly discharge their respective obligations under the Mortgage Receivables, the Insurance Policies or the other Related Security 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 *bewarend beslag/saisie conservatoire* or *uitvoerend beslag/saisie exécutoire* (attachment) by its creditors to any Mortgage Receivable, Insurance Policy or other Related Security which may lead to such payments;
 - (ii) not to give any instructions to the Borrowers, Insurance Companies or other providers of Related Security 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 providers of Related Security due to payments to creditors of the Seller; and
- (d) Borrowers, Insurance Companies or other providers of Related Security 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 Mortgage Receivables Purchase Agreement, the Seller will warrant in relation to each Mortgage Receivable and the Insurance Policies and the other Related Security relating thereto that no such rights and defences have arisen in favour of the Borrower, Insurance Company or other provider of Related Security up to the relevant Mortgage Purchase Date. If a Borrower, Insurance Company or other provider of Related Security 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 Mortgage Receivable, Insurance Policy or other Related Security are reduced (whether or not the Seller was aware of the circumstances giving rise to the Borrower's, Insurance Company's or other security provider's claim at the time it gave the warranty described above).

The Mortgage Receivables Purchase Agreement provides that upon the occurrence of certain Notification Events, including *inter alia* any Pledge Notification Event, the Seller shall be required to give notice of the sale to the Borrowers, the Insurance Companies or any other debtor of any assigned right or Related Security (see Section 16 (*Mortgage Receivables Purchase Agreement*), 6 (*Assignment Notification Events*) below) or, at its option, the Issuer shall be entitled to make such notifications itself.

Unless instructed by the Security Agent not to give such notice, if the Seller and the Issuer fail to give such notice, the Security Agent shall (at the expense of the Seller) be entitled to give such notice(s).

1.3 Set-Off

The sale of the Mortgage Receivables to the Issuer and the pledge of the Mortgage Receivables to the Security Agent will not be notified to the Borrowers nor to the Insurance Companies or third party providers of Related Security, except in certain circumstances. Set-off rights may therefore continue to arise in respect of cross-claims between a Borrower (or the Insurance Company or third party provider of Related Security) and the Seller as soon as such cross-claims exist and are fungible, liquid (*vaststaand / liquid*) and payable (*opeisbaar /*

exigible), potentially reducing amounts receivable by the assignee and the beneficiaries of the Pledge.

To mitigate this risk under the Mortgage Receivables Purchase Agreement and the Servicing Agreement the Seller will agree to indemnify the Issuer if a Borrower, Insurance Company or provider of Related Security, claims a right to set-off against the Issuer. The rights to payment of such indemnity will be pledged in favor of the Secured Parties.

In addition, the provisions of the Mobilisation Act have now further reduced the risk that amounts receivable under the Mortgage Receivables, the Insurance Policies and the Related Security are reduced on the basis of set-off rights. The Issuer (and the Secured Parties) will no longer be subject to set-off risk: (a) following notification of the assignment of the Mortgage Receivables (and/or the Insurance Policies and/or the Related Security) to the assigned debtors (or acknowledgement thereof by the assigned debtor), to the extent the conditions for set-off are only satisfied after such notification (or acknowledgment); and (b) regardless of any notification or acknowledgment of the assignment, following the start of insolvency proceedings or the occurrence of a situation of concurrence of creditors (*samenloop/concours*) in relation to the Seller, to the extent the conditions for set-off are only satisfied following or as a result of such insolvency proceedings or concurrence of creditors.

1.4 All Sums Mortgages and Credit Facilities

Most of the Mortgage Receivables relate to loans that are secured by a mortgage which also secures all other amounts which the Borrower owes or in the future may owe to the Originator, an All Sums Mortgage (*alle sommen hypotheek / hypothèque pour toutes sommes*).

Pursuant to article 51bis of the Mortgage Credit Act, a Mortgage Receivable secured by an All Sums Mortgage which is transferred to a Mobilisation Vehicle, 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 Mortgage Receivable ranks in priority to any further loans or debts, it will have equal ranking with any loans or debts which existed at the time of the transfer and which were secured by the same All Sums Mortgage.

Many Mortgage Receivables constitute term advances under a revolving credit facility (*kredietopening / ouverture de crédit*) (a **Credit Facility**). The Mortgages securing such Mortgage Receivables secures all advances made from time to time under such Credit Facility and, in many cases, in addition all other amounts which the Borrower owes or in the future may owe to the Seller.

Pursuant to article 51 of the Mortgage Credit Act, advances granted under a revolving facility secured by a mortgage can be transferred to a Mobilisation Vehicle, such as the Issuer. The advance will benefit from all security provided in respect of the credit facility. Upon such transfer, the advance shall rank in priority to any advances made under the facility after the date of the transfer. However, a transferred advance will have equal ranking with other advances which existed at the time of the transfer and which were secured by the same mortgage.

To mitigate any competing claims in respect of Mortgage Receivables secured by an All Sums Mortgages or in respect of Mortgage Receivables originated under the same Credit Facility, the Mortgage Receivables Purchase Agreement provides that all loans or other debts existing at the time of the transfer of a Mortgage Receivable and which are secured by the same Mortgage are subordinated to the Mortgage Receivable in relation to all sums received out of the enforcement of the Mortgage and any Additional Security. In accordance with articles 51 and 51bis of the Mortgage Credit Act (as modified by the Mobilisation Act), his subordination or intercreditor arrangements is not subject to article 5 of the Mortgage Law. Hence, the

subordination provided for in the Mortgage Receivables Purchase Agreement does not have to be notarised and registered in the local mortgage register in order to be effective against third parties. The subordination may however not prejudice the rights of any third parties in respect of a Mortgage acquired prior to the date of transfer of the relevant Mortgage Receivable.

1.5 Mortgage Receivables jointly originated by BNP Paribas Fortis and AG Insurance (formerly Fortis Insurance Belgium)

A substantial number of Mortgage Loans has been originated under loan agreements or Credit Facilities entered into by both BNP Paribas Fortis SA/NV (or its legal predecessors) and AG Insurance (formerly Fortis Insurance Belgium NV/SA) (or its legal predecessors), as joint and several lenders (*actief hoofdelijke schuldeiser / créanciers solidaires*) (**Joint Loan Agreement**). Only Mortgage Receivables that relate to loans and advances actually funded by BNP Paribas Fortis SA/NV will be purchased by the Issuer. AG Insurance (formerly Fortis Insurance Belgium NV/SA) will, however:

- (a) irrevocably and with effect as from the relevant Mortgage Purchase Date waive in favour of the Issuer all its rights as joint and several lender to the extent these relate to those Mortgage Loans and Mortgage Receivables actually funded by BNP Paribas Fortis SA/NV and to the Related Security to the extent related to such Mortgage Loans and to the extent not waived transfer such rights to the Issuer; and
- (b) irrevocably and unconditionally waive (*verzaken / renoncer*) in favour of the Issuer all of its rights under or to all such Mortgages that relate to Mortgage Receivables arising under Joint Loans Agreements to the extent such rights relate to any loans or other debts or obligations that exist at the time of the transfer of the Mortgage Receivables held by the Issuer; and
- (c) agree to certain covenants and undertakings with the Seller, the Pool Servicer and the Issuer in order to co-ordinate the exercise of the respective rights each of them derives under the Credit Facilities, the Mortgages and other Related Security (see Section 16 (*Mortgage Receivables Purchase Agreement*)).

1.6 Mortgage Mandates

Certain Mortgage Receivables are not or only partly secured by a Mortgage. Where a Mortgage Receivable is not or only partly secured by a Mortgage, the Borrower of the relevant Mortgage Receivable or a third party provider of Related Security has 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 Assets, but would first need to be converted into a Mortgage. The Mortgage Mandate is an irrevocable power of attorney granted by a Borrower or a third party provider of Related Security to certain attorneys enabling them to create a Mortgage as security for the Mortgage Loan, or, as the case may be, for other existing or future loans or all other sums owed by the Borrower to the Seller at any stage. A Mortgage will only become enforceable against third parties upon registration of the Mortgage at the Mortgage Registrar. 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 Registrar. When a Mortgage Mandate is transformed 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) the Borrower or the third party provider of Related Security that has granted a Mortgage Mandate, may grant a Mortgage to a third party that will rank ahead of the Mortgage to be created pursuant to the conversion of the Mortgage Mandate, although this would generally constitute a contractual breach of the contractual obligations of the Borrower or the third party provider of Related Security;
- (b) if a conservatory or an executory seizure on the real property covered by the Mortgage Mandate has been made by a third party creditor of the Borrower or, as the case may be, of the third party provider of Related Security, a Mortgage registered pursuant to the exercise of the Mortgage Mandate after the writ of seizure has been recorded at the Mortgage Registry, will not be enforceable against the seizing creditor;
- (c) if the Borrower or the third party provider of Related Security is a merchant or commercial entity:
 - (iv) the Mortgage Mandate can no longer be converted following the bankruptcy of the Borrower or, as the case may be, the third party provider of Related Security and any Mortgage registered at the Mortgage Registrar after the bankruptcy judgment is void; and
 - (v) a Mortgage registered at the Mortgage Registrar pursuant to the exercise of a Mortgage Mandate during the pre-bankruptcy investigation period (i.e. after the date of cessation of payments that may be fixed by the court) for a pre-existing loan will not be enforceable against the bankrupt estate. Under certain circumstances, the clawback 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
 - (vi) mortgages registered after the day of cessation of payments of debt can be declared void by the bankruptcy court, if the registration was made more than fifteen days after the creation of the Mortgage; and
 - (vii) the effect of a judicial reorganisation (*gerechtelijke reorganisatie / réorganisation judiciaire*) of a Borrower or of a third party provider of Related Security on the Mortgage Mandate is uncertain;
- (d) if the Borrower or the third party provider of Related Security, as the case may be, is a private person and started collective debt settlement proceedings, a Mortgage registered at the Mortgage Registrar after the court has declared the request admissible, is not enforceable against the other creditors of the Borrower or of the third party provider of Related Security;
- (e) besides the possibility that the Borrower or the third party provider of Related Security may grant a Mortgage to another lender as discussed above, the Mortgage to be created pursuant to a Mortgage Mandate may also come in rank after certain legal Mortgages (such as e.g. the legal Mortgage of the tax authorities) to the extent these Mortgages are registered 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.
- (f) if the Borrower or the third party provider of Related 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 Related Security dies before the conversion; certain limitations also apply in case of a dissolution of the Borrower or third party provider of Related Security that is a legal person.

In accordance with article 51 ter of the Mortgage Credit Act (as modified by the Mobilisation Act), any Mortgage Mandate allows by operation of law (and unless explicitly provided otherwise in the terms of the Mortgage Mandate) for the mandate to be used to create a Mortgage in favour of the successors (*rechthebbenden / ayants droits*) and assignees (*rechtsopvolger ten bijzondere title/ayant droit à titre particulier*) of the Originator, such as the Issuer. Based on the same article, in case of a transfer of Mortgage Receivables secured by a Mortgage Mandate, the Issuer acquires all rights of the Seller in respect of such Mortgage Mandate and is entitled to exercise all rights under the Mortgage Mandate against the Seller and the attorney(s).

Furthermore, in the same way as the Mortgages, the Mortgage Mandates used by the Originators do not only secure a specific loan or advance, but also the revolving credit facility (if any) and, in most cases, all other amounts which the Borrower owes or in the future may owe to the Originator. In respect of any such All Sums Mortgage or Mortgage securing the Credit Facility created on the basis of a Mortgage Mandate, the Mortgage Credit Act provides for ranking provisions that are similar to those for All Sums Mortgages or Mortgages securing a Credit Facility: i.e. in respect of the converted Mortgage, (a) the advance transferred to the Issuer ranks in priority to any other advances made under the relevant facility or other debts arising after the date of the transfer (and this regardless of whether the conversion of Mortgage Mandate into the Mortgage occurred prior to or after the date of transfer); and (b) unless otherwise agreed, the transferred advance will have equal ranking with other advances and debts which existed at the time of the transfer and which were secured by the same mortgage (in respect of the effectiveness of subordination provisions in respect of Mortgages, see 1.4 (*All Sums Mortgages and Credit Facilities*) above).

The Mortgage Receivables Purchase Agreement will provide that if a Mortgage Mandate that relates to a Mortgage Receivable is to be converted into an actual Mortgage, such Mortgage will be executed and registered in accordance with the following principles:

- (a) it will be created for the benefit and in the name of the Seller and the Issuer;
- (b) it will secure all existing and future debts and obligations which the Borrower owes or may owe to the Seller or to the Issuer; and
- (c) all other secured debts will be effectively subordinated to the Mortgage Receivable owing to the Issuer.

The representations and warranties of the Mortgage Receivables Purchase Agreement furthermore provide that:

- (a) in respect of a Mortgage Mandate, the Originator and the Borrower or the third party granting the Mortgage Mandate did not agree to limit the power of the attorney to create a Mortgage in favour of an assignee of the Originator such as the Issuer; and
- (b) each Mortgage Mandate permits the appointment of a substitute attorney under such Mortgage Mandate.

If it would appear in relation to a Mortgage Receivable that no attorney has or had the power to create a Mortgage in favour of the Issuer, this will trigger a repurchase obligation by the Seller in relation to this Mortgage Receivable.

1.7 Prêts Jeunes and Prêts Tremplins

A portion of the Mortgage Receivables relates to the 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, as recently converted in the so-called Prêts Tremplins (the **Prêts Tremplins**) programme abolishing certain conditions for a borrower in order to qualify for the programme, such as the age limit of the borrower.

To that effect, the Seller entered into a convention with the Walloon Region in 2001, as amended from time to time pursuant to which:

- (a) it receives a monthly subvention of fifty euro (EUR 50)(for certain origination years increased to EUR 100 for the first two years) for the account of the Borrower and for a limited period of the first 96 months of the loan; and
- (b) the guarantee is limited (i) to 95% of the actual loss incurred by the lender after the collection of the amounts resulting from the enforcement of all security interests, and (ii) to the loan amounts that exceed 70% of the higher of the voluntary sales value or the purchase price of the financed property.

The terms of the guarantee provide that the guarantee will only be paid out after the Mortgage Loan, the Mortgage and all additional security have been enforced and, if applicable, the proceeds of any life insurance have been applied to the amounts outstanding under the Mortgage Loan. The Walloon Region has agreed to make payment under the guarantee within 60 calendar days from the receipt of a duly submitted claim. In case of payment after such period a default interest at the Belgian official rate (currently 3.75% per annum) will be due and payable by the Walloon Government. Accordingly, there is a risk that the amount requested under the guarantee may be received late.

1.8 Purchase of Construction Loans

A Construction Loan is a loan the proceeds of which are typically drawn down by the Borrower in several steps over a given period of time and where the Borrower thus has the right to further draw down the loan up to the maximum amount without further approval by the Originator. In respect of such Mortgage Loans, the Mortgage Receivables purchased by the Issuer will comprise both the parts already drawn down on the Mortgage Purchase Date and the rights relating to the future draw downs, i.e. the Construction Amount.

Under Belgian law the distinction between “existing” (*bestaande / existantes*) receivables and “future” (*toekomstige / futures*) receivables is relevant. If receivables are to be regarded as future receivables, an assignment and/or pledge thereof will not be effective to the extent the receivable comes into existence after or on the date on which the assignor or, as the case may be, the pledgor has been declared bankrupt or has entered into liquidation. If, however, receivables are to be considered as existing receivables, the assignment and pledge thereof are not affected by the bankruptcy or suspension of payments (emergency regulations) of the assignor/pledgor. The Issuer has been advised that based on case law and legal literature uncertainty remains whether on the basis of the applicable terms and conditions the part of the Mortgage Receivables relating to the Construction Amounts are considered to be future receivables. It could be argued that such part of the Mortgage Loan concerned comes into existence only when and to the extent the Construction Amount is paid out. If the part of the Mortgage Receivable relating to the Construction Amount is to be regarded as a future receivable, the assignment and/or pledge of such part will not be effective if the Construction Amount is not paid out or if it is paid out on or after the date on which the Seller is declared bankrupt or has become subject to emergency regulations. For the mitigation of this risk, see Section 10 (*Credit Structure*), 3.3 (*Construction Account*) below).

1.9 Transfer of rights under Insurance Policies to the Issuer and the Security Agent

1.9.1. General

Article 23 of UCITS Act provides that, in case of assignment of a receivable to a VBS, the assignment of all rights in the insurance policies which have been conferred to an originator as collateral for the assigned receivable is governed by the general principles applying to all receivables (i.e. Article 1690, 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.

1.9.2. Life Insurance Policies

In respect of most Mortgage Loans, the Seller has been conferred rights in various types of Life Insurance Policies, most of which have been taken out with AG Insurance (formerly Fortis Insurance Belgium NV/SA)

In respect of Mortgage Loans other than Reconstitution Loans, such Life Insurance Policies are typically Death Insurance Policies, in respect of which rights to the proceeds are conferred to the Seller (directly or as successor of the relevant Originator) by way of assignment, pledge or appointment as beneficiary. Article 23 UCITS Act will apply to the rights thus conferred on the Seller.

In respect of Reconstitution Loans, such Life Insurance Policies are either Savings Insurance Policies or Investment Insurance Policies. It could be suggested that there is a conceptual difference between these Reconstitution Insurance Policies and Death Insurance Policies, in that the latter purely serve as security for the Mortgage Loan whereas Reconstitution Insurance Policies serve as a means of payment in the ordinary course of the Mortgage Loan. This difference would then give rise to the question whether or not the rights conferred to the Seller in respect of Reconstitution Insurance Policies would be subject to Article 23 UCITS Act. The Issuer has, however, been advised that the rights under Reconstitution Policies should be subject to Article 23 UCITS Act in the same way as rights under Death Insurance Policies.

1.9.3. Hazard Insurance Policies

To the extent the Borrower or the third party provider of Related Security, has conferred rights to the Originator under a Hazard Insurance Policy, the considerations set out above in respect of Article 23 UCITS Act apply to such Hazard Insurance Policies.

Moreover, the Issuer as mortgagee enjoys statutory protection under Article 10 of the Mortgage Law 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 Mortgage Receivable and the 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 is required 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.

1.9.4. Risk of loss in case of insolvency of an Insurance Company

In respect of the Reconstitution Loans the Seller has the benefit of rights under the Reconstitution Insurance Policies. Under the Reconstitution Insurance Policies the Borrowers pay premiums consisting of a risk element and a savings or investment element. The intention is that at maturity of the Mortgage Loan, the proceeds of the savings or investments can be used to repay the Mortgage Loan, whether in full or in part. If any of the Insurance Companies is no longer able to meet its obligations under the Reconstitution Insurance Policies, for example as a result of bankruptcy or having become subject to restructuring measures, this could result in the amounts payable under the Reconstitution Insurance Policies either not or only partly being available for application in reduction of the relevant Mortgage Receivables. Article 5 of the Mortgage Credit Act provides that where a lender under a Reconstitution Loan is not also the Insurance Company where the Reconstitution Insurance Policy has been taken out, the lender will in case of insolvency of the Insurance Company have no recourse to the Borrower or the Related Security for the amounts then accrued under the Reconstitution Insurance Policy. Thus, the insolvency of an Insurance Company with whom a Reconstitution Insurance Policy has been taken could result in a loss of principal due under the relevant Mortgage Receivable to the extent that the accrued insurance proceeds cannot actually be recovered from the insolvent Insurance Company. No more than 1 per cent. of the aggregate of the Outstanding Principal Amount of Mortgage Receivables shall relate to Reconstitution Loans.

Due to the specific protections provided for under the Insurance Supervision Law (including the mandatory maintenance of cover assets by the Insurance Company and the segregation of such cover assets to first satisfy claims arising under insurance policies prior to becoming available for any other creditors) the likelihood of an Insurance Company not being able to honour its payment obligations under the Reconstitution Insurance Policies is limited. In respect of all Reconstitution Loans

sold on the Programme Closing Date, the relevant Reconstitution Insurance Policy has been taken out with AG Insurance (formerly Fortis Insurance Belgium NV/SA) On the date of this Base Prospectus, AG Insurance (formerly Fortis Insurance Belgium) long term debt is rated A- by Standard and Poor's, A2 by Moody's and A+ by Fitch.

1.10 Assignment of salary

The Loan Security in relation to a Mortgage Loan may include an assignment by a Borrower (who is an employee) of his/her salary. The assignment of 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 (the **Salary Protection Act**). In respect of such assignment of salary, it should be noted that the Borrower may have assigned his salary as security for debts other than the Mortgage Loans; the assignee who first starts actual enforcement of the assignment against the Borrower would have priority over the other assignees;

Articles 27 to 35 of the Salary Protection Act provide for specific formalities for a valid assignment of salary by an employee, but this legislation does not impose any specific requirements in relation to the assignment of a Mortgage Loan that is secured by such assignment of salary. Although there are no reported precedents, nothing should prevent the benefit of the assignment of salary to be transferred together with the Mortgage Receivables to the Issuer without particular formalities other than those provided in accordance with the Mortgage Receivables Purchase Agreement.

1.11 The characteristics of the Mortgage Receivables may change from time to time

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

1.12 Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks. This may be due to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings or filing for a collective debt arrangement by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Loans. The ultimate effect of this could be to delay or reduce the payments on the Notes or to increase the rate of repayment of the Notes.

1.13 Risks of losses associated with declining values of Mortgaged Assets

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

1.14 Data Protection

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

The Belgian Privacy Act permits the processing of personal data under several permissibility grounds, including (a) the prior consent of the data subject, (b) the necessity to process the personal data in order to execute an agreement to which a data subject is a party, and (c) the necessity to process the personal data for legitimate interests of the controller of the processing (insofar as these interests are not outweighed by the legitimate interests of the data subject). It seems reasonable to take the view that the transfer of data relating to the Mortgage Receivables by the Seller to the Issuer is permitted under the latter two grounds, so that the prior consent of the Borrowers must not be obtained. Moreover, the more recent general conditions applicable to the Mortgage Loans explicitly include the possibility of a transfer (including to a *vennootschap voor belegging in schuldvorderingen / société d'investissement en créances* such as the Issuer) of related Mortgage Receivables.

Without regulatory guidance, there is however no complete certainty whether this is sufficient to fully comply with the Belgian Privacy Act and its implementing regulations. In order to mitigate any risks of non-compliance, the Seller shall inform the relevant Borrowers of the possibility of a transfer of the Mortgage Receivables resulting from their Mortgage Loans by including an explanatory note in their bank account statements.

2. RISK FACTORS REGARDING THE ISSUER

2.1 The status of the Issuer as Institutional VBS

2.1.1. Relevance of the Issuer's status as VBS

The Issuer has been established so as to have and maintain the status of an Institutional VBS.

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

The legislation provides for two types of VBS a “public VBS” or an “institutional VBS”. If a VBS wishes to offer its securities and/or to attract funding from parties who are not solely institutional or professional investors, it must be licensed by the FSMA as a “public VBS”. A VBS that attracts its funding exclusively from institutional or professional investors is an **Institutional V.B.S.**

In order to facilitate securitisation transactions, a VBS benefits from certain special rules for the assignment of receivables (see 1.1 (*Sale and pledge of Mortgage*

Receivables) above) and from a special tax regime (see Section 18 (*The Issuer*), 11 (*Belgian Tax Position of the Issuer*) below). The status as Institutional VBS is in particular a requirement for the absence of corporate tax on the revenues of the Issuer and for an exemption of VAT on certain expenses of the Issuer. The loss of such Institutional VBS status would impact adversely on the Issuer's ability to satisfy its payment obligations to the Noteholders.

2.1.2. Maintenance of the V.B.S. status

Under the UCITS Act, the regulatory status of an Institutional V.B.S. *inter alia* depends on the securities it issues, being acquired and held at all times by Institutional Investors only.

Article 123 of the UCITS Act provides expressly that a listing on a regulated market accessible to the public (such as the regulated market of Euronext Brussels) and/or the acquisition of securities (including shares) of an institutional V.B.S. by investors that are not Institutional Investors outside the control of the V.B.S, would not adversely affect the status of an investment vehicle as an institutional VBS, provided that:

- (a) the V.B.S. has taken "adequate measures" to guarantee that the investors of the V.B.S. are Institutional Investors acting for their own account; and
- (b) the V.B.S. does not contribute to the fact that securities are held by investors that are not Institutional Investors acting for their own account and does not promote in any way the holding of its securities by investors that are not Institutional Investors acting for their own account.

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

The Royal Decree of 15 September 2006 relating 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 in which a V.B.S. 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 123, third paragraph of the UCITS Act, would be held by the Seller as a credit enhancement; and
 - (iii) the by-laws of the Issuer provide that the Issuer will refuse the registration (in its share register) of the prospective purchase of

- shares, if it becomes aware that the prospective purchaser is not an Institutional Investor acting for its own account (with the sole exception, of shares which in accordance with Article 123 of third paragraph of the UCITS Act, would be held by the Seller as a credit enhancement); and
- (iv) the by-laws of the Issuer provide that the Issuer will suspend the payment of dividends in relation to its shares of which it becomes aware that these are held by a person who is not an Institutional Investor acting for its own account (with the sole exception, of shares which in accordance with Article 123, third paragraph of the UCITS Act, would be held by the Seller as a credit enhancement); and
- (b) in respect of the Notes:
- (i) the Notes will have the selling and holding restrictions described in *Subscription and Sale* below; and
 - (ii) any Dealer will undertake pursuant a notes purchase agreement in respect of primary sales of the Notes, to sell the Notes solely to Eligible Holders acting on their own account; and
 - (iii) the Notes are issued in dematerialised form and will be included in the Clearing System operated by the National Bank of Belgium; and
 - (iv) the nominal value of each individual Note is EUR 250,000; and
 - (v) in the event that the Issuer becomes aware that 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 are held by Eligible Holders 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 Eligible Holders 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 the regulated market of Euronext Brussels will state that the Notes can only be acquired, held by and transferred to Eligible Holders 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.

2.2 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 funds under the Mortgage Receivables, the receipt by it of payments under any Interest Swap Agreement or Currency Swap Agreement

and the receipt by it of 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 Account. See further Section 10 (*Credit Structure*).

2.3 The Issuer has counterparty risk exposures

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

2.4 Parallel Debt

Under Belgian law no security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the security in favour of the Security Agent and the other Secured Parties, the Issuer has in the Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Agent amounts equal to the amounts due by it to all the Secured Parties.

Any payments in respect of the Parallel Debt and any proceeds received by the Security Agent may in the case of an insolvency of the Security Agent not be separated from the Security Agent's other assets, so the Secured Parties accept a credit risk on the Security Agent.

In addition, the Security Agent has been (i) designated as representative (*vertegenwoordiger / représentant*) of the Noteholders in accordance with article 29 and article 126 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 29 and 126 of the UCITS Act (including in respect of the corresponding Articles 27 and 106 of the former version of the UCITS Act dated 20 July 2004) to confirm this, the Issuer has been advised that such a parallel debt creates a claim of the Security Agent thereunder which can be validly secured by a pledge such as the pledge created by the Pledge Agreement and that, even if that were not the case, the pledges created pursuant to the Pledge Agreement should be valid and enforceable in favour of the Security Agent and the other Secured Parties).

2.5 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 Mortgage Receivables, any moneys payable under the contracts pledged to it and any moneys standing to the credit of the Issuer Accounts and to apply such moneys in satisfaction of obligations of the Issuer which are secured by the Pledge Agreement.

The Security Agent will also be permitted to sell the Issuer Rights relating to the Issuer Accounts. In case the Security Agent wishes to sell any of the other pledged assets upon enforcement of the security, it will have to apply to the president of the commercial court (*rechtbank van koophandel / tribunal de commerce*) for the authorisation to do so. The Security Agent and the other Secured Parties will have a first ranking claim over the proceeds of any such sale. Any proceeds from such sale of the pledged assets will be applied in accordance with the Priority of Payments upon Enforcement.

Other than claims under the Mortgage Receivables Purchase Agreement in relation to a material breach of a warranty and a right to be indemnified for all damages, loss and costs caused by such breach and a right of action for damages in relation to a breach of the Servicing Agreement, the Issuer and the Security Agent will have no other recourse to the Seller.

The 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 Mortgage Receivables are still outstanding, may depend upon whether the Mortgage 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 Mortgage Receivables on appropriate terms should either of them be required to do so.

Enforcement of the pledges to the extent that they comprise the security securing the Mortgage Receivables will occur through the enforcement of the pledge over the Mortgage Receivables.

The enforcement rights of creditors are stayed during bankruptcy proceedings. The Secured Parties will be entitled to enforce their security, but only after the verification of claims submitted in the bankrupt estate has been completed and the liquidator (*curator/curateur*) and the supervising judge have drawn up a record of all liabilities. This normally implies a stay of enforcement of about two (2) months, but the liquidator may ask the court to suspend individual enforcement for a maximum period of one year from the date of the bankruptcy judgment. This stay of enforcement should, however, pursuant to the Collateral Law, not apply, to the enforcement of a pledge over the Mortgage Receivables, the balances standing to the credit of the Issuer Accounts or any financial instruments (as defined in the Collateral Law) held as Eligible Investments.

2.6 Enforcement of the Loan Security

Without prejudice to the information set out in *Servicing Agreement* below, in case of Foreclosure in accordance with the **Foreclosure Procedures**, the sale proceeds of the sale of the Mortgaged Asset and other Related Security may not entirely cover the outstanding amount under such Mortgage Receivable. 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 the Pool Servicer acting as servicer following the sale of the Mortgage Receivables to the Issuer, the Pool Servicer 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 the Pool Servicer.

2.7 Insolvency of the Issuer

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

However, limitations on the corporate purpose of the Issuer are included in the Articles of Association, so that its activities are limited to the issue of negotiable financial instruments for the purpose of acquiring receivables. Outside the framework of the activities mentioned above, the Issuer is not allowed to hold any assets, enter into any agreements or carry out any other activities. The Issuer may carry out the commercial and financial transactions and may grant security to secure its own obligations or to secure obligations under the Notes or the other 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 Security Agent Agreement, none of Secured Parties, including the Security Agent, (or any person acting on their behalf) shall until the date falling one year after the latest maturing Note is paid in full, initiate or join any person in initiating any insolvency proceeding or the appointment of any insolvency official in relation to the Issuer.

2.8 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* 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.

2.9 Preferred Creditors under Belgian Law

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

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

In addition, pursuant to the Conditions, the claims of certain creditors will rank senior to the claims of the Noteholders by virtue of the relevant priority of payments referred to therein. See further Section 10 (*Credit Structure*).

2.10 Risk related to the termination of Currency Swap Agreement and exchange rate risks

Repayments of principal and payments of interest on a Series and Class or Sub-class of Notes may be made in a currency other than Euro, but repayments of principal and payments of interest under the Mortgage Receivables will be in Euro. To hedge the currency exchange and interest rate exposure on the closing date for a Series and Class of Notes the Issuer will enter into currency swap transactions for such Notes with a Currency Swap Counterparty as specified in the Final Terms (see Section 10 (*Credit Structure*)).

A Currency Swap Counterparty will be obliged to make payments under the relevant Currency Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the relevant Currency Swap Counterparty will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount that the Issuer would have received had no such withholding or deduction been required. The relevant Currency Swap Agreement will provide, however, that if a Tax Event occurs, the Swap Counterparty may (with the consent of the Issuer and provided that the rating of the Notes will not be downgraded below the Minimum Ratings or, if the then current rating is below the Minimum Ratings, the then current rating of any of the Notes will not adversely be affected) transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event.

Each Currency Swap Agreement will be terminable by one party in certain circumstances, including if (i) an event of default (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Currency Swap Agreement, or (iii) an Enforcement Notice is served. Events of default under the Currency Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Currency Swap Agreement, (ii) a merger or similar transaction with another entity or person without assumption of the Issuer's obligation under the Currency Swap Agreement and (iii) insolvency events.

Each Currency Swap Counterparty is obliged only to make payments under a Currency Swap Agreement as long as the Issuer makes timely payments thereunder. If such Currency Swap Counterparty is not obliged to make payments of, or if it defaults in its obligations to make payments of, amounts equal to the full amount scheduled to be paid to the Issuer on the dates for payment specified under the relevant Currency Swap Agreement or if the relevant Currency Swap Agreement is otherwise terminated, the Issuer will be exposed to changes in the exchange rates between Euro and the currency in which such Notes are denominated. As a consequence, the Issuer may have insufficient funds to make payments due on the applicable Series and Classes of Notes.

2.11 Risk related to the termination of Interest Swap Agreement

In order to hedge the risk between the rates of interest received by the Issuer on the relevant Mortgage Receivables and received on the Issuer Accounts and the rates of interest payable by the Issuer on the Notes the Issuer will enter into one or more interest swap transactions for such Notes with an Interest Swap Counterparty (see Section 10 (*Credit Structure*), 14 (*Interest Rate Hedging*)).

The Interest Swap Counterparty is obliged to make payments under the Interest Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Interest Swap Counterparty will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount that the Issuer would have received had no such withholding or deduction been required. The Interest Swap Agreement will provide, however, that if a Tax Event occurs, the interest Swap Counterparty may (with the consent of the Issuer and provided that the rating of the Notes will not be downgraded below the Minimum Ratings or, if the then current rating is below the Minimum Ratings, the then current rating of any of the Notes will not adversely be affected) transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event.

The Interest Swap Agreement will be terminable by one party in certain circumstances, including if (i) an event of default (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Interest Swap Agreement, or (iii) an Enforcement Notice is served. Events of default under the Interest Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Interest Swap Agreement, (ii) a merger or similar transaction with another entity or person without assumption of the Issuer's obligation under the Interest Swap Agreement and (iii) insolvency events.

The Interest Swap Counterparty is obliged only to make payments under an Interest Swap Agreement as long as the Issuer makes timely payments thereunder. If such Interest Swap Counterparty is not obliged to make payments of, or if it defaults in its obligations to make payments of, amounts equal to the full amount scheduled to be paid to the Issuer on the dates for payment specified under the Interest Swap Agreement or if the Interest Swap Agreement is otherwise terminated, the Issuer will be exposed to changes in rates of interest payable on the

Notes. As a consequence, the Issuer may have insufficient funds to make payments due on the applicable Series and Classes of Notes.

3. RISK FACTORS REGARDING THE NOTES

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

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.

3.2 The Notes will be solely the obligations of the Issuer

The Notes will be solely the 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, the Arranger, the Seller, the Pool Servicer, the Administrator, the Dealers, the GIC Provider, the Swap Counterparty, the Directors, the Domiciliary Agent, the Reference Agent or the Security Agent. Furthermore, none of, the Seller, the Pool Servicer, the Administrator, the Issuer, the Dealers, the GIC Provider, the Swap Counterparty, the Directors, the Domiciliary Agent, the Reference Agent, the Security Agent or any other person in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Pool Servicer, the Administrator, the Dealers, the GIC Provider, the Swap Counterparties, the Directors, the Domiciliary Agent, the Reference Agent or the Security Agent will be under any obligation whatsoever to provide additional funds to the Issuer, save in the limited circumstances described in *Credit Structure*.

3.3 Risks related to prepayment on the Mortgage Loans

The Issuer is obliged to apply the Principal Available Amount towards repayment of the Notes in accordance with Condition 6.2 (*Mandatory redemption*). The maturity of the Notes of a

Series and of a Series and Class and a Sub-class, in particular Pass-through Notes, will depend on, *inter alia*, the amount and timing of payment of principal (including full and partial prepayments, sale of the Mortgage Receivables by the Issuer, Net Proceeds upon enforcement of a Mortgage Loan and repurchase by the Seller of Mortgage Receivables) on all relevant Mortgage Loans. The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans. The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrowers' behaviour (including, but not limited to, home-owner mobility). No guarantee can be given as to the level of prepayment that the Mortgage Loans may experience, and variation in the rate of prepayments of principal on the Mortgage Loans may affect each Series and each Class of Notes differently. The estimated average lives must therefore be viewed with considerable caution and Noteholders should make their own assessment thereof.

3.4 Risk that the Issuer will not exercise its right to redeem the Notes at the Step-up Dates

As a result of the possible switch to a floating rate of interest or an increase in the margin payable on and from the relevant Step-up Date in respect of the floating rate of interest on Notes of a Series and Class, or, as the case may be, a Sub-class, the Issuer may have an incentive to exercise its right to redeem such Notes, on the relevant Step-up Date or on any Note Payment Date thereafter. No guarantee can be given that the Issuer will actually exercise such right. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the relevant Notes, and, in respect of the Subordinated Notes, on the satisfaction of the Repayment Test.

3.5 Subordinated Notes bear a greater risk of non-payment than higher ranking Classes of Notes

To the extent set forth in Condition 9 (*Subordination and limited recourse*), (a) all Class B, Class C, Class D and Class E Notes are subordinated in right of payment to all Class A Notes, (b) all Class C, Class D and Class E Notes are subordinated in right of payment to all Class A Notes and Class B Notes, (c) all Class D and Class E Notes are subordinated in right of payment to all Class A, Class B and Class C Notes, (d) all Class E Notes are subordinated in right of payment to all Class A Notes, Class B Notes, Class C Notes and Class D Notes, (all Class B, Class C, Class D and Class E Notes together the **Subordinated Notes**). With respect to any Class of Notes, such subordination is designed to provide credit enhancement to any Class of Notes with a higher payment priority than such Class of Notes.

3.6 Realised Losses

If, upon default by the Borrowers and after exercise by the Pool Servicer of all available remedies in respect of the applicable Mortgage Loans, the Issuer does not receive the full amount due from such Borrowers, the relevant Noteholders may receive by way of principal repayment on the Notes of the relevant Series and Class of Notes an amount less than the Principal Amount Outstanding of their Notes and the Issuer may be unable to pay in full interest due on such Notes, to the extent set forth in Condition 9 (*Subordination and limited recourse*). On any relevant Note Payment Date, any Realised Losses on the Mortgage Loans will be allocated as described in *Credit Structure* below.

3.7 Risk resulting from Repayment Test

If on any Note Payment Date on which a repayment of principal is due on any Subordinated Notes at a time when, if the repayment was made, the Principal Amount Outstanding of the remaining relevant Classes of Subordinated Notes is not sufficient to provide the level of

credit enhancement required to support the ratings on the remaining Series and Classes of Notes and the Issuer is unable to issue the relevant additional Subordinated Notes or obtain acceptable alternative forms of credit enhancement, the Issuer will not be entitled to repay on such date such Series and Classes of Notes. See for more detailed description Section 8 (*Repayment Test*) below. Consequently, there is a risk that the holders of Subordinated Notes may not receive the principal sum due under such Notes on the due date for redemption.

3.8 Risk of redemption of Subordinated Notes with a Principal Shortfall

In accordance with Condition 9.2 (*Principal*), a Class B Note, a Class C Note or a Class D Note may be redeemed with a Class B Principal Shortfall, a Class C Principal Shortfall or a Class D Principal Shortfall. As a consequence a holder of a Class B Note, a Class C Note or a Class D Note may not receive the full Principal Amount Outstanding of such Note on the due date for redemption.

3.9 Risk that in case of a Trigger Event the repayment of Notes may be accelerated or delayed

Upon the occurrence of a Trigger Event any Soft-bullet Notes will become Pass-through Notes and all Pass-through Notes will be subject to mandatory (partial) redemption on a sequential basis. This may have the result that the repayment of Notes may, depending on the type of Note, be accelerated or delayed.

3.10 The Issuer may change the required subordination level

The Issuer may change the percentage of subordination required for each Class of Notes, other than the Class E Notes (see Section 7 (*Issuance of Notes*) below), or the method of calculating the required amount of subordination for such Class of Notes, at any time without the consent of any Noteholders. The Rating Agencies need to be notified in advance of such change.

3.11 Risk that Notes are not repaid upon maturity

The ability of the Issuer to redeem all the Notes of a Series and Class, or Sub-class thereof, on each relevant Step-up Date or, on a Note Payment Date thereafter, or as the case may be, on the relevant Final Maturity Date in full and to pay all amounts due to the Noteholders of a Series or all Series, including after the occurrence of an Event of Default, may depend upon whether the value of the Mortgage Receivables is sufficient to redeem the Notes.

3.12 Risks related to the limited liquidity of the Notes and effects of the crisis on the international financial markets

There can be no assurance that a secondary market for the Notes will develop or, if a secondary market does develop, that it will provide Noteholders with liquidity of investment or that it will continue for the life of the Notes. To date, whereas the effects of the global financial crisis and the related turbulence on money and capital markets remain still unclear, there is no certainty whether (and when) a liquid secondary market for the Notes will develop. No underwriter has currently indicated that they intend to establish and/or maintain a secondary market in the Notes.

3.13 Credit ratings may not reflect all risks

The (future) rating of each of the Notes addresses the assessment made by the Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date of the relevant Notes.

A 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 organisation if in its judgement, the circumstances (including a reduction in the credit rating of the GIC Providers or the Swap Counterparties) in the future so require.

3.14 Notes in dematerialized 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.

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 through a Clearing System Participant, including Euroclear or Clearstream. The Investors will therefore 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 sur la retenue et bonification du précompte mobilier* (Royal Decree of 26 May 1994 on the deduction and indemnification of withholding tax)) in the account agreement to be entered into with a Clearing System Participant, including Euroclear or Clearstream.

3.15 Certain decisions are taken at Programme level which may affect all Notes

Any Programme Resolution must be passed at a single meeting of the holders of all Notes (of a Class) of all Series then outstanding as set out in more detail in Condition 14 (*Meetings of Noteholders*) and cannot be decided upon at a meeting of Noteholders of a single Series. A Programme Resolution will be binding on all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

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

Pursuant to the terms of the Pledge Agreement, the Security Agent may agree without the consent of the Noteholders and the other Secured Parties, to (i) any modification of any of the provisions of the Pledge Agreement, the Notes of any Series or any other Relevant Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Pledge Agreement, the Notes of any Series or any other Relevant Documents which is in the opinion of the Security Agent not materially prejudicial to the interests of the Noteholders and the other Secured Parties, provided that the Security Agent has notified the Rating Agencies. Any such modification, authorisation or waiver shall be binding on the Noteholders and other Secured Parties.

3.17 No consent of the Noteholders is required for new issues

The Issuer may issue Notes from time to time. New Notes may be issued without notice to existing Noteholders and without their consent, and may have different terms from outstanding Notes. For a description of the conditions that must be met before the Issuer can issue new Notes, see Section 7 (*Issuance of Notes*). The issuance of new Notes could adversely affect the timing and amount of payments on outstanding Notes. For example, if Notes of the same Class as existing Notes are issued and have a higher interest rate than the existing Notes, this could result in a reduction in the available funds used to pay interest on the existing Notes. Also, when new Notes, other than Class E Notes, are issued, the voting rights of existing Notes will be diluted.

3.18 Series of Notes

Notes issued under the Programme will either be fungible with an existing Series or have different terms to an existing Series (in which case they will constitute a new Series). All Notes of a Class (whether or not from the same Series or another Series) issued from time to time will rank *pari passu* with each other in all respects and will share equally in the security granted to the Security Agent in order of subordination of the Class. If a Trigger Event occurs or an Enforcement Notice is served and results in acceleration, all Notes other than Class E Notes of all Series will accelerate at the same time.

3.19 Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for investors. The notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments but as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. Investors should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the investor's overall investment portfolio.

3.20 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. RISK FACTORS RELATING TO THE PORTFOLIO INFORMATION

4.1 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 Mortgage Receivables, the Mortgages or other Related Security, or to establish the creditworthiness of any Borrower, or any other enquiries, investigations or searches which a prudent purchaser of the Mortgage Receivables would ordinarily make, and each will rely instead on the representations and warranties given by the Seller in the Mortgage Receivables Purchase Agreement. These representations and warranties will be

given in relation to the Mortgage Receivables, the Mortgages, the Mortgage Mandates, other Related Security and all rights related thereto.

If there is an unremedied material breach of any representation and/or warranty in relation to any Mortgage Receivable or Related Security and the Seller has not remedied this within fourteen (14) days as from written notice thereof from the Issuer or it cannot be remedied within fourteen (14) days, the Seller shall (at the direction of the Administrator or the Security Agent) on the next Monthly Payment Date following expiry of the fourteen (14) day period be required to repurchase such Mortgage Receivables and all rights relating thereto. The Mortgage Receivable will be repurchased for an aggregate amount equal to the aggregate of the Outstanding Principal Amount of the repurchased Mortgage Receivable plus accrued interest thereon and pro rata costs up to (but excluding) the date of completion of the repurchase.

4.2 Limited provision of information

Except if required by law, the Issuer will not be under any obligation to disclose to the Noteholders any financial information in relation to the Mortgage Receivables. The Issuer will not have any obligation to keep any Noteholder or any other person informed as to matters arising in relation to the Mortgage Receivables, except for the information provided in the monthly and quarterly investor report produced by the Administrator and which will be made available as set out in *General Information* below.

5. GENERAL RISK FACTORS

5.1 Force Majeure

Belgian law recognised 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 it is a party. This could prejudice the ability of the Issuer to meet its obligations.

5.2 Change in Law or Tax

The structure of the Programme described in this Base Prospectus and, *inter alia*, the issue of the Notes are based on laws, tax rules, regulations, guidelines, rates and procedures, and administrative practice in effect at the date of this Base Prospectus. No assurance can be given that there will be no change to such laws, tax rules, rates, procedures or administrative practice after the date of this Base 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 6.10 (*Redemption for Change of Law*).

5.3 Reliance on third parties – reliance on BNP Paribas Fortis SA/NV

The ability of the Issuer to duly perform its obligations under the Notes will depend to a large extent on the due performance by other transaction parties of their obligations and duties under the Transaction Documents. Thus the Issuer will in particular be dependent on BNP Paribas Fortis SA/NV as GIC Provider, Pool Servicer, Administrator, Corporate Services Provider, Accounting Services Provider, Interest Swap Counterparty and Domiciliary Agent

5.4 Eligible Collateral

The relevant central bank will ultimately assess and confirm whether Notes issued under the Programme 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 under the Programme. 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, the Initial Dealer and/or any Dealer gives 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, the Initial Dealer and/or any Dealer will have any liability or obligation in relation thereto if the Notes are deemed ineligible for such purposes.

5.5 Implementation of regulatory changes that may affect the liquidity of the Notes

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

In particular, investors subject to European supervision should be aware of Article 122a of the Capital Requirements Directive (Directive numbers 2006/48/EC and 2006/49/EC (as amended, including by EU Directive 2009/111/EC)) (the **Capital Requirements Directive**) which applies in general to new securitisations issued on or after 31 December 2010 and to existing securitisations after 31 December 2014 where new underlying exposures are added or substituted after that date. Article 122a restricts a EU regulated credit institution from investing in securitisations unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU regulated credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures, as contemplated by Article 122a. Article 122a also requires a EU regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an ongoing basis. Failure to comply with one or more of the requirements set out in Article 122a will result in the imposition of a penal capital charge on the notes acquired by the relevant investor.

Article 122a may apply in respect of the Notes that are issued under the Programme. Investors should therefore make themselves aware of the requirements of Article 122a (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

The Seller has undertaken to retain a material net economic interest of not less than 5% in the Notes issued after the date of this Base Prospectus in accordance with Article 122a of the EU Capital Requirements Directive (which does not take into account any corresponding implementing rules or other measures made in any EEA state). Such interest will be comprised of either (i) the most subordinated Class(es) of Subordinated Notes outstanding; or (ii) 5% of the aggregate Principal Amount Outstanding in each of the outstanding Classes of Notes. Any change in the manner in which this interest is held shall be notified to investors. The Seller has provided a corresponding undertaking with respect to the interest to be retained by it during the period wherein the Notes are outstanding to the Issuer and the Security Agent in the

Mortgage Receivables Purchase Agreement. In addition to the information set out herein and forming part of this Base Prospectus, the Seller has undertaken to make available materially relevant data with a view to complying with Article 122a, which can be obtained from the Seller upon request. After the date of this Base Prospectus, the Issuer will prepare Quarterly Investor Reports wherein relevant information with regard to the receivables will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller as confirmed to the Issuer for each Quarterly Investor Report. Such information can be obtained from the website <https://www.intertrustgroup-fgreporting.com>. For the avoidance of doubt, none of the Issuer, the Seller, the Initial Dealer or any Dealer makes any representation as to the accuracy or suitability of any financial model which may be used by a prospective investor in connection with its investment decision. Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with Article 122a of the Capital Requirements Directive and none of the Issuer, the Seller (in its capacity as the Seller and the Pool Servicer), the Administrator, the Initial Dealer or any Dealer makes any representation that the information described above or in the Base Prospectus is sufficient in all circumstances for such purposes. In addition, each prospective noteholder should ensure that it complies with the implementing provisions in respect of Article 122a of the Capital Requirements Directive in its relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator.

5.6 U.S. Foreign Account Tax Compliance withholding may affect payments on the Notes

The Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act, (**FATCA**) generally impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) certain non-US financial institutions (including entities such as the Issuer) (each, a foreign financial institution, or **FFI** (as defined by FATCA)) that do not enter into and comply with an FFI agreement with the U.S. Internal Revenue Service (**IRS**) to provide certain information on the holders of its debt or equity (other than debt or equity interests that are regularly traded on an established securities market) or (ii) certain non-financial non-U.S. entities that do not provide certifications that they do not have any substantial U.S. owners or that do not provide information identifying the substantial U.S. owners of the entities. The new withholding regime will be phased in beginning in 2014.

No assurance can be provided that the Issuer will enter into an FFI agreement with the IRS. If the Issuer does not enter such an agreement, the Issuer could potentially be subject to a 30 per cent. withholding tax on all, or a portion of all, payments received from U.S. sources and from compliant FFIs. Any such withholding imposed on the Issuer may reduce the amounts available to the Issuer to make payments on the Notes and there will be no “gross up” (or any other additional amount) payable by way of compensation to the holders for the deducted amount.

In the alternative, if the Issuer determines that it must comply with FATCA in order to receive certain payments free of U.S. withholding tax, holders may be required to provide certain information, (or, for certain FFIs, otherwise comply with FATCA) to avoid withholding on amounts paid to such holder. The Issuer and other FFIs through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of, payments made in respect of any Notes if any such payments are considered “foreign passthru payments.” Such withholding will generally not apply (i) to any obligation that is executed on or before the date that is six months after the date on which final regulations defining the term “foreign passthru payment” are filed, or (ii) in situations where (i) is not applicable, until the later of January 1, 2017, or the date that final regulations are published defining the term “foreign passthru payment.”

If an amount in respect of U.S. withholding tax is deducted or withheld from interest, principal or other payments on the Notes as a result of a holder's failure to comply with these rules or as a result of the presence in the payment chain of a non-participating FFI, the terms of the Notes will not require any person to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive less interest or principal than expected.

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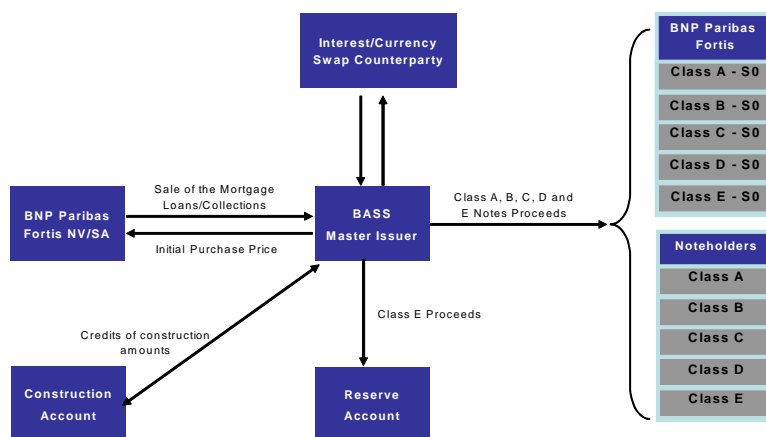
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The Issuer believes that the risks described above are certain of the principal risks inherent in the Programme for the Noteholders but the inability of the Issuer to pay interest or repay principal on the Notes may occur for other reasons and, accordingly,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

SECTION 4

STRUCTURE DIAGRAM

The following structure diagram provides an indicative summary of the principal features of the Programme. The diagram must be read in conjunction with and is qualified in its entirety by the detailed information presented elsewhere in this Base Prospectus.



SECTION 5

OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE PROGRAMME

The following is an overview of the principal features of the issue of the Notes. This overview should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Base Prospectus.

1. THE PARTIES

Issuer	Bass Master Issuer NV/SA, <i>institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht</i> , is organised as a Belgian public limited company (<i>naamloze vennootschap / société anonyme</i>) registered with the Belgian Federal Public Service for Finance (<i>Federale overheidsdienst Financiën / Service Public Fédéral Finances</i>) is incorporated under Belgian law and has its registered office at Louizalaan 486, 1050 Brussels, Belgium. It is registered with the Crossroad Bank for Enterprises under n° 0898.307.694.
Seller	BNP Paribas Fortis SA/NV. Under certain conditions any direct or indirect subsidiary of BNP Paribas Fortis SA/NV may accede to the Programme as a Seller. In case of accession of a new Seller a Supplemental Prospectus will be published.
Originator	BNP Paribas Fortis SA/NV or any subsidiary or predecessor thereof (predecessors include Belgolaise NV/SA, ASLK Bank NV/SA and Generale Bank).
Administrator	Intertrust (Netherlands) B.V. a private company with limited liability (<i>“besloten vennootschap met beperkte aansprakelijkheid”</i>), organised under the laws of the Netherlands and established in Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.
GIC Provider	BNP Paribas Fortis SA/NV
Currency Swap Counterparty	The relevant issuer currency swap counterparty as set out in the Final Terms and, if applicable, a supplemental prospectus.
Interest Swap Counterparty	BNP Paribas Fortis SA/NV
Issuer Director:	ATC Belgium BVBA (formerly BVBA Sterling Consult), registered with the Crossroads Bank for Enterprises under number 0861.696.827 (LPR Antwerp), with registered office

at Lorckenlaan 30, 2180 Ekeren, Belgium having appointed as permanent representative Eliste Management BVBA, with registered office at Lorckenlaan 30, 2180 Ekeren, Belgium, registered with the Crossroads Bank for Enterprises under number 0817.555.590, having appointed as permanent representative Mr. Frank Husken, resident at Lorckenlaan 30, 2180 Ekeren, with bis-registernummer 67042854550 and Stolp Dirk Peter, resident at 1181 PK Amstelveen (Nederland), Meester Sixlaan 32, with bis-registernummer 594310 015 67.

Security Agent	Stichting Security Agent Bass, organised as a foundation (<i>stichting</i>) under the laws of the Netherlands, and established in Olympic Plaza, Fred Roeskestraat 123, 1076 EE Amsterdam, the Netherlands.
Holding	Stichting Holding Bass, organised as a foundation (<i>stichting/fondation</i>) under Belgian law, with its registered office at Louizalaan 486, 1050 Brussels, Belgium, registered with the Crossroads Bank for Enterprises under number 0898.075.884 (LPR Brussels). Stichting Holding Bass holds 61,900 of the shares of the Issuer.
Holding Directors	Johan Dejans, resident at 58, Rue de la Victoire, L-8047 Strassen, Grand Duchy of Luxembourg, NRN 661117 323 48; ATC Belgium BVBA (formerly BVBA Sterling Consult), registered with the Crossroads Bank for Enterprises under number 0861.696.827 (LPR Antwerp), with registered office at Lorckenlaan 30, 2180 Ekeren, Belgium having appointed as permanent representative Eliste Management BVBA, with registered office at Lorckenlaan 30, 2180 Ekeren, Belgium, registered with the Crossroads Bank for Enterprises under number 0817.555.590, having appointed as permanent representative Mr. Frank Husken, resident at Lorckenlaan 30, 2180 Ekeren, with bis-registernummer 67042854550 and Dirk Peter Stolp, resident at 1181 PK Amstelveen (the Netherlands), Meester Sixlaan 32, with bis-registernummer 594310 015 67.
Security Agent Director	Amsterdamsch Trustee's Kantoor B.V., having its statutory seat and registered office in Amsterdam at Frederik Roeskestraat 123, 1076 EE in Amsterdam, the Netherlands.
Domiciliary Agent	BNP Paribas Fortis SA/NV
Listing Agent	BNP Paribas Fortis SA/NV
Reference Agent	BNP Paribas Fortis SA/NV, a public company organized under the laws of Belgium and established in Brussels,

Belgium.

Arranger	BNP Paribas Fortis SA/NV
Auditors	Deloitte Bedrijfsrevisoren

2. PURCHASE OF MORTGAGE RECEIVABLES

Mortgage Receivables **Mortgage Receivables** are any and all rights of the Seller against any Borrower under or in connection with any Mortgage Loans, as such rights have been purchased or are to be purchased, as applicable, in accordance with the Mortgage Receivables Purchase Agreement

Mortgage Loans **Mortgage Loans** are loans (including advances granted under Credit Facilities) entered into by the Seller or their predecessors and the relevant borrowers (**Borrowers**) that are secured by (i) a first ranking Mortgage and/or (ii) a lower ranking Mortgage and/or (iii) a Mortgage Mandate over Mortgaged Assets, and that are identified for the purpose of the purchase of the relevant Mortgage Receivables in an Agreement of Sale and Assignment executed in accordance with Mortgage Receivables Purchase Agreement.

The Mortgage Loans should thus be secured by a Mortgage or Mortgage Mandate over real property (*onroerend goed / bien immobilier*) (the **Mortgaged Assets**), situated in Belgium and should meet the eligibility criteria set out in a schedule to the Mortgage Receivables Purchase Agreement (the **Eligibility Criteria**) and the other criteria set forth in the Mortgage Receivables Purchase Agreement.

The Mortgage Loans consist of several different types: (i) Annuity Mortgage Loans (*annuïteiten hypotheken / Prêt hypothécaire à mensualités constantes*), (ii) Linear Mortgage Loans (*lineaire hypotheken / prêt hypothécaire avec amortissement linéaire*) and (iii) Interest-only Mortgage Loans (*aflossingsvrije hypotheken / prêt hypothécaire sans amortissement du capital*) and (iv) Reconstitution Loans. In addition the Mortgage Loans may comprise Construction Loans that are drawn down in different stages by the Borrower. See Section 13 (*Description of Mortgage Loans*) below for a more detailed description of the Mortgage Receivables sold by each Seller to the Issuer.

A Mortgage Loan may consist of a single advance under a revolving Credit Facility. Not in all cases shall the Seller sell and assign and shall the Issuer purchase and accept the assignment of all existing and future advances under the same Credit Facility.

The Mortgage Loans have characteristics that demonstrate

the capacity to produce funds to service payments under the Notes.

Purchase of Mortgage Receivables on the Programme Closing Date

On 23 June 2008 (the **Programme Closing Date**) the Issuer has for the first time under the Programme purchased Mortgage Receivables and the Related Security relating thereto pursuant to the Mortgage Receivables Purchase Agreement up to an amount equal to the Principal Amount Outstanding of the Notes (other than the Class E Notes) issued on or about such date.

Purchase of New Mortgage Receivables:

Under the Mortgage Receivables Purchase Agreement the Seller is entitled to sell and assign and the Issuer is obliged to purchase and accept assignment of Mortgage Receivables and the Related Security relating thereto on any Business Day, to the extent offered to it, up to the Purchase Available Amount (each Mortgage Receivable thus purchased after the Programme Closing Date, a **New Mortgage Receivable** and each date on which such New Mortgage Receivable is purchased by the Issuer and the Programme Closing Date, a **Mortgage Purchase Date**). See Section 16 (*Mortgage Receivables Purchase Agreement*).

Repurchase of Mortgage Receivables

Under the Mortgage Receivables Purchase Agreement, the Seller will be obliged to repurchase and accept re-assignment of the Relevant Mortgage Receivable:

- (i) if any of the representations and warranties given by the Seller in respect of such Relevant Mortgage Receivable or the Relevant Mortgage Loan on its Mortgage Purchase Date is untrue or incorrect in any material respect, on or before the Monthly Payment Date immediately following the day on which the relevant remedy period ends;
- (ii) if the Seller agrees with a Borrower to amend the terms of the Relevant Mortgage Loan as a result of which such Mortgage Loan no longer meets certain criteria set forth in the relevant Mortgage Receivables Purchase Agreement, on or before the Monthly Payment Date immediately following such agreement.

The purchase price in case of a repurchase by the Seller of Relevant Mortgage Receivables in any of the events described above, will be equal to the **Outstanding Principal Amount** (which means with respect to a Mortgage Receivable the aggregate principal sum (*hoofdsom / principal*) due by the relevant Borrower under the relevant Mortgage Receivable and, other than in case of a repurchase, after the occurrence of a Realised Loss in respect of such Mortgage Receivable, zero) of the relevant Mortgage

Receivable together with interest and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) accrued up to but excluding the date of purchase and assignment of the relevant Mortgage Receivable.

However, in the event of a repurchase as a result of the occurrence of a Mortgage Loan Amendment, the purchase price shall be equal to the Outstanding Principal Amount of the Relevant Mortgage Receivable, as described above, plus accrued interests and costs minus the Loan Loss Reserve related to the Relevant Mortgage Receivable.

3. CASH FLOW STRUCTURE OF THE ISSUER

GIC Agreement

The Issuer and the GIC Provider have entered into a guaranteed investment contract on the Programme Closing Date, as amended and restated on 28 June 2013 and as further amended from time to time (the **GIC**), pursuant to which the GIC Provider pays an agreed interest rate on the balance standing from time to time to the credit of the Issuer Accounts.

Issuer Collection Account:

The Issuer has agreed to maintain with the GIC Provider an account (the **Issuer Collection Account**) and together with the Construction Account and the Reserve account as defined below, (the **Issuer Accounts**) to which all amounts of interest and principal received under the Mortgage Receivables will be transferred by, *inter alia*, the Pool Servicer in accordance with the Servicing Agreement.

Construction Account

The Issuer has agreed to also maintain with the GIC Provider an account (the **Construction Account**), to which on each relevant Monthly Payment Date (as from the Programme Closing Date) an amount corresponding to the relevant aggregate Construction Amounts has to be credited. The Construction Account has to be debited on each Monthly Payment Date (i) for payments for the benefit of the Seller upon Construction Amounts being paid out to or on behalf of the Borrowers; and (ii) in case the Seller has no obligation to pay any further part of the Initial Purchase Price, the Construction Account may be debited and the Issuer Collection Account will be credited accordingly. For this purpose, the **Construction Amount** means such part of a Construction Loan that has not been drawn down by the relevant Borrower

Interest Swap Agreements

The Issuer has entered into an interest swap agreement, a schedule thereto and an interest swap confirmation with the Interest Swap Counterparty, as amended from time to time (an **Interest Swap**), to hedge the risk between the rates of

interest received by the Issuer on the relevant Mortgage Receivables and received on the Issuer Accounts and the rates of interest payable by the Issuer on the Notes. The Issuer may enter into further Interest Swaps.

Servicing Agreement

Under the terms of a Servicing Agreement entered into on the Programme Closing Date between the Issuer, the Administrator, the Pool Servicer and the Security Agent, as amended and restated on 28 June 2013 and as further amended from time to time (the **Servicing Agreement**), (i) the Pool Servicer has agreed to provide administration and management services in relation to the Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Loans and the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see Section 14 (*Mortgage Loan Underwriting and Servicing*)) and (ii) the Administrator has agreed to provide certain administration, calculation and cash management services on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes.

Reserve Account

The net proceeds of the Class E Notes are to be credited to an account (the **Reserve Account**) held with the GIC Provider. The purpose of the Reserve Account is to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (m) in the Interest Priority of Payments in the event of a shortfall of the Interest Available Amount (as defined in *Credit Structure* below) on a Note Payment Date.

Currency Swap Agreements

The Issuer may enter into Currency Swap Agreements with a Currency Swap Counterparty to hedge certain risks resulting from variations in the exchange rate of the euro vis-à-vis other currencies in which the Notes may be denominated and the interest rate risk on such Notes.

4. THE NOTES

Programme Size

Up to EUR 30,000,000,000 outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the programme agreement dated on or about June 2008 between, *inter alia*, the Issuer, the Security Agent and the Dealers, as amended and restated on 28 June 2013 and as further amended from time to time (the **Programme Agreement**).

Series, Classes and Sub-

The Notes will be issued in Series. Each Series may comprise one or more of the following classes (each a

classes	<p>Class): Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes issued on a single date (with the exception noted below). Each Series and Class may have two or more sub-classes (each a Sub-class). Separate Series of Notes, called Series-0 Notes may be issued. Each Series-0 Notes is intended to be issued to (i) BNP Paribas Fortis SA/NV and/or any direct or indirect subsidiary of BNP Paribas Fortis SA/NV and/or (ii) any entity of the BNP Paribas Group. A Class designation determines the relative seniority for receipt of cash flows.</p> <p>The Notes of a particular Class or Sub-class in different Series will not necessarily have all the same terms. Differences may include principal amount, interest rate, interest rate calculations, Step-up dates and/or final maturity dates.</p> <p>References in this Base Prospectus to a Series of Notes refer to all Classes of Notes issued on a given day which are expressed to be the same Series in the Final Terms and any Class of Notes issued on any other day which:</p> <ul style="list-style-type: none"> (a) is expressed to be consolidated; and (b) is identical in all respects except for the Issue Date, interest commencement date and issue price, with the same Class of Notes issued on such given day. <p>References in this Base Prospectus to a Series and Class of Notes refer to a particular Class of Notes of a given Series.</p>
Issuance Test	<p>For each issuance of Notes certain conditions and tests will have to be fulfilled. Generally speaking, the available subordination for each Class of Notes to be issued should be equal to or greater than the required level of subordination for such Class of Notes. See Section 7 (<i>Issuance of Notes</i>).</p>
Denominations	<p>All Notes will be issued in such denominations as set forth in the Final Terms save that the minimum denomination of each Note will be EUR 250,000 (or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).</p>
Currencies	<p>Subject to any applicable legal or regulatory restrictions, the Notes may be issued in euro or in other OECD member state currencies as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the Final Terms).</p>
Issue Price	<p>Notes will be issued at an issue price which is set out in the Final Terms.</p>

Interest	<p>Each Note will accrue interest from its date of issuance at the applicable rate specified for that Series and Class, or Sub-class, which may be fixed or floating as specified in the Final Terms.</p> <p>Interest on the Notes of a Series and Class will be payable on the 15th day of January, April, July and October, (or, in either case, if such day is not a Business Day (as defined below), the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such day) in each year (each such day being a Note Payment Date).</p>	
Status of the Notes	<p>The Notes of each Class rank <i>pari passu</i> without any preference or priority among Notes of the same Class.</p>	
Ranking of the Notes	<p>Payments of principal and interest on the Class A Notes of any Series due and payable on a Note Payment Date will rank ahead of payments of interest and principal on the Class B Notes of any Series, the Class C Notes of any Series, the Class D Notes of any Series and the Class E Notes of any Series (in each case, due and payable on such Note Payment Date). Payments of interest and principal on the Class B Notes of any Series due and payable on a Note Payment Date will rank ahead of payments of interest and principal on the Class C Notes of any Series, the Class D Notes of any Series and the Class E Notes of any Series. Payments of interest and principal on the Class C Notes of any Series due and payable on a Note Payment Date will rank ahead of payments of interest and principal on the Class D Notes of any Series and the Class E Notes of any Series. Payments of interest and principal on the Class D Notes of any Series due and payable on a Note Payment Date will rank ahead of payments of interest and principal on the Class E Notes of any Series.</p>	
Minimum Ratings	<u>Fitch</u>	<u>Moody's</u>
	Class A	AAAsf Aaaf
	Class B	AAsf Aa3sf
	Class C	BBB+sf A2sf
Interest Switch/Step-up	<p>If on the relevant step-up date as set out in the Final Terms (the Step-up Date) the Notes of a Series and Class or Sub-class, as the case may be, have not been redeemed in full (i) in the case of Floating Rate Notes the applicable margin will increase as specified in the Final Terms and (ii) in the case</p>	

of Fixed Rate Notes the interest will switch to a floating rate of interest plus a margin as set out in the Final Terms, except as set out in Condition 4.1.4 (*Interest following the Step-up Date*) and Condition 4.2.4 (*Interest following the Step-up Date*) in case the Issuer notifies the Noteholders in time of redemption of the relevant Series and Class, or Sub-class of Notes on the Note Payment date immediately succeeding the Step-up Date.

Floating Rate Notes

Unless otherwise provided in the Final Terms, Notes with a floating rate of interest (**Floating Rate Notes**) denominated in euros will bear interest at an annual rate equal to the sum of Euribor for three-months deposits in euro, plus a margin as specified in the Final Terms. Unless otherwise provided in the Final Terms, Notes with a floating rate of interest denominated in dollars will bear interest at an annual rate equal to the sum of Dollar-Libor for three-months deposits in dollar, plus a margin as specified in the Final Terms. Interest will be payable by reference to successive interest periods on such Note Payment Dates as specified in the Final Terms.

Fixed Rate Notes

Unless otherwise provided in the Final Terms, Notes with a fixed rate of interest (**Fixed Rate Notes**) will be payable on Note Payment Dates as specified in the Final Terms and will be calculated on the basis of the day-count fraction as specified in the Conditions.

Repayment Test

Repayment of principal on the Subordinated Notes of any Class is subject to fulfilment of, *inter alia*, the Repayment Test. Generally speaking, the Repayment Test provides that the Issuer may only repay a Series and Class or Sub-class of Notes if sufficient subordination is provided for the remaining Series and Classes of Notes by one or more lower ranking Classes of Notes. See Section 8 (*Repayment Test*).

Pass-through Notes

On each Note Payment Date the Issuer will be obliged to apply the funds available for this purpose towards (partial) redemption of pass-through notes (the **Pass-through Notes**) prior to their respective Final Maturity Dates (i) if the Pro-rata Condition is satisfied, on a pro-rata basis and (ii) if the Pro-rata Condition is not satisfied, on a sequential basis.

Soft-bullet Notes

A soft-bullet Note (a **Soft-bullet Note**) will not be redeemable up to the relevant Step-up Date specified in the Final Terms, except in certain circumstances as described in the Conditions and the Final Terms. On the relevant Step-up Date and on each Note Payment Date thereafter, the Issuer has the option to redeem the relevant Series and Class of Notes or Sub-class thereof, subject to the Repayment Test. Following the Step-up Date in relation to a Series and Class

of Notes or Sub-class thereof, all Soft-bullet Notes of such Series and Class or Sub-class thereof, will switch to Pass-through Notes and will be subject to mandatory (partial) redemption. In the case of a Trigger Event, all Soft-bullet Notes will switch to Pass-through Notes and will be subject to mandatory (partial) redemption on a sequential basis.

Redemption of Class E Notes

The Class E Notes will always have a Step-up Date. On the Step-up Date and on each Note Payment Date thereafter, the Issuer has the right to redeem the Class E Notes of the relevant Series and Class of Notes or Sub-class thereof, subject to (i) the Repayment Test and (ii) the amount standing to the credit of the Reserve Account after application of the Interest Priority of Payments on such date being at least equal to the Reserve Account Target Level.

Note Clean-up Call Option

Subject to the Repayment Test, the Issuer will have the option to redeem the Notes of any Series and Class, or Sub-class thereof, other than the Class E Notes, in full but not in part, at their aggregate Principal Amount Outstanding (subject to and in accordance with Condition 6.5 (*Notes clean-up call option*) and Condition 9.2 (*Principal*)), on a Note Payment Date on which the aggregate Principal Amount Outstanding of such Class or Sub-Class of such Series of Notes, as applicable is less than 10 per cent. of the aggregate Principal Amount Outstanding of such Class or Sub Class of such Series of Notes as at the Issue Date of such Notes (each a **Note Clean-up Call Option**).

Programme Clean-up Call Option

The Issuer will have the option to redeem all of the Notes, but not some only, at their aggregate Principal Amount Outstanding (subject to and in accordance with Condition 6.6 (*Programme Clean-up call option*) and Condition 9.2 (*Principal*)), if the percentage of the Outstanding Principal Amount of all Mortgage Receivables falls below 10 per cent. of the highest Outstanding Principal Amount of all Mortgage Receivables at any time since the Programme Closing Date (the **Programme Clean-up Call Option**).

Regulatory Call Option

On each Monthly Payment Date each Seller has the option to repurchase the Relevant Mortgage Receivables upon the occurrence of a Regulatory Change relating to such Seller (the **Regulatory Call Option**).

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Relevant Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion, in case the Seller exercises the Regulatory Call Option. The purchase price will be calculated as described in *Sale of Mortgage*

Receivables in *Credit Structure* below. If the Seller exercises the Regulatory Call Option, then the Issuer has the option to redeem (part of) the Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes subject to and in accordance with Condition 6.9 (*Redemption for regulatory reasons*) and Condition 9.2 (*Principal*).

Early redemption of Series-0 Notes

Provided that no Enforcement Notice has been served in accordance with Condition 10 (*Events of Default*) and no Trigger Event has occurred: (i) any holder of a Note of Series-0 (other than Class E Notes) may request the Issuer to redeem such Note and the Issuer shall following such request apply part of the Principal Available Amount, towards the redemption of those Series-0 Notes (other than the Class E Notes), subject to the Principal Priority of Payments, the Conditions, the Repayment Test and the Security Agent Agreement; (ii) any holder of a Class E Note of Series-0 may request the Issuer to redeem such Note and the Issuer shall following such request apply amounts credited on the Reserve Account towards the redemption purchase of Class E Notes of Series-0, subject to the Repayment Test.

Redemption for tax reasons

If the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties or charges of whatsoever nature from payments in respect of any Series and Class or Sub-class of Notes as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Belgium (including any guidelines issued by the tax authorities) or any other jurisdiction or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the relevant Issue Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer has the option to redeem the Notes of such Series and Class or Sub-class, in whole but not in part, on any Note Payment Date at their Principal Amount Outstanding (subject to Condition 9.2 (*Principal*)), together with interest accrued up to and including the date of redemption.

Redemption in case of Change of Law

On each Note 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 Programme Closing Date which would or could affect the Issuer or the Noteholders in a materially adverse way (an **Optional Redemption in case of Change of Law**). No Class or Series of Notes may be redeemed under such circumstances unless the other Classes and Series of Notes (or such of them as are then outstanding) are also redeemed in full at the same time. See the detailed provision contained in Condition 6.10 (*Redemption for Change of Law*).

Method of Payment

Payments of principal and interest will be made, in accordance with the rules of the Clearing System.

Use of proceeds

The Issuer will use the net proceeds from the issue of the Notes, other than the Class E Notes, for the purchase of Mortgage Receivables from time to time pursuant to the mortgage receivables purchase agreement entered into on the Programme Closing Date between the Issuer, the Seller and the Security Agent, as amended and restated 28 June 2013 and further amended from time to time (the **Mortgage Receivables Purchase Agreement**). The Issuer will credit the net proceeds from the Class E Notes to the Reserve Account.

Security for the Notes

The Notes will be secured by a first ranking right of pledge granted by the Issuer to the Security Agent and the other Secured Parties over (i) the Mortgage Receivables and the Related Security, (ii) the Issuer's rights under or in connection with the Relevant Documents to which it is a party and to the Issuer Accounts (the **Issuer Rights**).

The amount payable to the Noteholders and to the other Secured Parties will be limited to the amounts available for such purpose which, *inter alia*, will consist of amounts recovered by the Security Agent on the Mortgage Receivables, the balances standing to the credit of the Issuer Accounts and other amounts received or recovered by the Security Agent as creditor under the Parallel Debt or otherwise on behalf of the other Secured Parties. Payments to the Secured Parties will be made in accordance with the Priority of Payments upon Enforcement if an Enforcement Notice has been issued.

All Notes issued under the Programme are secured by the entire pool of Mortgage Receivables held by the Issuer. If new Notes will be issued such Notes will also be secured by the same pool of Mortgage Receivables.

Regulatory Matters

Each issue of Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply

with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. See Section 28 (*Subscription and Sale*).

The FSMA may be requested to provide other competent authorities in the European Economic Area with a certificate of approval so that application may be made for Notes issued under the Programme to be admitted to trading on other regulated markets. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Form of Notes

Each Series and Class of Notes, or if such Series and Class has Sub-classes of Notes, all of the Notes of a Sub-class, will (unless otherwise specified in the Final Terms) be issued in the form of dematerialised notes under the Company Code. The Notes will be represented by book entries in the records of the X/N securities and cash Clearing System as operated by the National Bank of Belgium. 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.

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 of whatsoever nature imposed or levied by or on behalf of the Kingdom of Belgium, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, 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 pay any additional amounts to such Noteholders

Listing

Application may be made for Notes issued under the Programme to be admitted to trading on the regulated market of Euronext Brussels during the period of 12 months from the date of this Base Prospectus. Notice of certain terms and conditions not contained herein of such Series of Notes will be set out in the Final Terms which, with respect to such Series of Notes to be listed on the regulated market of Euronext Brussels, will be delivered to Euronext Brussels and be filed with the FSMA on or before the date of issue of such Series of Notes. Notes issued under the Programme

may also be listed on any other stock exchange specified in the Final Terms.

Governing Law

The Notes will be governed by and construed in accordance with the laws of Belgium.

Selling Restrictions

The Notes offered by the Issuer may only be subscribed, purchased or held by investors that are Institutional Investors and meet certain other conditions (see Section 28 (*Subscription and Sale*)). Furthermore there are other selling restrictions in relation to the European Economic Area, Italy, France, the United Kingdom, Japan and the United States (including, without limitation, restrictions relating to the issuance of Notes in bearer form) and such other restrictions as may be required in connection with the offering and sale of a particular Series of Notes. See Section 28 (*Subscription and Sale*).

5. OTHER

Management Agreements

The Issuer, the Security Agent and the Holding have on the Programme Closing Date each entered into a management agreement (respectively an **Issuer Management Agreement** with each Issuer Director, the **Security Agent Management Agreement** with the Security Agent Director and a **Holding Management Agreement** with each Holding Director, and such agreements together the **Management Agreements**, pursuant to which the relevant Directors undertake to act as director of the Issuer, the Security Agent or the Holding respectively and to perform certain services in connection therewith.

SECTION 6

DOCUMENTS INCORPORATED BY REFERENCE

The deed of incorporation and the articles of association (*statuten / statuts*) of the Issuer (the **Articles of Association**) which have previously been published shall be incorporated in, and form part of, this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Domiciliary Agent and will be available on the website www.intertrustgroup-fgreporting.com.

SECTION 7

ISSUANCE OF NOTES

The Notes are and will be issued pursuant to a Security Agent Agreement, initially dated on the Programme Closing Date, as amended and restated on 28 June 2013 and as further amended from time to time (the **Security Agent Agreement**). The following summary summarizes the material terms of the Notes and the Security Agent Agreement relating to the issuance of the Notes. These summaries do not purport to be complete and are subject to the provisions of the Security Agent Agreement and the Conditions.

1. GENERAL

- 1.1 The Notes will be issued in Series. Each Series will comprise of one or more Classes of Notes issued on a single issue date and any Class of Notes issued on any other day which is expressed to be consolidated and is identical in all respects except for the Issue Date, interest commencement date and issue price, with any of the Classes of Notes issued on such given day.
- 1.2 A Series-0 of Notes is intended to be issued to (i) BNP Paribas Fortis SA/NV and/or any direct or indirect subsidiary of BNP Paribas Fortis SA/NV, and/or (ii) any entity of the BNP Paribas Group.
- 1.3 A Class designation determines the relative seniority for receipt of cash flows.
- 1.4 The Notes of a particular Class in different Series (and the Notes of differing sub-classes of the same Class and Series) will not necessarily have all the same terms. Differences may include principal amount, interest rates, interest rate calculations, dates and final maturity dates.
- 1.5 Each Series and Class of Notes will be secured over the Mortgage Receivables.
- 1.6 The specific terms of each Series of Notes will be set forth in the related Final Terms.

2. ISSUANCE

The Issuer may issue new Series and Classes of Notes from time to time without obtaining the consent of existing Noteholders. As a general matter the Issuer may only issue a new Series and Class of Notes if sufficient subordination is provided for that new Series and Class of Notes by one or more Subordinated Classes of Notes. The conditions and tests (including the required levels of subordination) necessary to issue a series and class of notes (the **Issuance Tests**), are the following:

2.1 All Classes of Notes

On the Issue Date of any Series and Class of Notes:

- (a) no Event of Default shall have occurred which is continuing;
- (b) there may be no debit balance on the Principal Deficiency Ledger on the previous Note Payment Date or, if such Issue Date is a Note Payment Date, on such Issue Date;
- (c) no Enforcement Notice has been served on the Issuer by the Security Agent;
- (d) no Trigger Event shall have occurred; and

- (e) the Rating Agencies have been notified at least 90 calendar days in advance of such issuance.

2.2 For the Class A Notes of any Series

2.2.1. On the Issue Date for that Series of Notes, the Class A Available Subordinated Amount must be equal to or greater than the Class A Required Subordinated Amount.

2.2.2. The **Class A Required Subordinated Amount** is calculated, on any date, as the product of:

$$A \times B$$

where:

A = the **Class A Required Subordinated Percentage**, which is equal to 10,90 per cent.; and

B = the Principal Amount Outstanding of all Notes (other than the Class E Notes) on such date (after giving effect to (i) any payments of principal to be made on the Notes and (ii) the issuance of Notes on such date).

2.2.3. The **Class A Available Subordinated Amount** is calculated, on any date, as the sum of (a) the aggregate Principal Amount Outstanding of the Class B Notes of all Series, the Class C Notes of all Series and the Class D Notes of all Series (after giving effect to (i) any payments of principal to be made on the Notes and (ii) the issuance of Notes on such date); and (b) the amount of the Reserve Account on such date, less (c) any Principal Deficiency.

2.3 For the Class B Notes of any Series

2.3.1. On the Issue Date for that Series of Notes, the Class B Available Subordinated Amount must be equal to or greater than the Class B Required Subordinated Amount.

2.3.2. The **Class B Required Subordinated Amount** is calculated, on any date, as the product of:

$$A \times B$$

where:

A = the **Class B Required Subordinated Percentage**, which is equal to 7,90 per cent.; and

B = the Principal Amount Outstanding of all Notes (other than the Class E Notes) on such date (after giving effect to (i) any payments of principal to be made on the Notes and (ii) the issuance of Notes on such date)

2.3.3. The **Class B Available Subordinated Amount** is calculated, on any date, as the sum of (a) the aggregate Principal Amount Outstanding of the Class C Notes of all Series and the Class D Notes of all Series (after giving effect to (i) any payments of principal to be made on the Notes and (ii) the issuance of Notes on such date); and (b) the amount of the Reserve Account on such date, less (c) any Class C Principal Deficiency and any Class D Principal Deficiency.

2.4 For the Class C Notes of any Series

2.4.1. On the Issue Date for that Series of Notes, the Class C Available Subordinated Amount must be equal to or greater than the Class C Required Subordinated Amount.

2.4.2. The **Class C Required Subordinated Amount** is calculated, on any date, as the product of:

$$A \times B$$

where:

A = the **Class C Required Subordinated Percentage**, which is equal to 4,90 per cent.; and

B = the Principal Amount Outstanding of all Notes (other than the Class E Notes) on such date (after giving effect to (i) any payments of principal to be made on the Notes and (ii) the issuance of Notes on such date)

2.4.3. The **Class C Available Subordinated Amount** is calculated, on any date, as the sum of (a) the aggregate Principal Amount Outstanding of the Class D Notes of all Series (after giving effect to (i) any payments of principal to be made on the Notes and (ii) the issuance of Notes on such date); and (b) the amount of the Reserve Account on such date, less (c) any Class D Principal Deficiency.

2.5 For the Class D Notes of any Series

2.5.1. On the Issue Date for that Series of Notes, the Class D Available Subordinated Amount must be equal to or greater than the Class D Required Subordinated Amount.

2.5.2. The **Class D Required Subordinated Amount** is calculated, on any date, as the product of:

$$A \times B$$

where:

A = the **Class D Required Subordinated Percentage**, which is equal to 0,90 per cent.; and

B = the Principal Amount Outstanding of all Notes (other than the Class E Notes) on such date (after giving effect to (i) any payments of principal to be made on the Notes and (ii) the issuance of Notes on such date)

2.5.3. The **Class D Available Subordinated Amount** is calculated, on any date, the amount of the Reserve Account on such date.

2.6 Change of the required subordinated percentage of any Class of Notes

The Class A Required Subordinated Percentage, the Class B Required Subordinated Percentage, the Class C Required Subordinated Percentage and the Class D Required Subordinated Percentage may be changed by the Issuer from time to time without the consent of the Security Agent or the Noteholders. The Rating Agencies shall be notified in advance of such change.

SECTION 8

REPAYMENT TEST

The following summary summarizes the conditions and tests for the repayment of the Subordinated Notes. This summary does not purport to be complete and is subject to the provisions of the Security Agent Agreement and the Conditions.

The Issuer is obliged to redeem a Series and Class or Sub-Class of Notes when due in accordance with and subject to the Conditions and the Final Terms. Such redemption will for the Subordinated Notes be subject to conditions and tests. As a general matter the Issuer may only repay any Series and Class of Notes if sufficient subordination is provided for the remaining Series and Classes of Notes by one or more subordinate Classes of Notes. The conditions and tests (including the required levels of subordination) necessary to repay a Series and Class or Subclass of Subordinated Notes (the **Repayment Test**) on a Note Payment Date are the following:

1. for any Class B Note, the amount of principal due (or any part thereof) in respect of the Class B Notes may only be paid if and to the extent that, after giving effect to (i) such payment and other payments of principal on the Notes and (ii) the issuance of Notes on such date, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount on such Note Payment Date or, if the Class A Available Subordinated Amount is lower than the Class A Required Subordinated Amount, the Class A Available Subordinated Amount is at least equal to the Class A Available Subordinated Amount before giving effect to such payments and issuances;
2. for any Class C Note, the amount of principal due (or any part thereof) in respect of the Class C Notes may only be paid if and to the extent that, after giving effect to (i) such payment and other payments of principal on the Notes and (ii) the issuance of Notes on such date, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount and the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount on such Note Payment Date or, if the Class A Available Subordinated Amount and/or the Class B Available Subordinated Amount are, or as the case may be, is lower than the Class A Required Subordinated Amount and/or the Class B Required Subordinated Amount respectively, the Class A Available Subordinated Amount and/or the Class B Available Subordinated Amount are or, as the case may be, is at least equal to the Class A Available Subordinated Amount and/or the Class B Available Subordinated Amount respectively before giving effect to such payments and issuances;
3. for any Class D Note, the amount of principal due (or any part thereof) in respect of the Class D Notes may only be paid if and to the extent that, after giving effect to (i) such payment and other payments of principal on the Notes and (ii) the issuance of Notes on such date, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount and the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount on such Note Payment Date or, if the Class A Available Subordinated Amount, the Class B Available Subordinated Amount and/or the Class C Available Subordinated Amount are or, as the case may be, is lower than the Class A Required Subordinated Amount, the Class B Required Subordinated Amount and/or the Class C Required Subordinated Amount respectively, the Class A Available Subordinated Amount, the Class B Available Subordinated Amount and/or the Class C Available Subordinated Amount is at least equal to the Class A Available Subordinated Amount, the Class B Available Subordinated Amount and/or the Class C Available Subordinated Amount respectively, before giving effect to such payments and issuances; and

4. for any Class E Note, the amount of principal due (or any part thereof) in respect of the Class E Notes may only be paid if and to the extent that, after giving effect to (i) such payment and other payments of principal on the Notes and (ii) the issuance of Notes on such date, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount, the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount and the Class D Available Subordinated Amount is at least equal to the Class D Required Subordinated Amount on such Note Payment Date or, if the Class A Available Subordinated Amount, the Class B Available Subordinated Amount, the Class C Available Subordinated Amount and/or the Class D Available Subordinated Amount are or, as the case may be, is lower than the Class A Required Subordinated Amount, the Class B Required Subordinated Amount, the Class C Required Subordinated Amount and/or the Class D Required Subordinated Amount respectively, the Class A Available Subordinated Amount, the Class B Available Subordinated Amount, the Class C Available Subordinated Amount and/or the Class D Available Subordinated Amount are or, as the case may be, is at least equal to the Class A Available Subordinated Amount, the Class B Available Subordinated Amount, the Class C Available Subordinated Amount and/or the Class D Available Subordinated Amount respectively, before giving effect to such payments and issuances.
5. Furthermore, the amount of principal due (or any part thereof) in respect of a Class E Notes of a Series and Class or Subclass can only be repaid on a Note Payment Date if, following the application of the Interest Priority of Payments on such date, the amount standing to the credit of the Reserve Account is at least equal to the Reserve Account Target Level.

The holders of Series-0 Notes will have the right to require the Issuer to redeem some or all of these Notes on any date, provided certain conditions (including no Trigger Event having occurred and no Enforcement Notice having been given and subject to the Repayment Test) (see Section 10 (*Credit Structure*), 18 (*Early redemption of Series-0 Notes*)).

SECTION 9

RATING EVENTS

The following summarizes and defines the minimum rating requirements and the rating downgrade events.

1. MINIMUM RATINGS

1.1 GIC

The GIC Provider should at least have the GIC Provider Required Rating. The **GIC Provider Required Rating** means a rating of:

- (a) the long-term, unsecured and unsubordinated debt obligations of at least A by Fitch; and
- (b) the short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least Prime 1 by Moody's and F1 by Fitch.

1.2 Interest Swap

The Interest Swap Counterparty should have at least the Interest Swap Counterparty Required Rating. The **Interest Swap Counterparty Required Rating** means a rating of:

- (a) the long-term, unsecured and unsubordinated debt obligations of at least A by Fitch and A2 by Moody's (or, if it is not subject to a short term rating, A1 by Moody's); and
- (b) the short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least Prime 1 by Moody's and F1 by Fitch.

1.3 Currency Swap

Each Currency Swap Counterparty, or any guarantor who guarantees the obligations of such Currency Swap Counterparty should have at least the Currency Swap Counterparty Required Rating. The **Currency Swap Counterparty Required Rating** means a rating of:

- (a) the long-term, unsecured, unsubordinated and unguaranteed debt obligations of at least and A+ by Fitch and A2 by Moody's (or, if it is not subject to a short term rating, A1 by Moody's); and
- (b) the short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least Prime 1 by Moody's and F1 by Fitch.

1.4 Seller Collection Accounts

Each Seller Collection Account Provider should have at least the Seller Collection Account Provider Required Ratings. The **Seller Collection Account Provider Required Rating** means a rating of:

- (a) the long-term, unsecured and unsubordinated debt obligations of at least A by Fitch; and
- (b) the short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least Prime 1 by Moody's and F1 by Fitch.

2. RATING DOWNGRADE EVENTS

2.1 GIC

A **GIC Provider Rating Downgrade Event** means the event that the long-term, unsecured, unsubordinated and unguaranteed debt obligations or the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the GIC Provider are assigned a rating of less than the GIC Provider Required Rating or such rating is withdrawn by any of the Rating Agencies.

2.2 Interest Swap Agreement

An **Interest Swap Counterparty Rating Downgrade Event** means the event that the long-term, unsecured, unsubordinated and unguaranteed debt obligations or the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Interest Swap Counterparty are assigned a rating of less than the Interest Swap Counterparty Required Rating or such rating is withdrawn.

2.3 Currency Swap Agreements

A **Currency Swap Counterparty Downgrade Event** means the event that:

- (a) the long-term, unsecured, unsubordinated and unguaranteed debt obligations or the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the relevant Currency Swap Counterparty or, if these obligations of the Currency Swap Counterparty are not rated by the Rating Agencies, the guarantor who guarantees the obligations of such Currency Swap Counterparty are assigned a rating of less than the Currency Swap Counterparty Required Rating or such rating is withdrawn; or
- (b) if these obligations of the Currency Swap Counterparty do not have the Currency Swap Provider Required Rating, the guarantor who guarantees the obligations of such Currency Swap Counterparty withdraws the relevant guarantee.

2.4 Seller Collection Accounts

A **Seller Collection Account Provider Rating Downgrade Event** means the event that the long-term, unsecured and unsubordinated debt obligations or the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the Seller Collection Account Provider are assigned a rating of less than the Seller Collection Account Provider Required Rating or such rating is withdrawn by any of the Rating Agencies.

2.5 Seller

Seller Downgrade Event means in respect of a Seller, the event that (i) the long term, unsecured, unsubordinated and unguaranteed debt obligations of such Seller are assigned a rating of less than A by Fitch or such rating is withdrawn by Fitch or (ii) the short term, unsecured, unsubordinated and unguaranteed debt obligations of such Seller are assigned a rating of less than F1 by Fitch or such rating is withdrawn by Fitch or (iii) the long term, unsecured and unguaranteed debt obligations of such Seller are assigned a rating of less than A3 by Moody's or such rating is withdrawn by Moody's.

SECTION 10

CREDIT STRUCTURE

The structure of the credit arrangements under the Programme may be summarised as follows.

1. MORTGAGE LOAN INTEREST RATES

The Mortgage Loans bear interest on a fixed rate basis either for the entire term of the Mortgage Loan or subject to a reset from time to time on dates agreed with the Borrower. Interest rates vary between individual Mortgage Loans. The actual amount of interest received by the Issuer will vary during the life of the Programme as a result of the level of delinquencies, defaults, repayments and prepayments, purchase of New Mortgage Receivables and the reset of interest rates from time to time in respect of the Mortgage Receivables. Similarly, the actual amounts payable under the 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 eventual effect of such variations in certain other costs and expenses of the Issuer could lead to non-payment of certain items under the Interest Priority of Payments.

2. CASH COLLECTION ARRANGEMENTS

2.1 All payments made by Borrowers are to be paid into the collection account(s) of the Seller (together with other banks with whom a Seller collection account is maintained, the **Seller Collection Account Providers** and each a **Seller Collection Account Provider**)(the **Seller Collection Account(s)**). Such Seller Collection Account may also be used for the collection of monies paid in respect of mortgage loans other than the Mortgage Loans and in respect of other monies belonging to the Seller.

2.2 On each fifth Business Day following the last day of a Mortgage Collection Period (each a **Collection Payment Date**), the Seller has to, *inter alia*, transfer (or procure that the Pool Servicer transfers on its behalf) all amounts of interest, including any prepayment penalties (*wederbeleggingsvergoeding / indemnité de remploi*) and penalty interest and principal, received by the Seller in respect of the Mortgage Loans and paid to the Seller Collection Account(s) during the immediately preceding Mortgage Collection Period, to the Issuer Collection Account.

The **Mortgage Collection Period** means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of the same calendar month, except for the first Mortgage Collection Period which commenced on (and included) the Programme Closing Date and ended on (and included) the last day of the same calendar month.

2.3 If at any time a Seller Collection Account Provider Rating Downgrade Event occurs, then the Seller will, to maintain the then current ratings assigned to the Notes at least at the Minimum Ratings or, if the then current ratings of the Notes are lower than the Minimum Ratings, to maintain the then current ratings assigned to the Notes, within thirty (30) days of any such event, either:

- (a) ensure that payments to be made in respect of amounts received on the Seller Collection Account relating to the relevant Mortgage Receivables will be guaranteed by a party having at least the Seller Collection Account Provider Required Rating; or
- (b) procure that all payments paid into the Seller Collection Account are transferred the same day into the Issuer Collection Account.

3. ISSUER ACCOUNTS

3.1 Issuer Collection Account

3.1.1. The Issuer has agreed to maintain with the GIC Provider the Issuer Collection Account to which all amounts received:

- (a) in respect of the Mortgage Receivables; and
- (b) from the other parties to the Relevant Documents will be paid.

3.1.2. The Administrator has agreed to identify all amounts paid into the Issuer Collection Account by procuring that the Pool Servicer credits such amounts to ledgers established for such purpose based on the information provided by the Administrator. Payments received in respect of the Mortgage Receivables are identified as principal or revenue receipts and credited to the Principal Ledger or the Revenue Ledger, respectively.

3.1.3. Payments from the Issuer Collection Account other than on a Note Payment Date, may only be made to satisfy:

- (a) amounts due to third parties (other than pursuant to the Relevant Documents) and under obligations incurred in the Issuer's business; and
- (b) on any Business Day, amounts applied towards the purchase of New Mortgage Receivables.

3.1.4. The Issuer has agreed to also maintain with the GIC Provider the Reserve Account and the Construction Account (see below).

3.2 Reserve Account

The net proceeds of the Class E Notes are credited to the Reserve Account held with the GIC Provider. The purpose of the Reserve Account is to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (m) in the Interest Priority of Payments in the event of a shortfall of the Interest Available Amount on a Note Payment Date, and to repay the Class E Notes.

If and to the extent that the Interest Available Amount on any Note Calculation Date exceeds the amounts required to meet items (a) up to and including (m) of the Interest Priority of Payments, such excess amount will be used to replenish the Reserve Account by crediting such amount to the Reserve Account up to the Reserve Account Target Level.

The **Reserve Account Target Level** shall:

- (a) on any date on which any Notes other than Class E Notes are outstanding, be equal to the sum of (i) the higher of (a) the aggregate Principal Amount Outstanding of the Class E Notes of all Series that are outstanding on such date, taking into account any redemptions and any issuances of Class E Notes to be made on such date, and (b) the Class D Required Subordinated Amount, and (ii) the aggregate amount of Loan Loss Reserve related to all Mortgage Receivables on such date; and
- (b) as soon as no more Notes (other than Class E Notes) are outstanding, be equal to zero.

The **Loan Loss Reserve** means, in relation to a Mortgage Receivable, the valuation reserve as calculated by the Pool Servicer in its daily operations based on the positive difference, if any, between the relevant Mortgage Receivable, including accrued interest and costs, and the

market value of the Mortgaged Assets according to the most recent valuation performed by or on behalf of the Pool Servicer, representing the amount needed to cover estimated losses in relation to such Mortgage Receivable.

Class E Notes of a Series can only be repaid on a Note Payment Date if, following the application of the Interest Priority of Payments on such date, the amount standing to the credit of the Reserve Account is at least equal to the Reserve Account Target Level. On a Note Payment Date on which all Class E Notes of a Series will be repaid, the Reserve Account will be debited on that Note Payment Date (such debit being referred to as **Reserve Account Repayment Debit**) with an amount equal to the Principal Amount Outstanding of the Class E Notes of that Series. The amount of the Reserve Account Repayment Debit shall be applied towards the redemption of the Class E Notes of the relevant Series.

3.3 Construction Account

The Issuer has agreed to also maintain with the GIC Provider an account (the **Construction Account**), to which on each relevant Monthly Payment Date (as from the Programme Closing Date) an amount corresponding to the relevant aggregate Construction Amounts has to be credited. The Construction Account has to be debited on each Monthly Payment Date:

- (a) for payments for the benefit of the Seller upon Construction Amounts being paid out to or on behalf of the Borrowers; and
- (b) in case the Seller has no obligation to pay any further part of the Initial Purchase Price, the Construction Account may be debited and the Issuer Collection Account will be credited accordingly. Such amount will form part of the Principal Available Amount.

For this purpose (the **Construction Amount**) means such part of a Mortgage Loan that has not been drawn down by the relevant Borrower and for which such Borrower can make such further drawing without the consent of the Seller.

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

3.4 Substitution of GIC Provider

If at any time a GIC Provider Rating Downgrade Event occurs, then the GIC Provider will use its best efforts within thirty (30) days of any such event:

- (a) to obtain a third party, having at least the GIC Provider Required Rating to guarantee the obligations of the GIC Provider; or
- (b) to find an alternative gic provider acceptable the Security Agent.

4. INTEREST CASH FLOWS

On each third Business Day prior to a Note Payment Date (in respect of such Note Payment Date (a **Note Calculation Date**) the Administrator has to calculate the sum of the following amounts received or held by it in relation to the three successive Mortgage Collection Periods preceding such Note Payment Date (a **Note Collection Period**), except for the first Note Collection Period, which means the Mortgage Collection Periods preceding the first Note Payment Date (items (i) up to and including (x) together the **Interest Available Amount**):

- (i) as interest, including any prepayment penalties and penalty interest, on the Mortgage Receivables;
- (ii) as interest credited to the Issuer Accounts;
- (iii) as Net Proceeds on any Mortgage Receivables, to the extent such proceeds do not relate to principal;
- (iv) as amounts to be received from the Interest Swap Counterparty or a Currency Swap Counterparty under the Interest Swap Agreement or the relevant Currency Swap Agreement (to the extent related to interest) on the immediately succeeding Note Payment Date, excluding, for the avoidance of doubt, any collateral transferred pursuant to such Interest Swap Agreement or Currency Swap Agreement;
- (v) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal or any other amounts to be received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal;
- (vi) as amounts to be received on the immediately following Note Payment Date in connection with a sale of Mortgage Receivables to the extent such amounts do not relate to principal;
- (vii) as amounts received as Post Foreclosure Proceeds on Mortgage Receivables;
- (viii) as amounts to be drawn from the Reserve Account on the immediately following Note Payment Date;
- (ix) on the Note Calculation Date on which all Notes will be redeemed in full on the next Note Payment Date (subject to Condition 9.2 (*Principal*)), the remaining balance to the credit of the Issuer Accounts if any;
- (x) any amount exceeding the Principal Amount Outstanding of the relevant Notes in relation to an issuance of such Notes that occurred since the previous Note Payment Date (excluding) and/or that is to occur prior to or on the next Note Payment Date (including), in case the issue price of such Notes is higher than 100%;
- (xi) any amounts (as indemnity for losses of scheduled interest payments in respect of the Mortgage Receivables as a result of Commingling Risk, Set-Off Risk or Liquidity Shortfall Risk) to be applied from the Deposit Account on the immediately succeeding Notes Payment Date.

Net Proceeds means, in each case after deduction of foreclosure costs:

- (a) the proceeds of a foreclosure on the Mortgaged Asset(s);
- (b) the proceeds of foreclosure on any other Related Security;
- (c) the proceeds of any other guarantees or sureties; and
- (d) the proceeds of foreclosure on any other assets of the relevant debtor.

5. INTEREST PRIORITY OF PAYMENTS

Prior to the delivery of an Enforcement Notice, the Interest Available Amount has to be applied by the Issuer on the immediately succeeding Note Payment Date as follows (in each

case only if and to the extent that payments or provisions of a higher order of priority have been made in full) (the **Interest Priority of Payments**):

- (a) in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors and any costs, charges, liabilities and expenses incurred by the Security Agent;
- (b) in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of fees and expenses due and payable to the Administrator and the Pool Servicer under the Servicing Agreement;
- (c) in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Relevant Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax and the fees and expenses of the Rating Agencies and any legal advisor, auditor and accountant appointed by the Issuer or the Security Agent;
- (d) in or towards satisfaction of amounts, if any, due but unpaid under the Interest Swap Agreement or a Currency Swap Agreement, except for any termination payment due or payable under (p) below as a result of the occurrence of:
 - (i) an Event of Default or a Termination Event (as defined in the relevant Interest Swap Agreement or Currency Swap Agreement) where the Interest Swap Counterparty or the Currency Swap Counterparty is the Defaulting Party or the sole Affected Party; or
 - (ii) an Interest Swap Counterparty Downgrade Event or Currency Swap Counterparty Downgrade Event, including a Settlement Amount (as defined in the Interest Swap Agreement or in the Currency Swap Agreement),

(an **Interest Swap Counterparty Default Payment** or a **Currency Swap Counterparty Default Payment**);

- (e) in or towards satisfaction, *pro rata*, of interest due in respect of the Class A Notes;
- (f) in or towards making good, any shortfall reflected in the Class A Principal Deficiency Ledger until the debit balance thereof, if any, is reduced to zero;
- (g) in or towards satisfaction, *pro rata*, of interest due in respect of the Class B Notes;
- (h) in or towards making good, any shortfall reflected in the Class B Principal Deficiency Ledger until the debit balance thereof, if any, is reduced to zero;
- (i) in or towards satisfaction, *pro rata*, of interest due in respect of the Class C Notes;
- (j) in or towards making good, any shortfall reflected in the Class C Principal Deficiency Ledger until the debit balance thereof, if any, is reduced to zero;
- (k) in or towards satisfaction, *pro rata*, of interest due in respect of the Class D Notes;
- (l) in or towards making good, any shortfall reflected in the Class D Principal Deficiency Ledger until the debit balance thereof, if any, is reduced to zero;
- (m) in or towards satisfaction, *pro rata*, of interest due in respect of the Class E Notes;

- (n) following the occurrence of an Assignment Notification Event, in or towards satisfaction of any amount to be deposited on the Deposit Account to replenish the Deposit Account up to the amount of the Risk Mitigation Deposit Target Amount;
- (o) in or towards satisfaction of amounts to be deposited on the Reserve Account until the Reserve Account reaches the Reserve Account Target Level;
- (p) in or towards satisfaction of the Interest Swap Counterparty Default Payment or Currency Swap Counterparty Default Payment; and
- (q) in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

6. PRINCIPAL CASH FLOWS

On each third Business Day prior to a Monthly Payment Date (each a **Monthly Calculation Date**) the Administrator has to calculate the sum of the following amounts received or held by the Issuer in relation to the immediately preceding Mortgage Collection Period (items (i) up to and including (ix) hereinafter referred to as the **Principal Available Amount**):

- (i) as repayment and prepayment of principal under the Mortgage Receivables;
- (ii) on a Note Calculation Date, any amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Note Payment Date;
- (iii) as Net Proceeds on any Mortgage Receivable, to the extent such proceeds relate to principal;
- (iv) as amounts received in connection with a repurchase of Mortgage Receivables by the Seller and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal;
- (v) as amounts received in connection with a sale of Mortgage Receivables to the extent such amounts relate to principal;
- (vi) any part of the Principal Available Amount calculated on the preceding Monthly Calculation Date which has not been applied towards payment of the relevant Notes (other than Class E Notes) or purchase of New Mortgage Receivables on a Business Day in the immediately preceding Mortgage Collection Period;
- (vii) as amounts to be received from the Construction Account on the Issuer Collection Account on the immediately succeeding Monthly Payment Date;
- (viii) for the period between the previous Monthly Payment Date (excluding) up to the next Monthly Payment Date (including), the net proceeds from an issuance of Notes (other than Class E Notes), less net proceeds used to purchase Mortgage Receivables on another day than a Monthly Payment Date and other than amounts referred to under item (x) of the Interest Available Amount; and
- (ix) amounts to be received from the Currency Swap Counterparty under the Currency Swap Agreement, to the extent relating to principal.

7. PURCHASE OF NEW MORTGAGE RECEIVABLES

Following the Programme Closing Date and prior to the earlier of (i) the delivery of an Enforcement Notice and (ii) the occurrence of a Trigger Event, the Issuer may purchase New Mortgage Receivables from the Seller up to the Purchase Available Amount (as defined in *Mortgage Receivables Purchase Agreement* below).

8. PRINCIPAL AVAILABLE AMOUNT FOR REDEMPTION OF PASS-THROUGH NOTES

8.1 The amount available for redemption of the Pass-Through Notes on a Note Payment Date will, in the case of mandatory redemption within the meaning of Condition 6.2 (*Mandatory redemption*), be equal to the sum of the Pass-through Payable Amounts on the 2 previous Monthly Payment Dates and on this Note Payment Date (the **Pass-through Principal Available Amount**).

8.2 The amount available for redemption of Class A Pass-through Notes by the Issuer on each Note Payment Date (the **Class A Pass-through Notes Redemption Available Amount**) will, if the Pro-rata Condition is satisfied, be equal to:

A x B / C, where:

A = the Pass-through Principal Available Amount;

B = the Principal Amount Outstanding of all Class A Pass-through Notes outstanding at such Note Payment Date;

C = the Principal Amount Outstanding of all Pass-through Notes, other than Class E Notes, outstanding at such Note Payment Date.

8.3 The amount available for redemption of Class B Pass-through Notes by the Issuer on each Note Payment Date (the **Class B Pass-through Notes Redemption Available Amount**) will, if the Pro-rata Condition is satisfied, be equal to:

A x B / C, where:

A = the Pass-through Principal Available Amount;

B = the Principal Amount Outstanding of all Class B Pass-through Notes outstanding at such Note Payment Date;

C = the Principal Amount Outstanding of all Pass-through Notes, other than Class E Notes, outstanding at such Note Payment Date.

8.4 The amount available for redemption of Class C Pass-through Notes by the Issuer on each Note Payment Date (the **Class C Pass-through Notes Redemption Available Amount**) will, if the Pro-rata Condition is satisfied, be equal to:

A x B / C, where:

A = the Pass-through Principal Available Amount;

B = the Principal Amount Outstanding of all Class C Pass-through Notes outstanding at such Note Payment Date;

C = the Principal Amount Outstanding of all Pass-through Notes, other than Class E Notes, outstanding at such Note Payment Date.

8.5 The amount available for redemption of Class D Pass-through Notes by the Issuer on each Note Payment Date (the **Class D Pass-through Notes Redemption Available Amount**) will, if the Pro-rata Condition is satisfied, be equal to:

A x B/C, where:

A = the Pass-through Principal Available Amount;

B = the Principal Amount Outstanding of all Class D Pass-through Notes outstanding at such Note Payment Date;

C = the Principal Amount Outstanding of all Pass-through Notes, other than Class E Notes, outstanding at such Note Payment Date.

8.6 If the Pro-rata Condition is not satisfied, the Pass-through Principal Available Amount will be applied to redeem the Pass-through Notes on a sequential basis.

8.7 **Pass-through Payable Amount** means on any Monthly Payment Date:

- (a) the difference between:
 - (i) the sum of items (i), (ii), (iii), (iv), (v), (vii) and (x) of Principal Available Amount in relation to the immediately preceding Mortgage Collection Period; and
 - (ii) any amounts received under item (v) to the extent such amounts result from the sale of Mortgage Receivables pursuant to the best efforts obligation of the Issuer to repay principal under the Notes upon exercise of a call-option as set out in the Security Agent Agreement;
- (b) *multiplied* with the Pass-Through Percentage on such date;
- (c) *plus*, if on such Monthly Payment Date, after application of the Principal Priority of Payments, the amount standing to the credit of the Issuer Collection Account is higher than 5 per cent. of the Principal Amount Outstanding of the Pass-Through Notes on such date:
 - (i) an amount equal to the balance of the Issuer Collection Account (to the extent not related to the Pass-through Payable Amount calculated on previous Monthly Calculation Dates);
 - (ii) multiplied with the result of the following multiplication:
 - (x) the sum of the Principal Payment Rate and the Loss Rate on this Monthly Payment Date; and
 - (y) the Pass-Through Percentage.

8.8 The **Pass-through Percentage** means on any Monthly Payment Date:

- (a) the Principal Amount Outstanding of all Pass-through Notes on such date, less any amount remaining on the Principal Deficiency Ledger to the extent attributable to the Pass-through Notes on the previous Note Payment Date or, if such Monthly Payment Date is a Note Payment Date, on this date, to the extent attributable to the Pass-through Notes,
- (b) *divided* by the Principal Amount Outstanding of all Notes (excluding the Class E Notes) on such date, less any amount remaining on the Principal Deficiency Ledger on the previous Note Payment Date or, if such Monthly Payment Date is a Note Payment Date, on this date,

(for the avoidance of doubt, prior to giving effect to any issuance or repayment on such date, but after the application of the Interest Priority of Payments).

8.9 **Principal Payment Rate** means on any Monthly Payment Date:

- (a) the difference between:
 - (i) items (i), (iii), (iv), (v) and (vii) of the Principal Available Amount in relation to the immediately preceding Mortgage Collection Period;
 - (ii) any amounts received under item (v) to the extent such amounts result from the sale of Mortgage Receivables pursuant to the best efforts obligation of the Issuer to repay principal under the Notes upon exercise of a call-option as set out in the Security Agent Agreement,
- (b) *divided* by the Outstanding Principal Amount of the Mortgage Receivables on the first day of the immediately preceding Mortgage Collection Period.

8.10 **Loss Rate** means on any Monthly Payment Date:

- (a) the Realised Losses in the preceding Mortgage Collection Period;
- (b) *divided* by the Outstanding Principal Amount of the Mortgage Receivables on the first day of the immediately preceding Mortgage Collection Period.

8.11 **Realised Losses** means, in respect of any period, the sum of:

- (a) the amount of the difference between:
 - (i) the aggregate Outstanding Principal Amount in respect of all Mortgage Receivables in respect of which the Seller, the Pool Servicer or the Issuer has foreclosed in such period; and
 - (ii) the amount of the Net Proceeds applied to reduce the Outstanding Principal Amount of such Mortgage Receivables; and
- (b) with respect to the Mortgage Receivables sold by the Issuer, the amount of the difference, if any, between:
 - (i) the aggregate Outstanding Principal Amount of the Mortgage Receivables, and
 - (ii) the purchase price of the Mortgage Receivables sold to the extent relating to principal,

whereby, in case of items (a) and (b), for the purpose of establishing the Outstanding Principal Amount in the case of set-off or defense to payments asserted by the Borrowers any amount by which the Mortgage Receivables have been extinguished will be disregarded.

8.12 The **Pro-rata Condition** means, in respect of a Note Payment Date, that:

- (a) no amount is recorded on the Principal Deficiency Ledger on such date after giving effect to payments to be made on the relevant Note Payment Date in accordance with the Interest Priority of Payments; and
- (b) not more than 2.5 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Loans is in arrears for more than 90 days;
- (c) on the previous Note Payment Date, the balance on the Reserve Account was at least equal to the Class D Required Subordination Amount; and

- (d) the aggregate Outstanding Principal Amount of all Mortgage Receivables is not less than 10 per cent. of the highest Outstanding Principal Amount of all Mortgage Receivables at any time since the Programme Closing Date.

9. PRINCIPAL PRIORITY OF PAYMENTS PRIOR TO A TRIGGER EVENT

Prior to (i) the occurrence of a Trigger Event or (ii) the delivery of an Enforcement Notice on the immediately succeeding Monthly Payment Date, the Principal Available Amount has to be applied by the Issuer on each Monthly Payment Date as follows (and in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the **Principal Priority of Payments prior to a Trigger Event**):

- (i) *first*, in or towards payment on the Construction Account, if and to the extent the Construction Amounts exceed the amounts credited to the Construction Account on the last day of the preceding Mortgage Collection Period;
- (ii) *second*, in or towards satisfaction of payments to a Currency Swap Counterparty, to the extent related to principal;
- (iii) *third*, in or towards satisfaction of principal due under the Class A Notes;
- (iv) *fourth*, in or towards satisfaction of principal due under the Class B Notes;
- (v) *fifth*, in or towards satisfaction of principal due under the Class C Notes;
- (vi) *sixth*, in or towards satisfaction of principal due under the Class D Notes;
- (vii) *seventh*, in or towards the payment of (part of) the Initial Purchase Price in respect of New Mortgage Receivables to be purchased on such Monthly Payment Date.

10. PRINCIPAL PRIORITY OF PAYMENTS AFTER A TRIGGER EVENT

10.1 After the occurrence of a Trigger Event and before delivery of an Enforcement Notice, the Principal Available Amount will be applied by the Issuer on the immediately succeeding Note Payment Date as follows (and in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the **Principal Priority of Payments after a Trigger Event**):

- (i) *first*, in or towards satisfaction, on a *pro rata* basis, of principal due under the Class A Notes until fully repaid;
- (ii) *second*, in or towards satisfaction, on a *pro rata* basis, of principal due under the Class B Notes until fully repaid;
- (iii) *third*, in or towards satisfaction, on a *pro rata* basis, of principal due under the Class C Notes until fully repaid;
- (iv) *fourth*, in or towards satisfaction, on a *pro rata* basis, of principal due under the Class D Notes until fully repaid.

10.2 **Trigger Event** means any of the following events:

- (a) an amount is debited to the Class A Principal Deficiency Ledger; or
- (b) the Seller takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution and liquidation or any of its assets are placed under administration; or

- (c) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been commenced against it for the entering into suspension of payments, or if applicable, emergency regulations or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets.

11. PRIORITY OF PAYMENTS UPON ENFORCEMENT

Following delivery of an Enforcement Notice, any amounts payable by the Security Agent will be paid to the Secured Parties (including the Noteholders) in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the **Priority of Payments upon Enforcement**):

- (a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of:
- (i) the fees or other remuneration due to the Directors;
 - (ii) any cost, charge, liability and expenses incurred by the Security Agent under or in connection with any of the Relevant Documents, which will include, *inter alia*, fees and expenses of the Rating Agencies, any legal advisor, auditor or accountant appointed by the Security Agent;
 - (iii) the fees and expenses of the Domiciliary Agent and the Reference Agent incurred under the provisions of the Domiciliary Agency Agreement;
 - (iv) the fees and expenses of the Administrator and the Pool Servicer under the Servicing Agreement;
- (b) *second*, in or towards satisfaction of amounts, *pro rata*, if any, due but unpaid under the Swap Agreements, except for any Currency Swap Counterparty Default Payments and Interest Swap Counterparty Default Payments payable under subparagraph (m) below;
- (c) *third*, in or towards satisfaction of all amounts of interest due in respect of the Class A Notes;
- (d) *fourth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class A Notes;
- (e) *fifth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Class B Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class B Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Class C Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class C Notes;
- (i) *ninth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Class D Notes;
- (j) *tenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class D Notes;

- (k) *eleventh*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Class E Notes;
- (l) *twelfth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class E Notes;
- (m) *thirteenth*, in or towards satisfaction, *pro rata*, of the Currency Swap Counterparty Default Payments and Interest Swap Counterparty Default Payments payable to the Swap Counterparties under the terms of the Swap Agreements;
- (n) *fourteenth*, in or towards satisfaction of the Deferred Purchase Price Instalments to the Seller, as the case may be,

It is understood however that amounts received by Security Agent from the credit of the Deposit Account shall only be applied in accordance with the Post-enforcement Priority of Payments to the extent such amounts cover for Commingling Risk, Set-Off Risk or Liquidity Shortfall Risk; the remainder of the amounts received from the Deposit Account shall be released directly to the Seller.

12. INTEREST DEFICIENCY LEDGER AND PRINCIPAL DEFICIENCY LEDGER

An Interest Deficiency Ledger (the **Interest Deficiency Ledger**) comprising five sub-ledgers, known as the 'Class A Interest Deficiency Ledger', the 'Class B Interest Deficiency Ledger', the 'Class C Interest Deficiency Ledger', the 'Class D Interest Deficiency Ledger', and the 'Class E Interest Deficiency Ledger' respectively, has been established by or on behalf of the Issuer in order to record any amounts of unpaid interest on the (relevant Class of) Notes.

A Principal Deficiency Ledger comprising four sub-ledgers, known as the **Class A Principal Deficiency Ledger**, the **Class B Principal Deficiency Ledger**, the **Class C Principal Deficiency Ledger** and the **Class D Principal Deficiency Ledger** respectively, has been established by or on behalf of the Issuer in order to record any Realised Losses (as defined below) on the Mortgage Receivables, including Realised Losses on the sale of Mortgage Receivables in connection with the optional redemption of the Notes, other than the Class E Notes (each respectively the **Class A Principal Deficiency**, the **Class B Principal Deficiency**, the **Class C Principal Deficiency** and the **Class D Principal Deficiency**, together a **Principal Deficiency**).

Any Principal Deficiency has to be debited to the Class D Principal Deficiency Ledger (such debit items being re-credited at item (l) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class D Notes (the '**Class D Principal Deficiency Limit**') and thereafter such amounts have to be debited to the Class C Principal Deficiency Ledger (such debit items being re-credited at item (j) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class C Notes (the '**Class C Principal Deficiency Limit**') and thereafter such amounts have to be debited to the Class B Principal Deficiency Ledger (such debit items being re-credited at item (h) of the Interest Priority of Payments), so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class B Notes (the '**Class B Principal Deficiency Limit**') and thereafter such amounts have to be debited to the Class A Principal Deficiency Ledger (such debit items being re-credited at item (f) of the Interest Priority of Payments).

If on a Note Payment Date the Notes of a Series and Class or Sub-class (other than the Class E Notes) are redeemed and such Notes are repaid in full (for the avoidance of doubt, except for any Principal Deficiency), then the Principal Deficiency Ledgers of the relevant Class will be

reduced with the amount equal to the unpaid Principal Deficiency on such Notes of such Class or Sub-class (if any).

On each Note Payment Date the amounts credited to the Principal Deficiency Ledger as items (f),(h), (j) and (l) of the Interest Priority of Payments will form part of the Principal Available Amount.

13. PRINCIPAL SHORTFALL

The **Class A Principal Shortfall** means an amount equal to the quotient of the balance on the Class A Principal Deficiency Ledger divided by the Principal Amount Outstanding of Class A Notes on such Note Payment Date multiplied by the Principal Amount Outstanding of such Class A Note.

If, on any Note Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption, including mandatory redemption in accordance with and subject to Condition 6.2 (*Mandatory redemption*), of each Class B Note on such Note Payment Date shall not exceed its Principal Amount Outstanding less the Class B Principal Shortfall on such Note Payment Date. The **Class B Principal Shortfall** means an amount equal to the quotient of the balance on the Class B Principal Deficiency Ledger divided by the Principal Amount Outstanding of Class B Notes on such Note Payment Date multiplied by the Principal Amount Outstanding of such Class B Note. The Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class B Notes after such redemption.

If, on any Note Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption, including mandatory redemption in accordance with and subject to Condition 6.2 (*Mandatory redemption*), of each Class C Note on such Note Payment Date shall not exceed its Principal Amount Outstanding less the Class C Principal Shortfall on such Note Payment Date. The **Class C Principal Shortfall** means an amount equal to the quotient of the balance on the Class C Principal Deficiency Ledger, divided by the Principal Amount Outstanding of Class C Notes on such Note Payment Date multiplied by the Principal Amount Outstanding of such Class C Note. The Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class C Notes after such redemption.

If, on any Note Payment Date, there is a balance on the Class D Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption, including mandatory redemption in accordance with and subject to Condition 6.2 (*Mandatory redemption*), of each Class D Note on such Note Payment Date shall not exceed its Principal Amount Outstanding less the Class D Principal Shortfall on such Note Payment Date. The **Class D Principal Shortfall** means an amount equal to the quotient of the balance on the Class D Principal Deficiency Ledger, divided by the Principal Amount Outstanding of Class D Notes outstanding on such Note Payment Date multiplied by the Principal Amount Outstanding of such Class D Note. The Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class D Notes after such redemption.

14. INTEREST RATE HEDGING

The Mortgage Loans bear a fixed rate of interest either for the entire term of the Mortgage Loan or which may be subject to a reset from time to time (a **Resettable Mortgage Loan**). The Notes may bear a fixed or a floating interest rate. The Issuer and the Interest Swap Counterparty have entered into a 1992 ISDA Master Agreement, including a schedule thereto, which will be supplemented from time to time by one or more interest swap confirmations

documenting the terms of (an) interest rate swap transaction(s) in order to hedge the risk of an interest rate mismatch between the interest received by the Issuer on the Mortgage Receivables and the interest payable by the Issuer on the Notes (the **Interest Swap Agreement**) in accordance with the following hedging policy.

Interest rate hedging in case Floating Rate Notes are outstanding

To the extent any Floating Rate Notes are outstanding (whether or not together with any Fixed Rate Notes), the interest rate swap transaction(s) shall provide that on each Note Payment Date:

- (i) the Issuer shall pay amounts equal to the sum of (A) and (B) minus (C) and (D), whereby:
 - (A) is the interest, including any prepayment penalties and penalty interest, received on the Mortgage Receivables in the preceding Note Collection Period;
 - (B) is the interest accrued on the Issuer Accounts during the immediately preceding Note Collection Period;
 - (C) is an aggregate amount which is the sum of the amounts obtained by applying:
 - (x) an excess credit spread margin of 0.2 per cent. per annum, to;
 - (y) respectively, (1) the Principal Outstanding Amount of the Notes (other than Class E Notes) on the first day of each of the three (3) full calendar months immediately preceding the relevant Note Payment Date less (2) any Principal Deficiency recorded on the relevant Principal Deficiency Ledger on each of such dates, over;
 - (z) the number of days in respectively each of the relevant calendar months, divided by 360,
 (the **Excess Margin**);
 - (D) are the expenses set out in items (a) up to and including (c) of the Interest Priority of Payments payable on such Note Payment Date; and
- (ii) the Interest Swap Counterparty shall pay amounts equal to the interest due under the Notes on such Note Payment Date, provided that if there is a Principal Shortfall on the relevant Notes as at the first day of the Floating Rate Interest Period (in respect of the Floating Rate Notes) and/or the Fixed Rate Interest Period (in respect of the Fixed Rate Notes) ending immediately prior to such Note Payment Date (taking into account the amount of principal repaid and any amount credited to the relevant Principal Deficiency Ledger on such day), the Interest Swap Counterparty shall not pay such part of interest payable on the Notes that corresponds to such Principal Deficiency.

Interest rate hedging in case only Fixed Rate Notes are outstanding

To the extent only Fixed Rate Notes are outstanding, the interest rate swap transaction(s) shall provide that on each Note Payment Date:

- (i) the Issuer shall pay amounts equal to the sum of (A) and (B) and (C) minus (D) and (E), whereby:

- (A) is the Relevant Proportion of all interest received on the Mortgage Receivables in the preceding Note Collection Period;
- (B) is the Relevant Proportion of all prepayment penalties and penalty interest received on the Mortgage Receivables in the preceding Note Collection Period;
- (C) is the Relevant Proportion of the interest accrued on the Issuer Accounts during the immediately preceding Note Collection Period;
- (D) is the Relevant Proportion of an aggregate amount which is the sum of the amounts obtained by applying:
 - (x) an excess credit spread margin of 0.2 per cent. per annum, to;
 - (y) respectively, (1) the Principal Outstanding Amount of the Notes (other than Class E Notes) on the first day of each of the three (3) full calendar months immediately preceding the relevant Note Payment Date less (2) any Principal Deficiency recorded on the relevant Principal Deficiency Ledger on each of such dates, over;
 - (z) the number of days in respectively each of the relevant calendar months, divided by 360,
 (the **Excess Margin**);
- (E) is the Relevant Proportion of the expenses set out in items (a) up to and including (c) of the Interest Priority of Payments payable on such Note Payment Date; and
- (ii) the Interest Swap Counterparty shall pay amounts equal to the Relevant Proportion of the interest due under the Notes on such Note Payment Date, provided that if there is a Principal Shortfall on the Notes as at the first day of the Fixed Rate Interest Period ending immediately prior to such Note Payment Date (taking into account the amount of principal repaid and any amount credited to the relevant Principal Deficiency Ledger on such day), the Interest Swap Counterparty shall not pay such part of interest payable on the Notes that corresponds to a Relevant Proportion of such Principal Deficiency.

Relevant Proportion means, in relation to any Note Payment Date, the average of the proportions of the Outstanding Principal Amount of Resettable Mortgage Receivables compared to the aggregate Outstanding Principal Amount of all Mortgage Receivables on the first day of each Mortgage Collection Period falling within the Note Collection Period preceding such Note Payment Date, as calculated by the Administrator.

Resettable Mortgage Receivables means the Mortgage Receivables under the Resettable Mortgage Loans.

The Interest Swap Agreement may be terminated in accordance with Events of Default and Termination Events (each as defined in the ISDA Master Agreement) commonly found in standard ISDA documentation. The Interest Swap Agreement will be terminable by one party if (i) an applicable Event of Default or Termination Event (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Interest Swap Agreement or (iii) an Enforcement Notice is served. Events of Default under the Interest Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Interest Swap Agreement and (ii) certain insolvency events.

Upon the early termination of the Interest Swap Agreement, the Issuer or the Interest Swap Counterparty may be liable to make a termination payment to the other party. The amount of any termination payment will be based on the market value of the terminated Interest Swap Agreement. The market value will be based on market quotations of the cost of entering into a transaction with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that no market quotation can be obtained).

In the event that the Issuer is required to withhold or deduct an amount in respect of tax from payments due from it to the Interest Swap Counterparty, the Issuer will not be required pursuant to the terms of the Interest Swap Agreement to pay the Interest Swap Counterparty such amounts as would otherwise have been required to ensure that the Interest Swap Counterparty received the same amounts that it would have received had such withholding or deduction not been made.

In the event that the Interest Swap Counterparty is required to withhold or deduct an amount in respect of tax from payments due from it to the Issuer, the Interest Swap Counterparty will be required pursuant to the terms of the Interest Swap Agreement to pay to the Issuer such additional amounts as are required to ensure that the Issuer receives the same amounts that it would have received had such withholding or deduction not been made.

In either event, the Interest Swap Counterparty will at its own cost, if it is unable to transfer its rights and obligations under the Interest Swap Agreement to another office, have the right to terminate such Interest Swap Agreement. Upon such termination, the Issuer or the Interest Swap Counterparty may be liable to make a termination payment to the other party.

In an Interest Swap Counterparty Downgrade Event, the Interest Swap Counterparty will be required to take certain remedial measures which may include the provision of collateral for its obligations under the Interest Swap Agreement, arranging for its obligations under the Interest Swap Agreement to be transferred to an entity with the Interest Swap Counterparty Required Ratings, or procuring another entity with at least the Interest Swap Counterparty Required Ratings to become co-obligor in respect of its obligations under the Interest Swap Agreement.

A failure to take such steps, subject to certain conditions, will give the Issuer a right to terminate the Interest Swap Agreement.

Any collateral transferred by the Interest Swap Counterparty in accordance with the provisions set out above which is in excess of its obligations to the Issuer under the Interest Swap Agreement will be returned to such Interest Swap Counterparty prior to the distribution of any amounts due to the Noteholders or the other Secured Parties.

15. CURRENCY HEDGING

In order to hedge its payment obligations in any currency other than euros under any Class or Sub-class of Notes against variations in the exchange rate of the euro vis-à-vis such currency, the Issuer will enter into a Currency Swap Agreement with a Currency Swap Counterparty.

Each Currency Swap Agreement entered into by the Issuer will be documented under an ISDA Master Agreement. The Currency Swap Agreements may be terminated in accordance with Events of Default and Termination Events (each as defined in the relevant ISDA Master Agreement) commonly found in standard ISDA documentation. Each Currency Swap Agreement will be terminable by one party if (i) an applicable Event of Default or Termination Event (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the relevant Currency Swap Agreement or (iii) an Enforcement Notice is served. Events of Default under the Currency

Swap Agreements in relation to the Issuer will be limited to (i) non-payment under the relevant Currency Swap Agreement and (ii) certain insolvency events.

Upon the early termination of a Currency Swap Agreement, the Issuer or the relevant Currency Swap Counterparty may be liable to make a termination payment to the other party. The amount of any termination payment will be based on the market value of the relevant terminated Currency Swap Agreement. The market value will be based on market quotations of the cost of entering into a transaction with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that no market quotation can be obtained).

In the event that the Issuer is required to withhold or deduct an amount in respect of tax from payments due from it to a Currency Swap Counterparty, the Issuer will not be required pursuant to the terms of the relevant Currency Swap Agreement to pay the Currency Swap Counterparty such amounts as would otherwise have been required to ensure that the Currency Swap Counterparty received the same amounts that it would have received had such withholding or deduction not been made.

In the event that the Currency Swap Counterparty is required to withhold or deduct an amount in respect of tax from payments due from it to the Issuer, the Currency Swap Counterparty will be required pursuant to the terms of the relevant Currency Swap Agreement to pay to the Issuer such additional amounts as are required to ensure that the Issuer receives the same amounts that it would have received had such withholding or deduction not been made.

In either event, the Currency Swap Counterparty will at its own cost, if it is unable to transfer its rights and obligations under the Currency Swap Agreement to another office, have the right to terminate such Currency Swap Agreement. Upon such termination, the Issuer or the Currency Swap Counterparty may be liable to make a termination payment to the other party.

In a Currency Swap Counterparty Downgrade Event, the relevant Currency Swap Counterparty will be required to take certain remedial measures which may include the provision of collateral for its obligations under the relevant Currency Swap Agreement, arranging for its obligations under the relevant Currency Swap Agreement to be transferred to an entity with the Currency Swap Required Rating, or procuring another entity with at least the Currency Swap Required Rating to become co-obligor in respect of its obligations under the relevant Currency Swap Agreement.

A failure to take such steps, subject to certain conditions, will give the Issuer a right to terminate the relevant Currency Swap Agreement.

Any collateral transferred by a Currency Swap Counterparty in accordance with the provisions set out above which is in excess of its obligations to the Issuer under a Currency Swap Agreement will be returned to such Currency Swap Counterparty prior to the distribution of any amounts due to the Noteholders or the other Programme Secured Parties.

16. REPAYMENT OF NOTES ON AND AFTER THE STEP-UP DATE

Pursuant to the Security Agent Agreement the Issuer shall use its best efforts to redeem each Note on the relevant Step-up Date of such Note with the proceeds of the issue of new Notes and, if the Issuer is unable to issue sufficient new Notes for such purpose, such best efforts undertaking includes the sale of Mortgage Receivables to the extent necessary.

17. SALE OF MORTGAGE RECEIVABLES

The Issuer will have the right to sell and assign all or part of the Mortgage Receivables on any date, provided that (i) it shall include the proceeds of such sale as Principal Available Amount,

(ii) in case not all, but only part of the Mortgage Receivables are sold, the sold Mortgage Receivables are selected randomly from the Issuer's total portfolio of Mortgage Receivables, and (iii) in case of a sale to a third party purchaser which is not a Belgian company having an investment grade rating by Moody's, the Issuer has received written confirmation from Moody's that as a result of such sale the Notes will not be downgraded below the Minimum Ratings or, if the ratings of the Notes are below the Minimum Ratings of the Notes, that the then current ratings assigned to the Notes outstanding will not be adversely affected or that the rating of the of Notes will not be withdrawn.

Furthermore, under the terms of the Mortgage Receivables Purchase Agreement, the Issuer is obliged to sell and assign the Mortgage Receivables to the Seller, or any third party appointed by such Seller at its sole discretion, if it exercises its Regulatory Call Option and in such event the Issuer has the right to sell the Mortgage Receivables to the Seller, provided that it applies the proceeds of such sale to redeem all Notes in certain events. The purchase price of each Mortgage Receivable in the event of such sale shall at least be equal to the Outstanding Principal Amount, minus the Loan Loss Reserve related to each Mortgage Receivable, plus accrued interest due but unpaid, if any, in respect of each Mortgage Receivable.

18. EARLY REDEMPTION OF SERIES-0 NOTES

Prior to (i) the occurrence of a Trigger Event or (ii) the delivery of an Enforcement Notice and subject to the Repayment Test, any holder of a Note of Series-0 may request the Issuer to redeem such Note and the Issuer shall following such request apply part of the Principal Available Amount, towards the redemption of those Series-0 Notes (other than the Class E Notes), subject to the Principal Priority of Payments, the Conditions and the Security Agent Agreement.

Prior to (i) the occurrence of a Trigger Event or (ii) the delivery of an Enforcement Notice, any holder of a Class E Note of Series-0 may request the Issuer to redeem such Note and the Issuer shall following such request apply amounts credited on the Reserve Account towards the redemption of Class E Notes of Series-0, subject to the Repayment Test, the Conditions and the Security Agent Agreement.

The amount to be paid in redemption of such Notes will be equal to the aggregate Principal Amount Outstanding of such Notes, less any Principal Shortfall attributed to such Note.

19. NOTE CLEAN-UP CALL OPTION

Subject to the Repayment Test, the Issuer has the option to redeem the Notes of any Series and Class or Sub-Class of Notes, in full but not in part, at their aggregate Principal Amount Outstanding (subject to and in accordance with Condition 6.5 (*Notes clean-up call option*) and Condition 9.2 (*Principal*), on a Note Payment Date on which the aggregate Principal Amount Outstanding of such Class, Sub-Class or Series of Notes, as applicable (other than the Class E Notes) is less than 10 per cent. of the aggregate Principal Amount Outstanding of such Class, Sub Class or Series of Notes (other than the Class E Notes) as at the Issue Date of such Notes.

SECTION 11

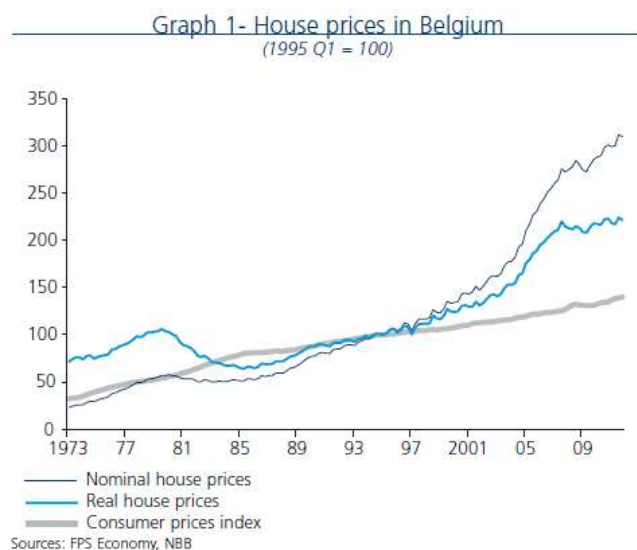
OVERVIEW OF THE BELGIAN RESIDENTIAL MORTGAGE MARKET

1. TREND AND LEVEL OF PROPERTY PRICES

Property prices in Belgium have risen appreciably in the past fifteen years, only suffering a minor dip in 2009 as a result of the financial crisis. Following another surge in 2010, the rate of price increases appears to have slowed since late 2011. Of the EMU countries, only France experienced a similar trend. In the other member states, house price increases were much more modest or an even greater increase was followed by a severe correction. However, the general price trend on the Belgian property market since 2000 masks major differences among the different types of property. The most striking feature was the slow increase in the more expensive detached property segment. Although it is difficult to compare prices internationally, the data available suggest that house prices in Belgium are not abnormally higher than elsewhere in Europe.

1.1 General Price Trend

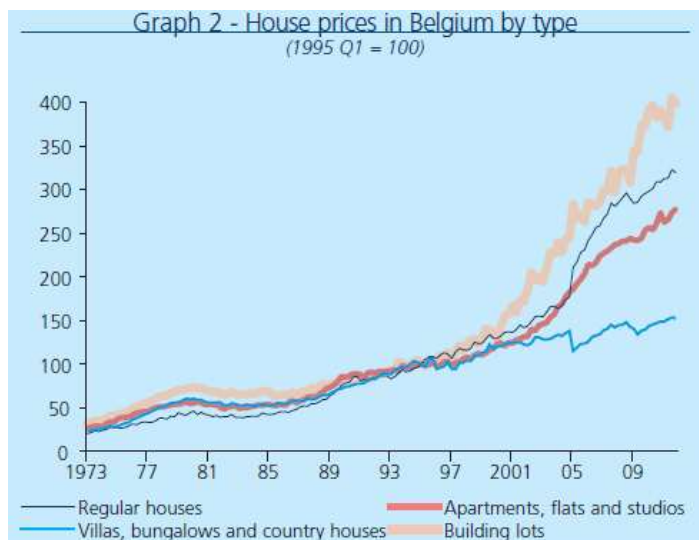
The seventies were characterised by robust nominal price increases, but the real price rises were much lower due to high general inflation. Nominal prices fell by 12%, and real prices by 35%, during the property market crash between 1980 and 1985. This was followed by a long period of price increases that gathered pace in the years just prior to the financial crisis. In 2008, the average house price was 5.6 times (in nominal terms) and 3.3 times (in real terms) higher than in 1985. Real price increases slowed from autumn 2008, first because of a (short-lived) fall in nominal house prices until summer 2009, and then because of higher general inflation.



1.2 Price trend by type and region

However, the general strong increase in Belgian property prices masks major differences between the different types of property, especially since the late nineties. The price increase for building lots (price per m²) was greatest (average 9.9% per year in 2000-2011) and has accelerated even further in the recent years of crisis. As far as homes are concerned, the price increase was robust for regular houses and apartments (7.8% and 7% a year respectively), but significantly lower for the more expensive villa segment (just 2% a year). The number of villas sold has been more or less stable since 2006. There appears to be a general shift in sales towards apartments, which accounted for 33% of all home sales in 2011, compared with 24%

in 1995 and 18% in 1985. The financial crisis appears to have mainly resulted in fewer transactions involving regular houses. Sales in this segment decreased by 10% between 2007 and 2009 (graph 3). More generally, there was a slight downward trend in sales of regular houses since the late nineties, which –together with the sharp price increase– points to a shortage in this segment.



The regional breakdown of property prices shows that Brussels has seen the most pronounced price increase for both regular houses and villas since 2000. This is attributable to the relatively strong population pressure in the Capital Region, including great demand for housing due to the presence of international institutions (European Union, NATO, embassies, etc.). This mainly involves the upper end of the housing market, but also has a knock-on effect on other segments. As the more desirable neighbourhoods, which gradually became unaffordable, could no longer satisfy demand for housing, demand spread to other less expensive areas, where prices then soared too. Another feature of the regional breakdown is that land prices in all the Flemish provinces have risen far more than elsewhere in Belgium, because fewer plots were coming onto the market, indicating a supply shortage. Based on the municipal records and land registry details, the 'Vlaamse Confederatie Bouw' (Flemish Building Federation) estimates that there are now fewer than 250 000 building plots in Flanders that have not been built on, which is 40% less than six years ago.

1.3 Recent price trends

The Belgian property market has not suffered much as a result of the financial crisis to date. Only between 2008 Q3 and 2009 Q2, the Great Recession immediately after the collapse of Lehman Brothers, did nominal house prices experience a minor fall (4.2% according to the FPS Economy, or 3.4% according to the ECB). Sales also dipped during that period, but the market returned to normal as from summer 2009. Statistics from the network of ERA agents show that homes sold much more quickly in the past two years, the difference between the asking price and final sale price has narrowed and the sale percentage (the ratio of realised sales to intended sales) has increased.

Although they do not show an entirely parallel trend, the different indices available show that house prices in Belgium have continued to increase since the second half of 2009. According to the data from the FPS Economy, the annual increase in prices (excluding building lots) reached 6.4% again (5.9% according to the ECB) in summer 2010, subsequently falling back to 2.9% (2.1% according to the ECB) at the end of 2011. The FPS index and ECB index showed a stabilisation of prices in the first half of 2012. According to the TREVI index, prices corrected somewhat in 2012 Q2. Very few figures are yet available for 2012 Q3. The Belgian

Solicitors' Index suggests a further price rise in 2012 Q3. It is still difficult to draw conclusions from this on recent price trends, not only due to the different suggested development, but also because neither index has shown a high correlation with the more reliable FPS data in the past.

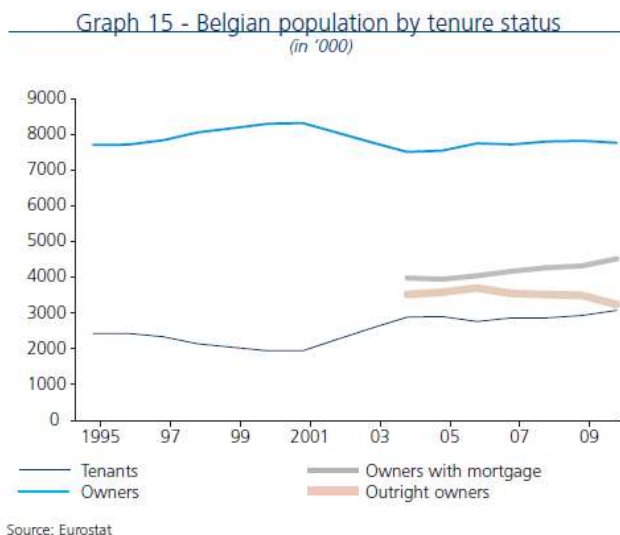
2. FEATURES OF SUPPLY AND DEMAND IN THE PROPERTY MARKET

An increase in the population due to immigration, combined with an increase in new households, has driven demand for accommodation in the last ten years. There has been a comparative shift in demand towards letting since the early 2000s, as a result of which the long-standing trend towards increasing home ownership appears to have come to an end. After an increase in the relative supply of property in the nineties, the ratio of accommodation to households has fallen since 2000. The higher investment in new builds since 2004 has, however, prevented the increased demand for housing resulting in a housing shortage. The robust increase in property prices in Belgium did not, however, give rise to an excessive building frenzy as was the case in Spain and Ireland. The construction sector was also affected by the financial crisis since the end of 2008. After a short-lived recovery, the climate in the construction sector has deteriorated significantly again since spring 2012 due to the resurgence of the crisis.

2.1 Owner occupation and the rental market

In recent decades an increasing proportion of Belgian households have become owner-occupiers. Detailed official annual figures are not available, but based on the national census and the Flemish housing survey, it is estimated that the proportion increased by almost 10 percentage points between 1970 and 2005. The increase can be attributed to cohort effects, where the cohorts born in the sixties and seventies represent a higher percentage of owners at a younger age than the older cohorts. Calculations by the Social Policy Centre of the University of Antwerp, based on Eurostat's EU-SILC databank, indicate that 66.7% of Belgian families were owner-occupiers in 2009. The figures were 71.8% in Flanders, 66.7% in Wallonia and 38.9% in Brussels.

Statistics published by Eurostat (EU-SILC) on owner occupation, based on personal rather than family data, show 72.6% of the Belgian population were owner occupiers in 2009, which is more than in the neighbouring countries and in the EMU as a whole (66.8%). However, the EMU figure is depressed by the low rate of owner occupation in the two largest member states, Germany and France. The Eurostat data also suggest that the number of owner-occupiers in Belgium has fallen slightly again since the early 2000s and, conversely, the number of tenants has increased.



The same conclusion can be drawn by comparing table 3 with the most recent census in 2011, which showed that 70% of families were home owners at that time. Among owners, there is also an increasing number of home owners with a mortgage. 58% of owner occupiers had a mortgage in 2010, which is an increase of 5 percentage points since 2004 and the highest figure in the EMU (43%) after the Netherlands (88%).

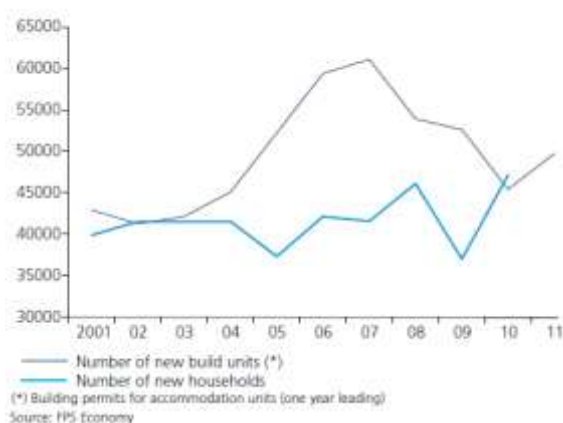
The increased percentage of owners with a mortgage is a result of the low mortgage rate and the tax incentives for owner occupiers. The fact that the number of tenants is increasing in relation to the number of home owners is partly attributable to the pronounced increase in the number of immigrants, more or whom turn to the rental market for accommodation. In addition, the rising number of tenants is also down to the steep house price rises over the past fifteen years.

2.2 Extent of the housing supply

To determine whether there is a shortage on the housing market, the number of accommodation units is generally set off against the number of households. Due to problems in establishing and assessing these two factors, it is not easy to interpret and compare the absolute value of this ratio between different countries. In practice, a surplus of accommodation cannot be attributed solely to (frictional) vacancy rates, but also to the existence of second homes, student lodgings and accommodation used for the purposes of tourism. The latter explains why the ratio of accommodation to households is relatively high in traditional tourist destinations in southern Europe. According to this measure, Belgium has a housing surplus of some 9%. In absolute terms, the number of accommodation units in Belgium increased less than in other EMU countries up to 2000. The increase was higher than in the EMU as a whole over the last ten years, but less than in Spain and Ireland, which saw the highest increase.

The number of accommodation units per 1 000 inhabitants increased constantly between 1980 and 2011, from 415 to 468. Expressed per 1 000 households, this ratio was quite high in 1980. As a result of smaller households and the tail-off in construction, it then decreased sharply. The number of accommodation units increased more rapidly than the number of households in the nineties. The ratio of accommodation units to households began to fall again in the early 2000s. Since the increase in new builds from 2005 onwards was higher than the increase in the number of households, this fall then came to a halt.

Graph 20 - New builds versus new households in Belgium



3. VALUATION AND EXPLANATION OF HOUSE PRICES

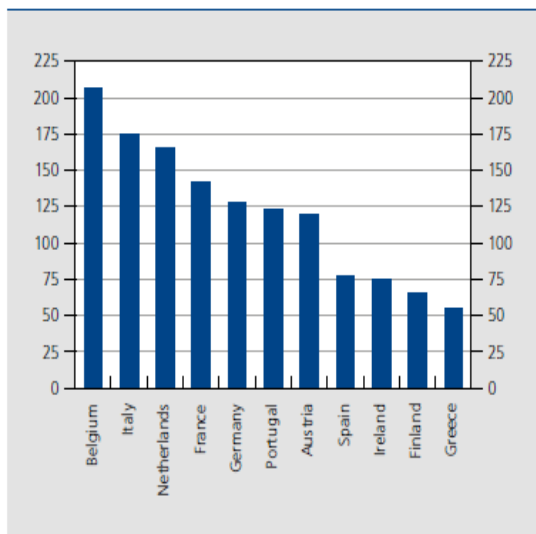
Depending on the approach used, the valuations for the Belgian property market suggest an overvaluation in the last quarter of 2011 ranging from less than 10% to more than 60%. This difference alone shows the great degree of caution required when interpreting the valuations. The greatest overvaluation is obtained from the traditional price-to-income and price-to-rent ratios, but these have major shortcomings. More reliable and exhaustive approaches (interest-adjusted affordability and regression analysis) show an overvaluation of 5% to 15% at the end of 2011.

4. MORTGAGE MARKET AND HOUSEHOLD DEBT

The rise in property prices in the last fifteen years coincided with a tripling of production of mortgage loans. This growth was driven by tax incentives, lower interest rates and a fall in the affordability of property, which meant that an increasing number of property transactions were loan-dependent. Up until 2005, rising property prices also caused a sharp increase in the average amount borrowed. The average deposit from buyers has increased since then. This was partly due to the EBA and, more recently, the financial crisis, which encourages investing financial assets in property (especially new builds). That is because households still consider property to be a 'safe investment'. The increase in the size of the deposit is also due in part to the high level of households' financial assets in Belgium.

4.1 Net Financial Asset Position of Households

(in % of GDP)



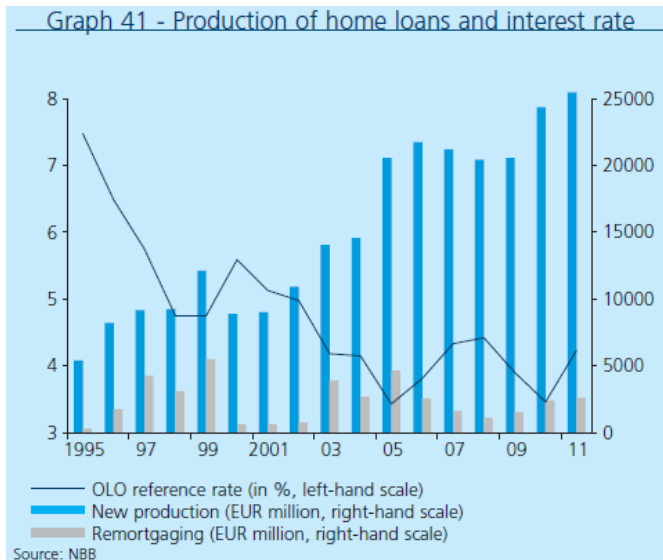
Source: EC, NBB.

Investing these assets in the property market fuels price increases and makes it more difficult for those who have to finance property from income and debt to afford property. That explains why, in spite of the fall in the macroeconomic loan-to-value (LTV), the proportion of loans with a high LTV remains high and why the average mortgage term is getting longer in spite of the trend-linked fall in interest rates.

In comparison with other European countries, both the increase in and level of household debt in Belgium remain rather modest. However, the limited increase in gross debt masks a pronounced deterioration in the net financial wealth of Belgian households, which was only worse in Greece. Credit quality is good and there are no signs of a change for the worse, while sensitivity to interest rates is limited. Belgian households' housing wealth is the same at the EMU average, and experienced the greatest increase in the last ten years apart from France. It is no coincidence that France and Belgium were the countries where the property price correction has been virtually non-existent to date.

4.2 Mortgage loan market - Tripling in ten years

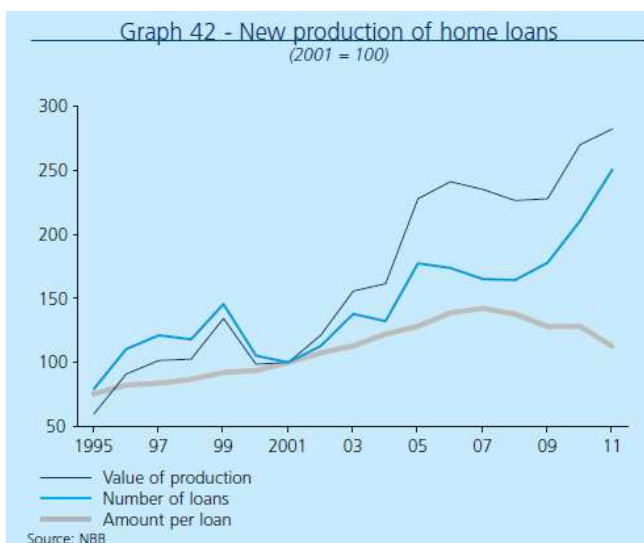
The increase in property prices over the last fifteen years coincided with a sharp increase in new production of home loans (excluding re-mortgaging) from an average 8.9 billion euros per year in 1995-2001 to 25.5 billion euros in 2011.



However, this rise was not constant. Driven by the fall in interest rates, the production of new home loans accelerated for the first time in 2001-04. As a result, production in 2004 was already 64% higher than in 2000. There was another powerful surge in growth (41%) in 2005 as a result of the higher tax allowance for home loans and a further fall in interest rates. The fall in interest rates also prompted a wave of re-mortgaging from 2003 onwards, but not on the same scale as between 1997 and 1999.

The production of new home loans reached a cyclical peak of 21.8 billion euros in 2006, followed by a very slight fall in production until 2008. The interest-rate increase between late 2006 and mid-2008 probably depressed demand for new home loans, but the general improvement in the economic situation, which brought – for instance – a fall in unemployment, acted as a counterbalance. The severe recession in 2008-09 and the increase in the unemployment rate caused a significant dip in the rate of production between mid-2008 and mid-2009. The further sharp fall in interest rates, the economic recovery and tax incentives (green loans) caused production to surge again as from mid-2009 to a new record high of 25.5 billion euros in 2011, 17% higher than the 2006 level.

The trend in new production is a result of the changes in the number of loans arranged and the average amount per loan.



While the average amount per loan has risen constantly (at least until 2007), the number of loans has been much more volatile. The increase in the number of mortgage loans was the major factor in total market growth between 2001 and 2011, while the increase in the average amount per loan was the decisive factor between 1995 and 2001.

4.3 Decrease in the loan-to-value ratio (LTV)

The increase in loans mainly on tax grounds is one of the explanations for the fact that the increase in the average amount per loan for purchase has, like loans for construction, lagged behind the trend in house prices on the secondary market since 2005. The funding therefore involves a higher use of own funds and the loan-to-value ratio (LTV) falls.

The on-going increase in the size of own funds therefore relates primarily to the conversion of financial assets into property as a switch to safe investments. Against the backdrop of the on-going financial crisis and the attendant loss of wealth, the persistent uncertain investment climate and low interest rates, that is not unlikely. A wealth survey by the National Bank of Belgium between April and September 2010 shows that almost a quarter of the households surveyed transferred financial assets (mainly deposits with financial institutions) to property and real estate funds in the period 2008-10. It is striking that only 5% of the households surveyed stated that they had sold property and that few households stated that they wished to steer clear of property in the period 2010-12. These results confirm that Belgian households still see property as a safe investment and that some of the property transactions in recent years were funded by a decrease in financial assets.

A National Bank of Belgium survey of the mortgage portfolios of 16 Belgian banks confirms that the distribution of mortgage loans to the level of the LTV ratio is not even (Financial Stability Review 2012, page 103). Around 30% of the outstanding loans have an LTV lower than 50%, but it is more than 80% for almost 40% of outstanding loans. In new production, the percentage of loans with an LTV of less than 50% has increased slightly in recent years, but loans with an LTV higher than 80% still accounted for some 35% of new production in 2011.

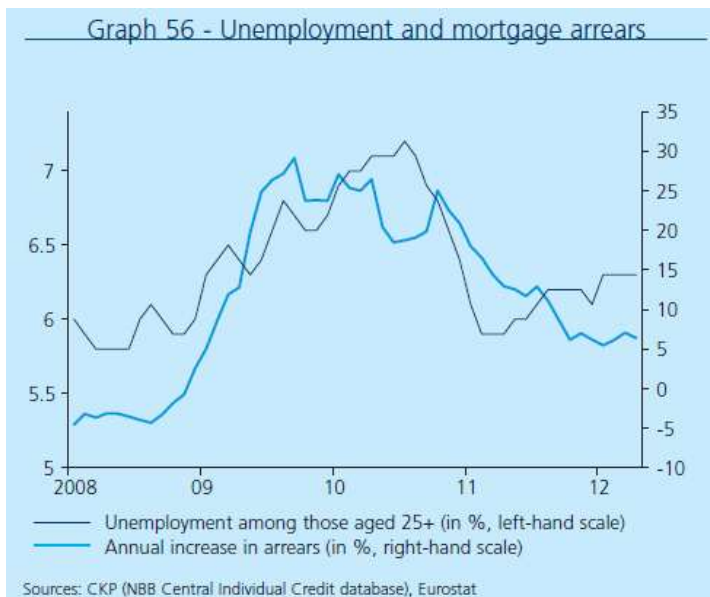
4.4 Distribution by loan and interest-rate term

The classification by term at initiation shows that the percentage of loans with a term in excess of twenty years in the total outstanding portfolio increased from 33.5% in 2007 to 44.6% in 2011. These loans accounted for very nearly 50% of new production in the last five years. Only in 2011 was a slight increase in the percentage of long-term loans in new production evident.

The National Bank of Belgium survey referred to above also shows that the ratio of borrowers' monthly loan repayments to disposable income has not changed significantly in the last few years. Although this ratio does vary considerably among different groups of borrowers, the relative size of the groups based on the level of the ratio of repayments to income has not changed. Roughly 20% of borrowers set aside 50% or more of their disposable income for mortgage repayments when they take out their loan.

4.5 Quality of mortgage debt

Losses on mortgage loans are historically very low in Belgium and recent indicators do not suggest any change for the worse. For instance, the rise in unemployment among those aged 25+ in 2001 did not prompt an increase in the annual rise in mortgage arrears (in amount), and the ratio of the number of loans in arrears to total outstanding loans is at an historical low.



However, that ratio probably paints a rather flattering picture of the loan portfolio quality, because it has also fallen due to the large-scale production of numerous small (green) loans, and it can be assumed that fewer of these will become problem loans because they are so small.

The same applies in assessing loans in arrears according to the year of initiation. Here, too, the slight improvement in the quality of production since 2009 might relate to the high number of small loans. Otherwise, there are no obvious differences in the quality of loans in the last six years of production.

A major concern regarding the quality of a loan portfolio is its sensitivity to interest rates (graph 59). In this respect, Belgian mortgage loans are not overly sensitive. No less than half of the outstanding portfolio involves fixed-rate loans, and only slightly more than 20% have an interest-rate term of one year. Only with regard to this segment of the portfolio would a sudden rise in interest rates increase the repayment burden within the year.

5. FUTURE OUTLOOK AND STABILITY RISKS, 2013-2015

Based on KBC's forecasts for the macro determinants of house prices, a total real price correction of some 10% is probable in 2013. That would imply a soft landing for the Belgian property market. The macroeconomic impact of a fall in prices will be much less pronounced in Belgium than in countries such as Ireland and Spain, because the rise was not accompanied by explosive growth in house building or an excessive increase in debt. Since the vast majority of Belgian property is owner-occupied, the negative wealth effect on consumption is negligible and lower property prices do not per se affect the capacity to repay home loans. A rise in interest rates is the major risk for property prices, and this would also affect the quality of the mortgage portfolio, though probably only to a limited extent. A rise in unemployment is a greater risk for the loan portfolio due to signs that some borrowers in recent years took out increasingly higher debts in order to continue to be part of an increasingly expensive market, partly as a result of the contribution of financial assets. Against this backdrop, more stringent loan terms will probably be needed to safeguard the quality of the loan portfolio, which would also contribute to the desired correction of property prices.

SECTION 12

THE SELLER

1. GENERAL

BNP Paribas Fortis, incorporated in Belgium on 5 December 1934, is a public company with limited liability (*naamloze vennootschap / société anonyme*) under Belgian law. The registered office of the company is located at 1000 Brussels, Montagne du Parc 3, where its headquarters are based and its telephone number is +32 2 565 35 10. BNP Paribas Fortis has been established for an indefinite period.

As stated in article 3 of its Articles of Association, BNP Paribas Fortis' object is to carry on the business of a credit institution, including brokerage and transactions involving derivatives. It is free to carry out all businesses and operations which are directly or indirectly related to its purpose or which are of a nature that benefit the realisation thereof. BNP Paribas Fortis is free to hold shares and share interests within the limits set by the legal framework for banks.

BNP Paribas Fortis is registered in the Register of Legal Entities of Brussels under the number 0403.199.702.

Following the implementation on May 13, 2009 of a *protocole d'accord* dated October 10, 2008 (and as further amended) between BNP Paribas, the Belgian Federal Public Service for Participations and Investments (**SFPI/FPIM**), Fortis Holding and BNP Paribas Fortis (the **Protocole d'Accord**), BNP Paribas Fortis is owned at 74.93 per cent. by BNP Paribas, at 25 per cent. by the Belgian State, through the SFPI/FPIM, and at 0.07 per cent. by minority shareholders.

On 1 January 2013, the company name changed from Fortis Bank to BNP Paribas Fortis, aligning the company name with the trade name (already in use since 2009). The legal form likewise changed from Fortis Bank NV/SA to BNP Paribas Fortis SA/NV. All documents issued before 1 January 2013 bearing the name Fortis Bank automatically retain their legal validity.

The name change has no impact on the BNP Paribas Fortis' other official details. The VAT number, the address of the registered head office, P.O. box number, the Register of Legal Entities' number, bank account numbers, the Swift code, the legal structure and the company stock ISIN code all remain unchanged.

In Belgium, BNP Paribas Fortis is subject to the supervision by both the prudential authority (National Bank of Belgium) and the market authority (Financial Services and Markets Authority).

2. BUSINESS OVERVIEW

BNP Paribas Fortis offers a comprehensive package of financial services through its own channels and via other partners to private, professional and wealthy clients in the Belgian market, as well as in Luxembourg, Poland and Turkey. BNP Paribas Fortis also provides corporations and public and financial institutions with customised solutions, for which it can draw on BNP Paribas' know-how and international network. In the insurance sector, BNP Paribas Fortis works closely with the Belgian market leader AG Insurance, in which it owns a 25 per cent. stake. BNP Paribas Fortis employs 40,300 people.

BNP Paribas Fortis has built up a strong presence in the retail and private banking market, operating through a variety of distribution channels. In Belgium the company delivers universal banking and insurance services and solutions to its retail customers. In other

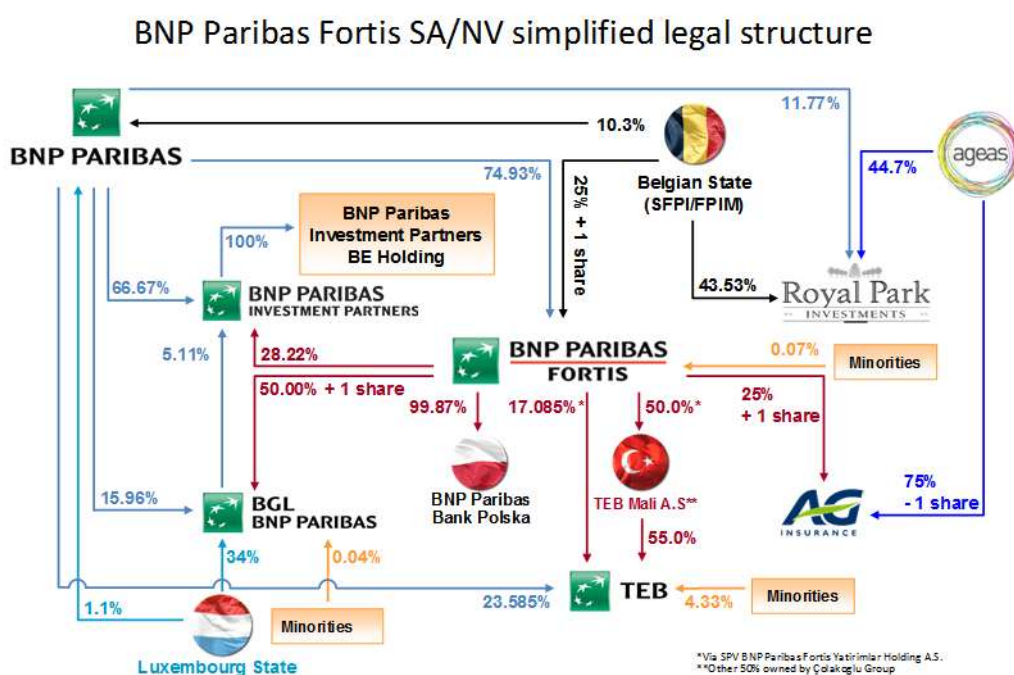
countries, the product offer is tailored to specific customer segments. Private Banking offers integrated and international asset and liability management solutions to high net worth individuals in Belgium, their businesses and their advisers.

BNP Paribas Fortis also offers financial services to companies and institutional clients and provides integrated solutions to enterprise and entrepreneur. Corporate and Public Banking Belgium fulfils the financial needs of corporate and midcap enterprises, public entities and local authorities through an integrated international network of business centres.

BNP Paribas Fortis is part of the BNP Paribas group (the **BNP Paribas Group**) (of which BNP Paribas is the parent company), a European leader in banking and financial services. The BNP Paribas Group has one of the largest international banking networks, a presence in 78 countries and 188,600 employees, including 145,300 in Europe. It enjoys key positions in its three activities: Retail banking (which includes the following operating entities: French Retail Banking (FRB), BNL banca commerciale (BNL bc), BancWest, BeLux Retail Banking, Europe Mediterranean, Personal Finance, Equipment Solutions), Investment Solutions and Corporate and Investment Banking.

At 31 December 2012, the BNP Paribas Group had consolidated assets of EUR 1,907.3 billion (compared to EUR 1,965.3 billion at 31 December 2011), consolidated loans and receivables due from customers of EUR 630.5 billion (compared to EUR 665.8 billion at 31 December 2011), consolidated items due to customers of EUR 539.5 billion (compared to EUR 546.3 billion at 31 December 2011) and shareholders' equity (BNP Paribas Group share including income for 2012) of EUR 85.9 billion (compared to EUR 75.4 billion at 31 December 2011). Pre-tax net income for the year ended December 31, 2012 was EUR 10.37 billion (compared to EUR 9.65 billion for the year ended 31 December 2011). Net income, attributable to equity holders, for the year ended 31 December 2012 was EUR 6.55 billion (compared to EUR 6.05 billion for the year ended 31 December 2011).

3. ORGANISATIONAL STRUCTURE (VALID AS AT 26 MARCH 2012)



BNP Paribas SA has a stake of 74.93% in BNP Paribas Fortis. The Belgian state, through its holding and investment arm, SFPI/FPIM (the Federal Holding and Investment Company) owns 25% of BNP Paribas Fortis, while the remaining shares (0.07%) are held by the public. The SFPI/FPIM has a stake of 10.7% in BNP Paribas SA's capital, subsequent to its transfer of a 74.93% stake in BNP Paribas Fortis in return for BNP Paribas SA shares. In 2009 BNP Paribas Fortis transferred its structured credit portfolio to the SPV Royal Park Investments (RPI). RPI is owned for 11.77% by BNP Paribas SA, 43.53% by the SFPI/FPIM and 44.70% by Ageas SA/NV. BNP Paribas Fortis holds stakes in a range of subsidiaries (subsidiaries are those companies whose financial and operating policies BNP Paribas Fortis, directly or indirectly, has the power to govern so as to obtain benefits from its activities), the most important of which are:

- (a) 50% + 1 share stake in BGL BNP Paribas SA
- (b) 99.87% stake in BNP Paribas Bank Polska SA
- (c) Direct 17.085% stake in TEB and a 50% share of TEB Mali Yatirimlar A.S., a joint venture with the Colacoglu Group, which holds 55% of TEB's share capital.

BNP Paribas Fortis holds minority interest in, among others, AG Insurance (25% + 1 share) and BNP Paribas Investment Partners (28.22%).

4. THE BUSINESSES OF BNP PARIBAS FORTIS

The integration of BNP Paribas Fortis into the BNP Paribas Group is now fully delivered, according to plan and exceeding the initial targets.

The achievements made through the integration process strengthened both the BNP Paribas Group and the Belgian bank by extending its European footprint in retail, boosting the existing CIB and Investment Solutions activities and bringing efficiency improvements to functions and IT departments.

BNP Paribas Fortis has also taken on a range of important tasks on behalf of the BNP Paribas Group. A number of Competence Centres, including Trade Finance, Cash Management and Factoring, are now based in Brussels, as are also the activities of Corporate & Transaction Banking (CTB), the BNP Paribas Group's European network of 150 Business Centres set up to serve corporate clients in 16 countries.

The major changes in the consolidation scope of BNP Paribas Fortis during 2012 were related to integration transactions, with certain activities of BNP Paribas Fortis and BNP Paribas transferred and re-allocated between various entities of the BNP Paribas Group. Changes to the BNP Paribas Fortis consolidation perimeter comprised, *inter alia*:

- (a) The acquisition by BGL BNP Paribas of an additional 16.67% of the shares of BNP Paribas Leasing Solutions. This acquisition increased the share of BGL BNP Paribas from 33.33% to 50% +1 share and transferred control over BNP Paribas Leasing Solutions from BNP Paribas to BGL BNP Paribas. The acquisition of the additional 16.67% stake took place in various phases, concluding at the end of March 2012.
- (b) The creation of a branch of BNP Paribas Fortis in Norway (Oslo) on 1 October 2012 and the consequent acquisition of all activities of the BNP Paribas branch in Norway.
- (c) Final closure in the course of 2012 of the BNP Paribas Fortis branches in Taipei, Guangzhou, Shanghai and Budapest.

- (d) In October 2011, BNP Paribas Fortis acquired from ABN AMRO the entire international network of Fortis Commercial Finance (FCF), apart from the Netherlands-based business. FCF is a leading factoring company with an extensive commercial network in 12 countries across Europe and Asia: Belgium, Luxembourg, France (which has since been sold), Germany, Sweden, Denmark, United Kingdom, Spain, Italy, Poland, Turkey and Hong Kong. The integration of Fortis Commercial Finance (FCF) went ahead in 2012, following the acquisition of these factoring activities and entities in 2011.

4.1 Retail & Private Banking

Retail Banking offers financial services to individuals, the self-employed, members of independent professions and small businesses. Over four million customers currently use BNP Paribas Fortis' integrated banking and insurance services, through proprietary and third-party networks, all embedded in a multi-channel environment. Operating through a variety of distribution channels, BNP Paribas Fortis provides services and advice on every aspect of daily banking, saving, investment, credit and insurance to a clearly segmented customer base.

4.1.1. Retail & Private Banking Belgium

Market position

- (a) Market leadership in Belgium.¹
- (b) 938 branches operating under the BNP Paribas Fortis brand are complemented by 312 franchises under the Fintro brand and 680 points of sale of the 50/50 joint venture with bpost bank.
- (c) Network of 4,382 ATMs (cash withdrawals and deposits, non-cash machines and bank statement providers), online banking facilities (1.2 million active users) and phone banking are linked up in the client relationship management (CRM) platform.
- (d) With 37 Private Banking centres, BNP Paribas Fortis is an important player in the Belgian private banking market. Individuals with assets of more than EUR 250,000 are eligible for private banking services. Wealth Management caters to clients with potential assets of more than EUR 4 million. They benefit from a dedicated service model and are primarily served via two Wealth Management centres in Antwerp and Brussels.

Key developments in 2012

The prevailing economic uncertainty led to a drop in corporate demand for credit. In the individual customer segment, there was a marked reduction in housing loans, following two years of strong demand in 2010 and 2011. This reduction can be partly explained by the fact that a number of government grants and tax breaks expired during the year. By contrast, demand for consumer credit held up more strongly and BNP Paribas Fortis was able to continue making its contribution to financing this area of the economy.

¹

Source: 2012 Annual Report of BNP Paribas Fortis

The highly volatile situation on the financial markets clearly prompted clients to adopt a more safety-orientated approach and BNP Paribas Fortis responded to this trend with a broad, differentiated and product offering for savings and investments. Bonds issued by Belgian corporates proved to be an overwhelming success.

Considerable investments were made in the BNP Paribas Fortis' multi-channel offering. The switching of incoming calls to the branches over to the Contact Centre improved service availability for the customer.

PC banking has become a fully-fledged channel for all customer needs, not just to carry out routine transactions and obtain basic information but increasingly also to seek advice and sign up for new services. The offering was expanded during 2012 with Easy banking, which is available on iPhones, iPads and Android-based mobile devices. The new CRM-infrastructure has also been further developed so that up-to-date information on each individual client's current situation and needs is available in real time on all channels. Private Banking came up with an innovative approach to investment profiles with its socially responsible investment (SRI) asset management offering. The difficult financial market situation led investors to place greater importance on professional asset management, with a consequent increase in assets under management.

4.1.2. BGL BNP Paribas SA

BGL BNP Paribas' Retail and Corporate Banking in Luxembourg provides a broad range of financial products and services to individual, professional and corporate clients through its network of 38 branches plus the departments and units that are dedicated to serving corporates. BGL BNP Paribas is the number two bank in the Grand Duchy of Luxembourg for individual customers, with 204,000 clients, representing a 16% market share. It is also the number one bank for corporates, with 36,000 clients, equivalent to a 35% share of the market. In addition, the five BGL BNP Paribas Wealth Management Centres which are attached to the branch network provide Private Banking services to clients resident in Luxembourg.

2012 marked the conclusion of a series of major investments by the bank, which consequently now has a wide range of client-centric tools at its disposal. On the Retail Banking side, new tools for client prospecting and acquisition, coupled with the consistent support provided to the sales teams, have enabled the Retail arm to run an ambitious programme designed to strengthen client relations. The bank has also successfully launched a new daily banking offering. In addition, BNP Paribas' priority offering for premium clients has been rolled out and French (non-resident) clients can also take advantage of the fully integrated cross-border offering.

The BGL BNP Paribas Private Banking teams provide their clients with integrated, tailored wealth management solutions. The teams are structured by market, and clients benefit from services which are customised to their needs, while the bank's multilingual service helps them to manage their wealth in their own language. The Wealth Management service is also offered in the Private Banking Centres in Luxembourg. In 2012 the Wealth Management Luxembourg teams developed new investment solutions to improve their client offering in line with the changed economic environment and the widespread changes taking place in the markets.

Wealth Management Luxembourg has been taking determined steps to expand its ultra high net worth clientele, as evidenced in particular by the rollout of an offering designed exclusively for these clients.

The BNP Paribas Corporate and Investment Banking arm in Luxembourg provides services linked to stock markets and money markets, brokerage, investment banking, structured finance, corporate hedging operations, and both active and passive portfolio management. CIB clients are essentially companies and financial institutions domiciled in the Grand Duchy of Luxembourg. The local sales and trading teams can rely on the back-up – in terms of knowhow and services – of the entire BNP Paribas Group.

4.1.3. BNP Paribas Bank Polska SA

BNP Paribas Bank Polska SA encompasses the BNP Paribas Group's retail activities in Poland. BNP Paribas Bank Polska SA is organised along the following business lines: Retail Banking (including Wealth Management and SMEs), Personal Finance and Corporate & Transaction Banking.

BNP Paribas Bank Polska SA has a network of 228 branches and 2,770 employees, with almost 400,000 customers.

In a market characterised by intense competition, BNP Paribas Bank Polska SA has continued to perform the transformation of its business model with strong focus on the improvement of its risk profile and the development of its client base in specific segments. In 2012 BNP Paribas Bank Polska SA acquired over 62,000 new customers. Supporting the development of its credit activity with both individual and corporate customers while enhancing its already solid capital base, the bank carried out in June 2012 a capital increase of some PLN 260 million, by means of a share issue fully subscribed by the main shareholder, BNP Paribas Fortis.

In the first half of 2012 the bank initiated a plan to optimise operational efficiency and reduce costs, mainly in the central and back office functions, while at the same time continuing to invest selectively in the sales network and business lines.

The product offering for individual clients has been developed to cater for the needs of the three segments targeted by BNP Paribas Bank Polska SA, *i.e.* aspiring, mass affluent and affluent clients, who are serviced through the branch network, the internet, a call centre, plus external channels such as car dealers, insurance companies and financial brokers. The leading products for individual clients are cash loans linked with an active current account and car purchase loans. The volume of these consumer loans granted in 2012 was up 68% on the previous year.

In addition to products and services available to individual customers, in May 2012 BNP Paribas Bank Polska SA expanded its offering addressed through the Private Banking unit to high-net-worth individuals holding assets worth PLN 600,000 and above. The new offering, which is accompanied by the setting up of a Brokerage Office, includes investment advisory services, wealth planning, discretionary portfolio management and execution of clients' orders for the sale and purchase of financial instruments.

In addition to individual clients, the Retail Banking segment serves SMEs, *i.e.* companies with a turnover of up to PLN 40 million per annum, with a complete range of financing and banking solutions through dedicated teams in the main branches. Corporate customers with an annual turnover of over PLN 40 million are covered by the Corporate & Transaction Banking (CTB) business line through its eight business centres.

In servicing the corporate banking segment, the bank closely cooperates with the BNP Paribas SA branch in Poland, part of the CIB core business, which is in charge of client coverage for approximately 15 large domestic corporate and institutional clients and the investment banking offer of the BNP Paribas Group locally.

4.1.4. TEB

BNP Paribas Fortis operates in Turkey through TEB, in which it has a 44.58% stake. This is the result of the merger between Fortis Bank Turkey and TEB A.Ş., which took place on 14 February 2011. The merged bank ranks 9th in the Turkish banking sector in terms of loans and deposits market share and it encompasses the full range of the BNP Paribas Group retail activities in the country. The bank employs 9,300 people.

In Retail Banking, TEB offers debit and credit cards, mortgage loans, personal loans, and investment and insurance products, which are distributed through 509 branches and via internet, phone and mobile banking.

Through its commercial and small business banking departments, the bank offers a full range of banking services to small and medium-sized enterprises and is recognised as having strong expertise in non-financial services.

Corporate Banking services include international trade finance, asset and cash management, credit services, hedging of currency, interest and commodity risk, plus factoring and leasing.

Having set a very successful example for a merger in the Turkish market, TEB continues to grow, while delivering high returns for its shareholders. Total loans increased by 16% and total deposits by 26%. Shareholders' equity increased by 14% and TEB's capital adequacy ratio is now at a comfortable level of 15.2%.

Throughout 2012, the bank achieved a highly satisfactory performance in revenue generation. Coupled with determined cost cutting efforts, this had a dual impact on the bottom line, which increased by 135%, improving the profitability and efficiency ratios of TEB after the merger.

4.2 Corporate & Public Banking Belgium and Corporate & Investment Banking

Corporate & Public Banking Belgium (CPBB) offers a comprehensive range of local and international financial services to Belgian enterprises, public entities and local authorities. The offering includes domestic banking products, specialist financial skills, and securities, insurance and real estate services. Skills include specialist ones such as trade services, cash management, factoring and leasing, as well as M&A and capital markets.

A central team of corporate bankers, relationship managers and skills officers ensure that BNP Paribas Fortis stays close to the market. This team, combined with the European network of business centres managed within Corporate & Investment Banking (CIB), enables the bank to offer unified commercial management to its Belgian clients locally and abroad.

The competence centre Global Factoring serves Retail, Commercial Banking and Corporate clients, providing them with domestic and multi-domestic factoring solutions throughout Europe, including financing, debt collection and accounts receivable management.

Corporate & Investment Banking offers its clients (in Belgium and in Europe) a full access to BNP Paribas CIB's product portfolio. It consists of five business lines: Capital Markets, Structured Finance, Corporate Finance & Equity Capital Markets, Private Equity and Corporate and Transaction Banking.

- (a) Capital Markets: a sustainable Capital Markets platform, focused on client-driven activities, is maintained in Brussels, with the objective to offer an enlarged product range through access to BNP Paribas platforms. In Fixed Income, Capital Markets serves mainly Belgian clients, with Fixed Income Trading desks also quoting flows from European Midcaps (clients of Corporate & Transaction Banking). In Equity Derivatives, the focus is on serving Belgian clients, while some trading activity is maintained.
- (b) Structured Finance gathers the activities of Corporate Acquisition Finance, Leveraged Finance, Export Finance, loan syndication and Project Finance. A new regional platform for CIB is developed in Belgium, to serve clients in the Benelux countries, Northern & Central Europe (including Greece) and Turkey (BNCET platform). The team in Brussels also manages the Public-Private Partnership financing for all Europe, leveraging expertise in this domain.
- (c) Corporate Finance is active in Merger & Acquisition Advisory and in Equity Capital Markets. Corporate Finance focuses on Belgian clients.
- (d) Private Equity continues to support the Belgian economy by investing in capital and mezzanine, allowing us to help our clients in their external development.
- (e) Corporate & Transaction Banking is an integrated banking network focused on servicing large mid-caps and international clients, and in particular subsidiaries of CIB clients throughout Europe. CTBE delivers daily banking products and services (Vanilla loans, Cash Management, Trade services, flow-hedging products, and when available leasing, factoring and Investment Solutions products) to well-known corporate and financial institution clients in 16 non-domestic countries in Europe through a network of more than 30 Business Centres, for proximity with clients. CTB operates in close collaboration with two Competence Centres based in Belgium and operating for the whole BNP Paribas Group: Cash Management and Global Trade Solutions. Cash management provides companies with liquidity management services, as corporates are increasingly looking for global and homogeneous solutions at European level (e.g., SEPA solutions, cash pooling, payment factories). Global Trade Solutions assists companies in their international trading activities, providing, for instance, international guarantees for commercial agreements between parties in different countries.

Market positions

- (a)
 - Strong leadership position in Belgium with more than 600 corporate clients and 12,500 midcaps, and a challenger in public banking (710 clients).
- (b)
 - High penetration rate among selected European customers (e.g. internationally active SMEs).

5. BNP PARIBAS FORTIS 2012 FINANCIAL RESULTS

- (a) Net profit attributable to shareholders of EUR 307 million
- (b) Solid commercial and operational performance, despite an adverse economic environment, with a 4.4% loan and 3.5% deposit growth at retail banking in Belgium
- (c) Continued strong solvency with Tier 1 capital ratio at 15.3%, good liquidity and a loan-to-deposit ratio of 101%

For the whole of 2012, the operating income came in at EUR 1,116 million, in spite of a credit spread net negative impact of EUR 172 million (negative on own debt and positive on a loan portfolio held at fair value). Commercial revenues were resilient and the cost of risk declined steeply compared to 2011, which was impacted by the Greek debt restructuring. Operating income was positively influenced by EUR 194 million by acquiring control of the leasing activities.

- (a) Net interest income amounted to EUR 4,457 million, up EUR 295 million (7%) compared to 2011. This result was driven by a good performance in Turkey and scope changes related to the full consolidation of the leasing activities, which counterbalanced the impact of the low interest rate environment and lower income from the bond portfolio.
- (b) Net commission income reached EUR 1,317 million, up EUR 77 million (6%). The increase is thanks to Specialised Finance and capital markets activities in CIB and higher fee income in Turkey. In Retail Banking Belgium, net commission income was under pressure due to lower selling fees on off-balance products and lower management fees.
- (c) Net results on financial instruments at fair value through profit or loss came in at EUR 89 million, EUR 220 million lower compared to 2011, mainly due to a credit spread net negative impact of EUR 172 million (negative on own debt and positive on a loan portfolio held at fair value) and the indemnity paid for the unwinding of part of the subordinated debt CASHES (EUR 69 million).
- (d) Operating expenses amounted to EUR 4,391 million (including depreciation charges), EUR 535 million (14%) higher than in 2011, which was impacted by a one-off release of provisions of EUR 256 million. 2012 was impacted by scope changes related to leasing entities (EUR 243 million). In Belgium, the impact of the wage drift is offset by the new reward model, while the contribution to the deposit guarantee scheme, the subscription taxes on deposits and Finance Stability contribution increased by 23% to EUR 173 million.
- (e) The cost of risk amounted to EUR 374 million, EUR 778 million lower than in 2011, which included a provision for EUR 866 million for Greek sovereign debt restructuring. Excluding the provision for Greek debt and the scope changes due to leasing (EUR 61 million), the cost of risk in 2012 was comparable to 2011.
- (f) Net profit attributable to shareholders came to EUR 307 million, impacted by an exceptional impairment of EUR 470 million on the participation in asset management activities and a net loss of EUR 236 million on non-current assets, mainly due to disposal of foreign activities.

The balance sheet total of BNP Paribas Fortis amounted to EUR 272 billion at the end of 2012, 21% lower (EUR 74 billion) compared to end-2011. The decrease was due to deleveraging and optimisation programs leading to a strong decrease in financial assets and liabilities. From a geographical point of view, 74% of assets are located in Belgium, 9% in Luxembourg and 17% in other countries.

The solvency of BNP Paribas Fortis remained strong in 2012. At 31 December 2012, the tier 1 capital ratio stood at 15.3%, 1.2% lower than on 31 December 2011, due to the full consolidation of leasing activities as well as partial redemption of CASHES and subordinated debt. The total capital ratio stood at 18.9% end of December 2012, well above the regulatory required minimum of 8%. The liquidity of BNP Paribas Fortis remained solid as shown by the loan-to-deposit ratio of 101% (excluding repo and reverse repo agreements).

6. GOVERNANCE

6.1 Board of Directors

The Board of Directors (*Raad van Bestuur/Conseil d'Administration*) of BNP Paribas Fortis establishes the bank's strategy and supervises the activities of the Executive Board and of the independent control functions. On 18 April 2013, the Board of Directors had 18 members, of which 13 members are non-executive and 5 members are executive. For the purpose of the Registration Document, the business address for each of the members of the Board of Directors is Rue Royale 20 B-1000 Brussels, Belgium.

Non-Executive members:

- Herman Daems, Chairman
- Georges Chodron de Courcel, Vice-Chairman
- Jean-Laurent Bonnafé
- Dirk Boogmans
- Henri Delwaide
- Antoinette d'Aspremont Lynden
- Sophie Dutordoir
- Filip Abraham
- Alain Papiasse
- Jean Stéphane
- Thierry Varène
- François Villeroy de Galhau
- Stefaan Decraene

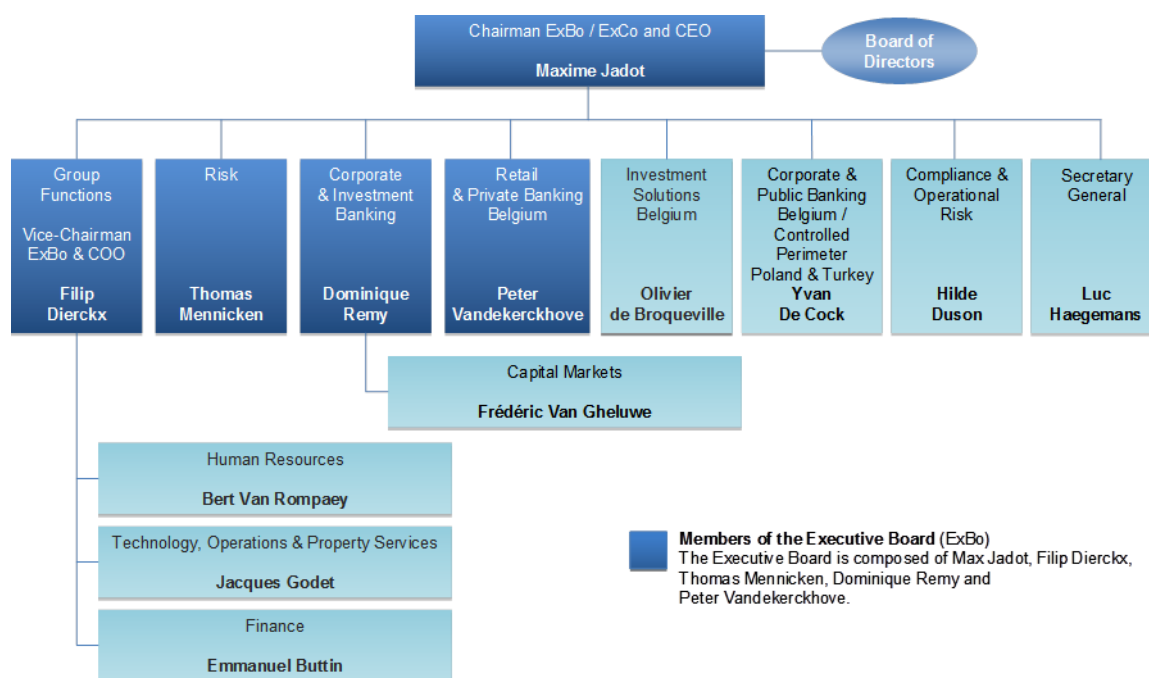
Executive members, composing the Executive Board (*Directiecomité/Comité de Direction*):

- Maxime Jadot, Chairman of the Executive Board/Executive Committee and CEO
- Filip Dierckx, Vice-Chairman of the Executive Board/Executive Committee
- Thomas Mennicken
- Dominique Remy
- Peter Vandekerckhove

6.2 Executive Committee

The Executive Committee consists of 13 members, the five members of the Executive Board in their respective responsibilities, together with eight heads of businesses or support services (reporting line between brackets). The Executive Committee (Exco) is responsible for the execution of strategy and policy of BNP Paribas Fortis. For the purpose of the Registration Document, the business address for each of the members of the Executive Committee is Montagne du Parc 3, 1000 Brussels.

- Maxime Jadot, Chairman of the Executive Board/Executive Committee and CEO (specific responsibilities include global responsibility for all banking activities, in particular, banking activities in Belgium, Compliance, Legal, Branding & Communications, Secretary General, Audit and HR for key resources)
- Filip Dierckx, Vice Chairman of the Executive Board/Executive Committee, Chief Operating Officer and Head of Group functions (specific responsibilities include Finance, HR, IT & Operations and Tax)
- Thomas Mennicken, Chief Risk Officer
- Dominique Remy, Head of Corporate & Investment Banking (specific responsibilities include Capital Markets, Coverage, Corporate Finance, Specialised Finance, Corporate & Transaction Banking Europe and Trade Solutions)
- Olivier de Broqueville, Head of Investment Solutions
- Bert Van Rompaey, Head of Human Resources
- Yvan De Cock, Head of Corporate & Public Banking Belgium
- Emmanuel Buttin, Head of Finance
- Jacques Godet, Head of IT & Operations
- Peter Vandekerckhove, Head of Retail & Private Banking Belgium
- Frédéric Van Gheluwe, Head of Capital Markets
- Luc Haegemans, Secretary General
- Hilde Duson, Head of Compliance & Operational Risk



6.3 Principal activities performed by members of the Board of Directors and the Executive Committee outside BNP Paribas Fortis which are significant with respect to BNP Paribas Fortis

- Herman Daems: Barco, Chairman of the Board of Directors; Domo Chemicals, Permanent Representative of Crossbow; Domo Investment Group, Director & Chairman of the Board of Directors; Vanbreda Risk and Benefits, Director; Commissie Corporate Governance, Chairman; Adviesraad Euronext Brussel, Member; Uitgeverij Lannoo, Director & Chairman of the Board of Directors, KU Leuven, Chairman.
- Georges Chodron de Courcel: Alstom, Director; BNP Paribas, Chief Operator Officer; BNP Paribas (Suisse), Chairman; Bouygues, Director; Compagnie d'Investissement de Paris, Chairman; Compagnie Nationale à Portefeuille (CNP), Director; Erbé, Director; Exane, Non voting Director; F.P.P. (Société Foncière, Financière et de Participations), Director; Financière BNP Paribas, Chairman; Lagardère, Member of the Supervisory Board; Groupe Bruxelles Lambert, Director; Nexans, Director; Scor, Non voting Director; Scor Global Life Rückversicherung Schweiz, Director; Scor Holding (Switzerland), Director; Scor Switzerland, Director; Verner Investissements, Director.
- Jean-Laurent Bonnafé: BNP Paribas, Director & General Manager; BNP Paribas Personal Finance, Director; Banca Nazionale del Lavoro SpA, Director; Carrefour, Director; Erbé, Director.
- Dirk Boogmans: ASAP HR Group, Director; DAB Management, Partner; Caesar Real Estate Fund, Chairman of the Board of Directors (via DAB); Collibra, Director; Vitrufin, Director; P & V Verzekeringen, Director and President of the Audit committee (via DAB Management); THV Noriant, Chairman; Vinçotte International, Director; AIB Vinçotte International, Director; Vivium, Director and President of the Audit committee (via DAB); GIMV, Director; NIBC, Advisor; Pensioensfonds Bouwnijverheid, Member of the Financial Committee; QAT Group (Quercus Aimer Trust), Chairman of the Advisory Committee; Chairman; VUB & UZ-VUB, Chairman of the Audit Committee; Induss, Director; Tobius, Member of the Advisory Board.
- Antoinette d'Aspremont Lynden: Groupe Bruxelles Lambert, Director
- Henri Delwaide: TreeTop Asset Management, Director
- Sophie Dutordoir: Electrabel Customer Solutions, Chairman of the Board of Directors & Director; Electrabel, General Director; FEBEG, Director; GDF Suez Energy Deutschland A.G., Member of the Supervisory Board; Ores, Vice Chairman.
- Alain Papiasse: BNP Paribas, Member of the Executive Committee; BNP Paribas Investment Partners, Director; BNP Paribas UK Holdings, Chairman of the Board of Directors; BNP Paribas Securities KK Tokyo, Director; Exane, Director.
- Jean Stéphane: be.PharBel, Chairman; BESIX Group, Chairman of the Board of Directors; GlaxoSmithKline Biologicals Manufacturing, Director; Groupe Bruxelles Lambert, Director; Innosté, Chairman of the Board of Directors; Ion Beam Applications, Chairman; Nanocyl, Director; Vesalius Biocapital I & II, President of the Board of Directors; Uteron Pharma, Director.
- Thierry Varène: BNP Paribas UK Holdings, Director; Banque de Financement et d'Investissement de BNP Paribas, Member of the Executive Committee.

- Stefaan Decraene: Bank of the West, Director; Banc West Corporation, Director; BNP Cardif, Director.
- François Villeroy de Galhau: BGL BNP Paribas, Vice Chairman; Villeroy & Boch, member of the Supervisory Board; Bayard Presse Group, member of the Supervisory Board; BNL, Advisor; BNP Paribas, Directeur Général-Délégué; Leasing Solutions, Director; Arval, Director; Cortal Consors SETR, Director.
- Filip Abraham: None
- Max Jadot: Bekaert, Director; Finheuster, Director; Stichting Administratiekantoor Bekaert, Director; Stichting Administratiekantoor Bosmer, Director; BGL BNP Paribas, Board Member; BNP Paribas Foundation, Administrateur
- Filip Dierckx: I.V.D., Chairman; S.D. Work for Society, Chairman; SD WORX, Chairman; S.D. Private Stichting, Chairman; S.D. Diensten, Chairman; Fortis Private Equity Belgium, Member of the Board of Directors; European Banking Federation (EBF), Member of the Board of Directors; BNP Paribas Belgian Branch, Mandataire Délégué; Belgische Federatie van het Financiewezen (Febelfin) / BVB, Chairman & Member of the Board of Directors; Beschermingsfonds voor deposito's en financiële instrumenten, Board member; ZENO, Chairman; Orientation Council Euronext, Member; Hazelheartwood, Director; BNP Paribas Fortis Foundation, Chairman; BNP Paribas Bank Polska SA, Vice Chairman of the Supervisory Board.
- Thomas Mennicken: BGL BNP Paribas, Director
- Dominique Remy: BNP Paribas Moscow ZAO, Director; BNP Paribas Suisse SA, Director; BNP Paribas Canada, Director; BNP Paribas Fortis Foundation, Director.
- Yvan De Cock: BNP Paribas Fortis Foundation, Director; BNP Paribas Fortis Factor N.V., Director; Fortis Commercial Finance Holding N.V., Director; Fortis Private Equity Belgium N.V., Director; TEB Holding A.S., Director (representative of BNPP Paribas Fortis); TEB A.S., Director (representative of BNPP Fortis); BNP Paribas Bank Polska SA, Director.
- Bert Van Rompaey: BNP Paribas Fortis Foundation, Director.
- Peter Vandekerckhove: AG Insurance SA, Director; Belgische Federatie van het Financiewezen (Febelfin)/BVB, Director; BNP Paribas Investment Partners (BNPP IP), Permanent Representative of BNP Paribas Fortis.
- Frédéric Van Gheluwe: None.
- Luc Haegemans: BNP Paribas Fortis Foundation, Vice Chairman & Director; Genfinance International, Director; Belgolaise, Chairman; Fairfood SA/NV, Director; Fonds de Dotations Paris, Director; Gemma Frisius-fonds K.U.Leuven, Director; Microstart Scrl, Director.
- Jacques Godet: Isabel, Chairman.
- Olivier de Broqueville: Xerus Management, Manager; Grandis, Director; LSM Advisory Board, Director; BNP Paribas Fortis Foundation, Director.
- Emmanuel Buttin: BNP Paribas Belgian Branch, Mandataire Délégué.

6.4 Administrative, management, and supervisory bodies conflicts of interests

Aside from the matter mentioned on pages 207-208 of the BNP Paribas Fortis Annual Report 2012 (incorporated by reference into the Registration Document), being the ‘Indemnification of Directors’ which were decisions of the Board of 27 April 2012 and 13 December 2012, BNP Paribas Fortis has since then, to the best of its knowledge, not been notified by any of its directors that they were at a given moment in the position of having a conflict of interest within the meaning of article 523 of the Belgian Companies Code.

6.5 Audit, Risk & Compliance Committee

In order to fulfil its role and responsibilities efficiently, the Board of Directors has set up an Audit, Risk & Compliance Committee (**ARCC**). The role of the ARCC is to assist the Board in fulfilling its supervision and monitoring responsibilities in respect of internal control in the broadest sense within BNP Paribas Fortis, including internal control over financial reporting and risk.

The ARCC shall monitor, review and make recommendations to the Board of Directors regarding audit and risk as described below.

Audit

- (a) *the performance of the statutory audit process:* the ARCC oversees the work performed by the statutory auditors, reviews their audit plan, formally evaluates their performance at least once every three years against stated criteria and makes recommendations to the Board of Directors regarding their appointment or reappointment, mandate renewal and remuneration. The ARCC follows up on questions or recommendations of the statutory auditors. The ARCC also monitors the independence of statutory audit firms, including the review and approval of non-audit services provided to BNP Paribas Fortis;
- (b) *the performance of the internal audit process:* the ARCC oversees the work performed by the internal audit department and endorses the annual audit plan, including focal point audit assignments, scope and audit budget. It monitors the follow-up that management gives to the internal audit’s recommendations and takes part in the external quality assessment of the internal audit department organized at least once every five years and concurs in the appointment or dismissal of the General Auditor.

Risk

- (c) The major risk exposures of BNP Paribas Fortis and the operation of internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations. This implies that the ARCC identifies and acknowledges major risk areas such as investment risk, credit risk, market risk and liquidity risk.

Compliance & Operational Risk

- (d) *The coherence and effectiveness of the internal control system:* This includes the overseeing and reviewing of the coherence and the effectiveness of the internal control system of BNP Paribas Fortis, through oversight and controls, more specifically with regard to its permanent control, the compliance of its activities with internal and external law and regulations and the protection of its reputation. This includes the supervision of operational risk management. The ARCC concurs in the appointment or dismissal of the Head of Compliance & Operational Risk (**Conformité**).

Financial Reporting

- (e) the integrity of financial statements and of any report on BNP Paribas Fortis financial performance: This includes the consistent application of accounting principles (and changes thereto) and the quality of internal control over financial reporting;
- (f) the consolidation scope and accounting principles; and
- (g) the Annual Report and the statements to be made by the Board of Directors therein as well as any external or official communication on the financial statements or the financial performance of BNP Paribas Fortis.

The ARCC consists of at least three non-Executive Directors. At least half of its members should be independent directors. In case of a tied vote, the Chairman of the ARCC shall have a casting vote. Members of the ARCC need to have the necessary skills and competences in the field of accounting, audit and financial businesses. The presence of the necessary skills and competences is also judged at the level of the ARCC, not only on an individual basis. In accordance with article 526bis, §2 of the Belgian Companies Code, at least one member of the ARCC is both independent director and has the necessary skills and competences in the field of accounting, audit and financial business. Both Independent Directors in the BNP Paribas Fortis ARCC comply with this rule.

6.6 Corporate governance

BNP Paribas Fortis generally complies with the principles and provisions of the Belgian corporate governance code of 2009 (the **Code**). Main differences relate to Principle 8 (*Dialogue with shareholders*). The fact that BNP Paribas Fortis is not able to comply with all of the provisions of Principle 8 of the Code relates to the ownership of BNP Paribas Fortis. On the one hand the 'free float' is limited to 0.07% of the issued shares while, on the other hand, is the fact of BNP Paribas Fortis' commercial and operational integration within its controlling shareholder, BNP Paribas SA, which holds 74.93% of the issued shares. Nevertheless, BNP Paribas Fortis constantly communicates with its various stakeholders through its website and other media.

7. SIGNIFICANT CHANGE IN THE SELLER'S FINANCING OR TRADING POSITION

There has been no significant change in the financial or trading position of BNP Paribas Fortis since 31 December 2012.

SECTION 13

DESCRIPTION OF MORTGAGE LOANS

The Mortgage Receivables sold and assigned to the Issuer on any Mortgage Purchase Date are any and all rights (whether actual or contingent) of the Seller against any Borrower under or in connection with any Mortgage Loan selected by agreement between the Seller and the Issuer together with the Seller's rights to or interest in any Related Security, to the extent the latter relates to the assigned Mortgage Receivable. On any Business Day, the Issuer has to apply the Purchase Available Amount related to such Business Day to purchase and accept the assignment of New Mortgage Receivables from the Seller to the extent offered to it provided that certain conditions are met.

The Mortgage Receivables have been selected according to the criteria list set forth in the Mortgage Receivables Purchase Agreement and are selected in accordance with such agreement on or before the relevant Mortgage Purchase Date (see Section 16 (*Mortgage Receivables Purchase Agreement*)).

For a description of the representations and warranties given by the Seller, see Section 16 (*Mortgage Receivables Purchase Agreement*).

1. MORTGAGE LOANS

1.1 Governing law

The Mortgage Loans are governed by the following laws:

- (a) the Mortgage Loans entered into before 1 January 1993 are governed by the Royal Decree nr. 225;
- (b) the Mortgage Loans entered into between 1 January 1993 and 1 January 1995 are either governed by the Royal Decree nr. 225 of the Mortgage Credit Act of 4 August 1992 (the **Mortgage Credit Act**), and
- (c) the Mortgage Loans entered into after 1 January 1995 are governed by the Mortgage Credit Act.

1.2 Interest Rates

The interest rate on each Mortgage Loan has been fixed for an interest period as of the date of the origination of the relevant Mortgage Loan.

The interest period can be equal to the term of the Mortgage Loan, in which case the interest rate is called a fixed interest rate.

If the interest period is not equal to the term of the Mortgage Loan, the interest rate will change at the end of the relevant interest period. The interest period can vary from one to ten years. In this case, the interest rate is called a variable interest rate. The change to the interest rate is based on the change in an underlying reference index. Changes to the interest rate are subject to a maximum increase and decrease agreed upon origination of the relevant Mortgage Loan. The maximum increase of the interest rate may not exceed the maximum decrease.

With respect to Mortgage Loans that are subject to Royal Decree 225, the interest rate is *de facto* a 5 year variable interest rate. At the expiry of each fifth anniversary of the Mortgage Loan, the Seller may demand repayment of the outstanding amount under the Mortgage Loan (subject to a three (3) months' notice period). The Borrower can in turn require that the Mortgage Loan is continued at the interest rate applied generally by the Seller at that time for the same type of Mortgage Loans.

1.3 Types of Loans

The Mortgage Loans may have the form of a term loan or a revolving loan, under which the Borrower may, subject to certain conditions being satisfied and the agreement of the Seller, re-borrow repaid amounts.

The Mortgage Loans can be categorised according to their repayment schedules:

- (a) Linear Mortgage Loans;
- (b) Annuity Mortgage Loans;
- (c) Interest-only Mortgage Loans; and
- (d) Reconstitution Loans.

The types of Mortgage Loans set forth under (a) and (b) above are fully amortising, which means that the repayment schedules are designed such that the amount of the outstanding balance of the Mortgage Loans is zero after the last scheduled periodical payment has been made.

A Mortgage Loan with linear repayment is a Mortgage Loan under which the Borrower repays a fixed amount of principal per period, so that the debt gradually decreases (a **Linear Mortgage Loan**). Due to the decreasing outstanding balance, the interest payment decreases proportionally. As a result, the gross mortgage costs (interest plus repayment of principal) decrease over time.

With an annuity mortgage loan, the periodical gross payments under the Mortgage Loans remain the same, whereby the interest payments decrease and the repayments of principal increase (an **Annuity Mortgage Loan**). Up until 1 January 1995, two variations of annuity Mortgage Loans could be offered, i.e. the annual based annuity mortgage loan and the monthly based annuity mortgage loan. The two variations differ only in terms of the calculation of the periodic payment:

- (a) in case of an annual based Annuity Mortgage Loan, the periodic payment has been calculated as one-twelfth of the amount the Borrower would have paid if he would only pay once a year in arrears;
- (b) in case of a monthly based Annuity Mortgage Loan, the monthly payment has been calculated based on monthly scheduled payments in arrears, as a result of which the distribution between the interest and principal component alters every month.

As of 1 January 1995, it was no longer permitted to originate annual based Annuity Mortgage Loans.

Interest-only Mortgage Loans are free of redemption during the lifetime of the loan. As the Borrower only pays interest during the lifetime of the mortgage loan, the monthly or quarterly payments by the Borrower are low. At the maturity of the mortgage loan, the Borrower must repay the entire principal of the mortgage loan.

In addition to the Mortgage Loan redemption types described above, an Originator may grant loans (each a **Construction Loan**), which are loans the proceeds of which are typically drawn down in several steps over a given period of time and where the Borrower thus has the right to further draw down the loan up to the maximum amount without further approval by the Originator. The Borrower has the option between:

- (a) either paying only interest as long as the Construction Loan is not fully drawn, calculated on the basis of the drawn amount; the principal repayments will only be made after no further drawings can be made under the construction loan; or
- (b) paying interest and repaying principal on the basis of the drawn amount, even if further amounts may be drawn under the Construction Loan.

For the avoidance of doubt, a Mortgage Loan under which the Borrower no longer has a right to draw proceeds without a further approval of the Originator (but had such right in the past) will not constitute a Construction Loan.

A **Reconstitution Loan** is a Mortgage Loan (including any advance under a Credit Facility) the terms of which provide that on its final maturity date the proceeds of a Reconstitution Insurance Policy will be used for its repayment. Under this type of Mortgage Loan the Borrower does not repay any principal, but instead pays life insurance premiums to the Insurance Company and interest on the Mortgage Loans. The premiums are used to provide death cover and to accumulate capital. For that purpose the Borrower or a third party who has taken out the insurance on the life of the Borrower, transfers or pledges to the Originator its rights to payment and under the relevant Reconstitution Insurance Policy or appoints the Originator as the beneficiary of such policy.

A **Reconstitution Insurance Policy** is either an Investment Insurance Policy or a Savings Insurance Policy. An **Investment Insurance Policy** is a life insurance policy under which the premiums paid by the Borrower or the third party that has taken out the policy on the life of the Borrower, are invested in an investment fund. This type of policy is always combined with a prior death coverage. Upon maturity of the Reconstitution Loan the investments will be sold and the proceeds used to repay the loan (whether in full or in part, depending on the value of the investments). Should the Borrower decease the proceeds will be used to repay the loan. **Savings Insurance Policy** is a life insurance policy under which the premiums are used to accumulate capital at a guaranteed minimum rate of return. This type of policy is also always combined with a prior death coverage.

2. RELATED SECURITY

The Mortgage Loans are secured by:

- (a) a first ranking mortgage; and/or
- (b) a lower ranking mortgage; and/or
- (c) a mandate to create a first and/or lower ranking mortgage.

2.1 Mortgage

A Mortgage creates a priority right to payment out of the Mortgaged Assets, subject to mandatory statutory priorities (including beneficiaries of prior ranking mortgages).

Most of the Mortgage Receivables relate to Mortgage 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 toute somme*) (**All Sums Mortgage**).

Pursuant to article 51bis of the Mortgage Credit Act a receivable secured by an All Sums Mortgage which is transferred to a Mobilisation Vehicle, such as the Issuer, shall rank in priority to any receivable which arises after the date of the transfer and which is also secured by the same All Sums Mortgage. Whereas the transferred receivable 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.

Other Mortgage Loans have been originated under credit facilities which have the form of a revolving facility (*kredietopening / ouverture de crédit*)(a **Credit Facility**). The Mortgage that is granted as security for this type of loans is used to secure all advances (*voorschotten / avances*) made available under such revolving facility. In many cases the Mortgage that is created in respect of this type of loans is also an All Sums Mortgage.

Pursuant to article 51 § 2 of the Mortgage Credit Act, advances granted under a revolving facility secured by a mortgage can be transferred to a Mobilisation Vehicle, such as the Issuer. The advance will benefit from the mortgage and other security securing the Credit Facility. The transferred advance will rank in priority to further advances that are granted after the date of transfer. However, a transferred advance will have equal ranking with other advances which existed at the time of the transfer and which were secured by the same Mortgage.

The Mortgage may be granted by either the Borrower or a third party provider of Related Security.

In order to mitigate any competing claims in respect of Mortgage Receivables secured by an All Sums Mortgages or in respect of Mortgage Receivables originated under the same Credit Facility, the Mortgage Receivables Purchase Agreement provides that all loans or other debts existing at the time of the transfer of a Mortgage Receivable and which are secured by the same Mortgage are subordinated to the Mortgage Receivable in relation to all sums received out of the enforcement of the Mortgage and any Additional Security (see Section 3 (*Risk Factors*) above and Section 16 (*Mortgage Receivables Purchase Agreement*) below.)

2.2 Mortgage Mandate

A Mortgage Mandate is often used in addition to a Mortgage to limit registration duties payable by the Borrower.

A Mortgage Mandate does not constitute an actual security and does therefore not create an actual priority right of payment out of the proceeds of a sale of the Mortgaged Assets. The Mortgage Mandate is an irrevocable mandate granted by a Borrower or a third party provider of Related Security to certain attorneys to create a mortgage as security for the Mortgage Loan and/or all other amounts which the Borrower owes or in the future may owe to the Seller. Only after creation of the Mortgage, the beneficiary of the Mortgage will have a priority right to payment out of the proceeds of a sale of the Mortgaged Assets. For a more detailed analysis of the risks involved, see Section 3 (*Risk Factors*), 1 (*Risk Factors Regarding the Mortgage Loans*) above.

2.3 Other security

The Mortgage Loans may, as the case may be, be further secured by:

- (a) Life Insurance Policies and Hazard Insurance Policies;
- (b) an assignment of salary by the Borrower; and/or
- (c) any pledge, set-off or unicity of account rights of the Seller pursuant to its applicable general banking terms and conditions.

3. MORTGAGE LOANS JOINTLY ORIGINATED BY BNP PARIBAS FORTIS SA/NV AND AG INSURANCE (FORMERLY FORTIS INSURANCE BELGIUM)

A substantial number of Mortgage Loans has been originated under loan agreements or Credit Facilities entered into by both BNP Paribas Fortis SA/NV (or its legal predecessors) and AG Insurance (formerly Fortis Insurance Belgium NV/SA) (or its legal predecessors), as joint and several lenders (*actief hoofdelijke schuldeisers / créanciers solidaires*). Only Mortgage Receivables that relate to loans and advances actually funded by BNP Paribas Fortis SA/NV will be purchased by the Issuer (see Section 16 (*Mortgage Receivables Purchase Agreement*)).

SECTION 14

MORTGAGE LOAN UNDERWRITING AND SERVICING

1. INTRODUCTION

Applications for new mortgage loans are received by BNP Paribas Fortis branches and agents (the **Branches**), who have a direct contact with the customers.

To a large extent and within certain decision criteria, these Branches can decide the application given that a set of centrally defined automated decision rules is met. Beyond the bounds of these decision rules, files are transferred to regional credit sites for decision.

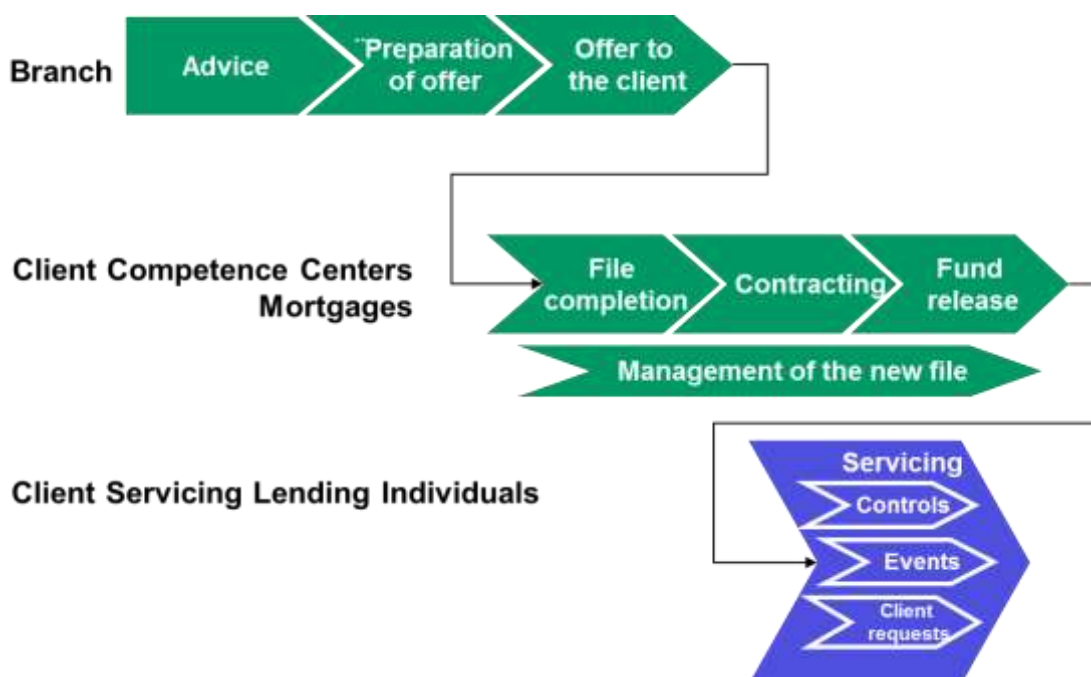
Following the decision, the branches prepare and present the offer to the client.

If the client accepts the offer, the file is transferred to a Client Competence Centre, who will

- (a) gather missing data
- (b) manage contacts with the notary
- (c) do the contracting
- (d) releases the funds

Once the file is completed and the funds released, the daily management (servicing) is done by the department Client Servicing Lending Individuals. They manage

- (a) the presence and conformity of the contracts and mortgage deeds
- (b) credit life cycle events, such as mortgage renewals, mandate conversions and variable rate resets
- (c) client requests during the lifecycle, such as changes in addresses and accounts, prepayments and changes in the credit (e.g. pricing discounts) conditions



The following system modules are used for underwriting, servicing and recovery:

PILS (Personal Integrated Loan System) = demand, decision, offer, contract

Application used by the branches to register the credit demand, to automatically check the credit rules and decision criteria, register the decision (after accessing the credit decision authority DB), issuing the credit offer and credit contracts (fully automatic, based on the contract data), and finally to authorize the paying out of the credit amount.

DBCF (Database Credit Folder) = servicing existing contract

Application used to collect automatically the periodic repayments of capital and interest directly from the current account of the customer, calculating contractual rate revisions, encoding early repayments and requested contract modifications. DBCF provides also all required information to the bookkeeping system of the bank.

LUNA (Loan Unpaid Application) = letters and registration of incident for uncertain credits

Application for the automated follow up of unpaid periodic due amounts, including warnings to the customer and to the bank staff for action. Registers also the required information to the bookkeeping system.

FIRST: Risk Surveillance tool for follow up of triggers (= risk indicators)

RECOVERY = servicing of claims

Application for the follow-up of denounced loans (claims), including the recovered amounts.

2. MORTGAGE LOAN ORIGINATION

BNP Paribas Fortis SA/NV originates its mortgage loans through three channels:

- (a) the BNP Paribas Fortis SA/NV branches
- (b) the Fintro agents (independent agents within the BNP Paribas Fortis group)
- (c) other third party agents, through Demetris (Demetris being a 100% subsidiary of BNP Paribas Fortis SA/NV, originating through third party intermediaries)

All applications, by all channels, are entered into PILS. Hence, there are no differences in product between the different origination channels.

PILS requires inputs from the branches on the following levels:

- (a) loan application (amount, purpose, repayment schedule, term, ...)
- (b) borrower (profession, income, expenses, ...)
- (c) mortgaged securities (address, value, rank, ...)
- (d) non-mortgaged securities (type, insurance company, insured person, linked loans, ...)

Once these inputs have been done, PILS will perform an automated analysis of the application via:

- (a) calculation of the scoring outcome based on client's credit behaviour and elements of the application

- (b) cross checks
- (c) examination of the credit data bases (internal and external, including the *Centrale voor Kredieten aan Particulieren / Centrale des Crédits aux Particuliers* ('CKP') of the Belgian National Bank)
- (d) determination of base interest rate and possible discounts (a/o on the basis of LTV calculations)
- (e) who is empowered to decide on the file

The scoring outcome is an estimation of the client's possibility to fulfill his credit commitments towards the bank during the entire lifetime of the demanded loan. It is expressed in a scoring color, being in deteriorating order blue, green, orange and red.

The cross checks involve a number of decision rules, of which the most important are:

- (a) borrower is a physical person, older than 18 years and having a good internal rating (FMS rating 1 to 12)
- (b) the outcome of the scoring has to be better than red
- (c) net income \geq EUR 1.250 per borrower (net income being gross income minus fixed charges)
- (d) DTI (debt to income) \leq 50% in relation with a scoring orange
- (e) LTV-limits (loan to value) in relation to the scoring outcome

If the applicant has a mark in a negative credit data base, regional credit sites need to take the decision.

If all the decision rules in PILS are met, a decision can be made considering the delegated personal decision authority of the branch staff based on the scoring outcome, the total outstanding amount (including the requested amount) and the open risk on the client .

Applications exceeding the branches' empowerment, as well as exceptions to risk related decision rules can only be decided upon by or in agreement with the regional credit sites.

The next scheme gives a brief overview of the main principles regarding the credit delegation framework:

Principle		
4 E Y E S	1 st pair of eyes	Commercial function, primary responsible of the credit decision
	2 nd pair of eyes	Second pair of eyes: <ul style="list-style-type: none"> ▪ Files with Total One Obligor (TOO) ≤ 500.000€ → Automated risk rules (rating, matters, ...) / scoring embedded in the intake systems ▪ Files with TOO > 500.000€ and ≤ 2.500.000€ (or ≤ 1.250.000€ for FMS-ratings 13 - 17) → Credit Management RPB, which acts as a representative of the risk function in the business ▪ Files with TOO > 2.500.000€ (or 1.250.000€ for FMS ratings 13 - 17) → Credit Risk RPB

If a positive decision has been made, an offer is printed in the branch by PILS. This offer is valid for three months. After the customer has accepted the offer, the contracts are made out by PILS and signed before the notary.

Before the complete file is scanned and archived, it is rechecked for completeness. The funds can only be released after the signature of the contracts and collaterals have been encoded in the system.

3. MORTGAGE LOAN SERVICING

The Client Servicing Lending department is responsible for the technical management of the portfolio, collection of interest and principal payments and initiating procedures for arrears management. DBCF handles e.g. the contractual interest rate revisions automatically and all other transactions and contract modifications negotiated with the customer.

The mortgage loans are generally collected through direct debit with a Fortis account. Each month, the central credit system (DBCF) automatically calculates the interest and principal due. This is then debited from the borrower's account. A direct debit cannot be executed if the balance of the borrowers' account is not sufficient to cover the full amount of the scheduled monthly payment. If there is not enough money on the borrower's account, the direct debit procedure will be repeated twice per day.

- (a) If the direct debit remains unable to collect, then the Branch will be notified and an automatic letter will be sent to the borrower and possible guarantors.
- (b) In case a second payment is missed, the Branch where the borrower is a client will be notified for the second time and a second letter is sent to the client. If no strong arguments from the Branch to the contrary, a mortgage mandate is transformed into a mortgage.
- (c) In case a third payment is missed the Branch where the borrower is a client will be notified of the fact that the borrower will be serviced notice; at this point the department Risk Surveillance Unit (RSU) is involved.

In the above period of arrears, the Branches are encouraged, but not obliged, to contact the borrower in order to obtain more information on their situation and to urge for a solution. The Client Servicing Lending department will not contact the borrower by phone.

4. MORTGAGE LOAN RISK SURVEILLANCE, INTENSIVE CARE AND RECOVERY

RSU is involved at the moment a file shows triggers in First (Risk Surveillance Tool) (e.g. arrears) . After 2 arrears RSU will decide a transformation of the power of attorney into a mortgage. .

After the lapse of a predetermined period of time (120 days in arrears), Intensive Care will start the obligatory reconciliation procedure before a reconciliation judge. This procedure is used to allow the borrower, before a judge, to come up with a proposal to settle his arrears. This procedure of reconciliation may take 4 to 6 months, after which the judge declares either reconciliation or non-reconciliation. If the debt is to be repaid through sale of the house, Fortis will try and help the borrower to sell the property via private sale.

In case of non-reconciliation, the file is transferred to Recovery and the loan is denounced and becomes immediately due and payable. A procedure for repossession is started and this procedure generally lasts 18 to 24 months. When the property is repossessed, the house is auctioned off.

If an amount remains outstanding after the auction proceeds are used, this claim is generally sold to EOS Aremas Belgium N.V.. EOS Aremas N.V. is a debt collection company, owned by BNP Paribas Fortis SA/NV for 50% minus one share, and is collecting defaulted loans from individuals granted by most of Fortis's Belgian and Luxembourg subsidiaries, including BNP Paribas Fortis SA/NV and AG Insurance (formerly Fortis Insurance Belgium).

D	first payment missed
D + 8	listing to branch
D + 9	letter to client
D + 30	second payment missed
D + 40	second listing to branch, also listing to prepare eventual conversion of mandate
D + 45	second letter to client
D + 60	third payment missed
D + 70	listing to branch to warn that borrower will be serviced notice + involvement RSU
D + 75	registered letter for servicing notice upon the debtor
D + 90	90 days past due → notification in negative central credit data base of NBB
D + 120	involvement Intensive Care
D + 150	idem
D + 166	manual treatment
D + 180 ...	internal plan to deal with arrears or procedure before judge of reconciliation, if not OK:
D + 270	letter of denouncement + transfer to Recovery (takes +/- 2 years before property is repossessed)

SECTION 15

PORTFOLIO REVIEW

If a Portfolio Review Event occurs, the Rating Agencies may at their discretion review the then current pool of Mortgage Receivables sold to the Issuer by means of a regular review of the portfolio on a loan-by-loan basis. The Issuer is obliged to cooperate with this review and undertake to use reasonable efforts to provide the Rating Agencies with the requested information.

A **Portfolio Review Event** means any of the following events:

- (a) a half calendar year has passed since (i) the previous Portfolio Review Event occurred, or (ii) if no Portfolio Review Event has occurred, the Programme Closing Date; or
- (b) the Outstanding Principal Amount of all Mortgage Loans on any date has increased by 10 per cent. or more since the date of the last Portfolio Review Event; or
- (c) any date on which more than 4 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Loans is in arrear for more than 90 days; or
- (d) if a new Series and Class or Sub-class of Notes is issued in order to fund the purchase of New Mortgage Receivables; or
- (e) if new types of mortgage products are included in the pool, which have not been described herein or in any supplemental prospectus hereto or if a new Seller accedes to the Programme; or
- (f) if a Seller materially changes its underwriting/lending criteria; or
- (g) any time a Rating Agency requests to review the pool of Mortgage Loans.

SECTION 16

MORTGAGE RECEIVABLES PURCHASE AGREEMENT

On the Programme Closing Date the Seller and the Issuer have entered into the Mortgage Receivables Purchase Agreement. Under the Mortgage Receivables Purchase Agreement on each Business Day the Seller may sell Mortgage Receivables and the Related Security relating thereto, to the Issuer. The sale and assignment of the Mortgage Receivables is effectuated by the Seller and the Issuer signing an agreement (an **Agreement of Sale and Assignment**) The assignment of the Mortgage Receivables from the Seller to the Issuer will not be notified to the Borrowers, except in case of the occurrence of Assignment Notification Events. Until such notification the Borrowers will only be entitled to validly pay (*bevrijdend betalen / paiement libératoire*) to the Seller. The Issuer is entitled to all proceeds in respect of the Mortgage Receivables as of the cut-off date set out in the Agreement of Sale and Assignment.

1. PURCHASE OF MORTGAGE RECEIVABLES AND NEW MORTGAGE RECEIVABLES

On the Programme Closing Date the Issuer has purchased Mortgage Receivables and Related Security up to an amount equal to the Principal Amount Outstanding of the Notes issued on such date (except for the Class E Notes).

Under the Mortgage Receivables Purchase Agreement the Seller is entitled to sell and assign and the Issuer is obliged to purchase and accept assignment of Mortgage Receivables and the Related Security on any Business Day, to the extent offered to it, up to the Purchase Available Amount (the **New Mortgage Receivables**).

The **Purchase Available Amount** means, (a) on any Monthly Payment Date an amount equal to (i) the Principal Available Amount less (ii) the Pass-through Payable Amount on such Monthly Payment Date, and less (iii) amounts to be used by the Issuer to redeem Notes (other than Class E Notes) fully (subject to Condition 9.2 (*Principal*)) on or after their Step-up Date, and (b) on any other date (that is not a Monthly Payment Date) an amount equal to the net proceeds from an issuance of Notes (other than Class E Notes) previously issued and not applied towards the purchase of Mortgage Receivables or the repayment of Notes (other than Class E Notes), other than amounts referred to under item (x) of the Interest Available Amount.

The purchase by the Issuer of New Mortgage Receivables and the Related Security relating thereto is subject to a number of conditions, which include, *inter alia*, the conditions that on the relevant Mortgage Purchase Date:

- (a) the Seller represents and warrants to the Issuer and the Security Agent (i) the matters set out in the clauses providing for the representations and warranties relating to the Relevant Mortgage Loans and the Relevant Mortgage Receivables with respect to the New Mortgage Receivables and the Related Security relating thereto sold by it on such date and (ii) those relating to the Seller;
- (b) no Assignment Notification Event has occurred and is continuing;
- (c) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (d) the Purchase Available Amount is sufficient to pay (the relevant part of) the Initial Purchase Price for the New Mortgage Receivables;

- (e) no downgrading of the Notes by the Rating Agencies below the Minimum Ratings of the Notes or, if the then current ratings of the Notes are below the Minimum Ratings, no downgrading of the Notes by Rating Agencies will occur as a result of such purchase;
- (f) the weighted average LTV Ratio does not exceed 75 per cent.;
- (g) the weighted average Mortgage Coverage Ratio is at least 100 per cent.;
- (h) the balance on the Reserve Account was at least equal to the Class D Required Subordinated Amount;
- (i) except in the case of any purchase of New Mortgage Receivables by the Issuer in relation to a new issue of Notes (other than an issue under an existing Series and Class, or Sub-class thereof) to the extent that the aggregate Outstanding Principal Amount of the New Mortgage Receivables to be purchased on the relevant Mortgage Purchase Date does not exceed the issue proceeds of such Notes (other than the Class E Notes) (and the Rating Agencies have been notified in advance of such purchase), (i) the aggregate Outstanding Principal Amount of the New Mortgage Receivables to be purchased on the relevant Mortgage Purchase Date or any earlier Mortgage Purchase Date falling after the immediately preceding Note Payment Date does not exceed 20 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans on such Mortgage Purchase Date and (ii) the aggregate Outstanding Principal Amount of the New Mortgage Receivables to be purchased on the relevant Mortgage Purchase Date or any earlier Mortgage Purchase Date falling after the Note Payment Date falling one year before the relevant Mortgage Purchase Date does not exceed 50 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans on such relevant Mortgage Purchase Date;
- (j) if, in respect of a Series and Class or, if applicable, Sub-class of Notes, other than the Class E Notes, a Step-up Date has occurred, all Notes to which such Step-up Date relates are redeemed in full subject to Condition 9.2 (*Principal*) prior to or on the Note Payment Date falling one (1) year after such Step-up Date;
- (k) no more than 5 per cent. of the aggregate of the Outstanding Principal Amount of Mortgage Receivables shall have a Construction Amount in excess of EUR 7,000;
- (l) no more than 1 per cent. of the aggregate of the Outstanding Principal Amount of Mortgage Receivables shall relate to Reconstitution Loans;
- (m) no more than 5 per cent. of the aggregate of the Outstanding Principal Amount of Mortgage Receivables shall relate to loans the Borrowers of which are employees of the Seller;
- (n) the aggregate of the Outstanding Principal Amount of Non-Securitized Advances does not exceed 3 per cent. of the aggregate Outstanding Principal Amount of Mortgage Receivables;
- (o) at least 65% of the aggregate Outstanding Principal Amount of all Mortgage Receivables has a Mortgage Coverage Ratio of at least 100%;
- (p) no more than 20% of the aggregate Outstanding Principal Amount of all Mortgage Receivables has a Mortgage Coverage Ratio of less than 50%;
- (q) no more than 5% of the aggregate Outstanding Principal Amount of all Mortgage Receivables has a Mortgage Coverage Ratio of 0%;

- (r) no more than 35% of the aggregate Outstanding Principal Amount of all Mortgage Receivables has a Mortgage Coverage Ratio less than 70%; and
- (s) no more than 5% of the aggregate Outstanding Principal Amount of all Mortgage Receivables relate to an Interest Only Loan that is not a Reconstitution Loan..

2. PURCHASE PRICE

The purchase price for each sale of Mortgage Receivables consists of an initial purchase price (the **Initial Purchase Price**), which is payable on the relevant Mortgage Purchase Date and the sum of all relevant Deferred Purchase Price Instalments. In respect of New Mortgage Receivables the Initial Purchase Price is equal to the aggregate Outstanding Principal Amount in respect of the New Mortgage Receivables on the cut-off day set out in the Agreement of Sale and Assignment. A part of the relevant Initial Purchase Price equal to the aggregate Construction Amounts is withheld by the Issuer and credited to the Construction Account. The relevant Deferred Purchase Price is equal to the sum of all relevant Deferred Purchase Price Instalments and each relevant Deferred Purchase Price Instalment on any relevant Note Payment Date is equal to (A) prior to delivery of an Enforcement Notice, the positive difference, if any, between the Interest Available Amount as calculated on each Note Calculation Date and the sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under all items ranking above a Deferred Purchase Price Instalment or, as the case may be, (B) following delivery of an Enforcement Notice, the amount remaining after all the payments as set forth in the Priority of Payments upon Enforcement ranking above a Deferred Purchase Price Instalment on such date, have been made.

3. REPRESENTATIONS AND WARRANTIES

Each Seller represents and warrants on the relevant Mortgage Purchase Date with respect to the Mortgage Receivables that it sells and assigns to the Issuer on such date (the **Relevant Mortgage Receivables**) and the Related Security relating thereto and the Mortgage Loans from which such Mortgage Receivables result (the **Relevant Mortgage Loan**), *inter alia*, that:

(a) Valid existence – Mortgage Loan Characteristics

- (i) The Mortgage Receivables and Related Security exist and are valid, legally binding and enforceable obligations of the relevant Borrowers, or as the case may be, the relevant Insurance Company or third party provider of the Related Security.
- (ii) The Mortgage Loans are granted with respect to Real Estate.
- (iii) Each Mortgage Loan was granted by the Seller or, as the case may be, another Originator as its legal predecessor as the original lender as a loan secured by a Mortgaged Asset and, in the latter case, acquired by the Seller as a true sale and in accordance with the then prevailing credit policies of the original lender.
- (iv) The Mortgage Loans are either Annuity Mortgage Loans, Linear Mortgage Loans, Interest-only Mortgage Loans or Reconstitution Loans.

(b) Governing legislation

- (i) Each Mortgage Loan and relating Related Security is governed by Belgian law and no Mortgage Loan or relating Mortgage and Mortgage Mandate expressly provides for the jurisdiction of any court or arbitral tribunal other than Belgian courts or tribunals.

- (ii) Each Mortgage Loan is either subject to Royal Decree 225 or to the Mortgage Credit Act.
 - (iii) Each Mortgage Loan and relating Mortgage and Mortgage Mandate originated after 1 January 1995 complies in all material respects with the requirements of the Mortgage Credit Act and implementing regulations; each Mortgage Loan, Mortgage and Mortgage Mandate originated before 1 January 1995 and after 1 January 1993, complies in all material respects with the requirements of either the Mortgage Credit Act and implementing regulations or with the Royal Decree 225; and each Mortgage Loan, Mortgage and Mortgage Mandate originated before 1 January 1993, complies in all material respects with the requirements of the Royal Decree 225.
 - (iv) All Standard Loan Documentation has been duly and timely submitted to the CDV, the CBFA or the FSMA (as applicable) in accordance with the relevant provisions in Royal Decree 225 and the Mortgage Credit Act.
 - (v) The Act of 12 June 1991 on consumer credit loans does not apply to any of the Mortgage Loans.
- (c) Free from third-party rights**
- (i) Each Mortgage Loan has been granted by the Seller for its own account or if applicable, by the relevant Originator.
 - (ii) The Seller has exclusive, good and marketable title to and has the absolute property right over each Mortgage Loan and Mortgage Receivable and the other rights, interests and entitlements sold pursuant to the Mortgage Receivables Purchase Agreement.
 - (iii) The Mortgage Loans, the Mortgage Receivables and Related Security are free and clear of any encumbrances, liens, charges, pledges, pre-emption rights, options or other rights or security interests of any nature whatsoever in favour of, or claims of, third parties, and of any attachments (*derdenbeslag / saisie-arrêt*).
 - (iv) The Seller has not assigned, transferred, pledged, disposed of, dealt with or otherwise created or allowed to arise or subsist any security interest or other adverse right or interest in respect of its right, title, interest and benefit in or to any of the Mortgage Loans, Mortgage Receivables or Related Security and of the rights relating thereto or any of the property, rights, titles, interests or benefits sold or assigned pursuant to the Mortgage Receivables Purchase Agreement or pledged pursuant to the Pledge Agreement, in any way whatsoever other than pursuant to the Mortgage Receivables Purchase Agreement or the Pledge Agreement.
 - (v) The Mortgage Loans can be easily segregated and identified for ownership and collateral security purposes.
 - (vi) With respect to any Mortgage Receivables arising under Joint Loan Agreements, on their Mortgage Purchase Date no loans or advances are outstanding under such Joint Loan Agreement that have been funded by AG Insurance (formerly Fortis Insurance Belgium NV/SA).

- (vii) Each Mortgage Receivable arising under a Joint Loan Agreement has been funded exclusively by the Seller (or Originators that are its predecessors) and is exclusively owing to the Seller.

(d) Ranking

Each Mortgage Receivable is secured by:

- (i) a first ranking Mortgage, or, as the case may be, a first and sequentially lower ranking Mortgage; or
- (ii) a mandate to create such Mortgages; or
- (iii) a combination of (i) and (ii),

over the Mortgaged Assets.

(e) Fully disbursed Mortgage Loans

Other than the aggregate Construction Amounts under Construction Loans, the proceeds of each Mortgage Loan (including any brokers fees) have been fully disbursed and the Seller has no further obligation to make further disbursement relating to the Mortgage Loan.

(f) No set-off or other defense

- (i) None of the Mortgage Loans and Related Security is subject to any reduction resulting from any valid and enforceable *exceptie / exception* or *verweermiddel / moyen de défense* (including *schuldvergelijking / compensation*) available to the relevant Borrower, Insurance Company or third party provider of Related Security and arising from any act or omission on the part of, or event or circumstance attributable to, the Seller prior to the execution of the Mortgage Receivables Purchase Agreement (except any *exceptie / exception* or *verweermiddel / moyen de défense* based on the provisions of Article 1244, paragraph 2 of the Belgian Civil Code or the provisions of Belgian insolvency laws).
- (ii) No pledge, lien or counterclaim (except commercial discounts as applicable) 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 to reduce the amount of any payment otherwise due under its Mortgage Loan.

(g) No subordination

The Seller has not entered into any agreement, which would have the effect of subordinating the right to the payment of any of the Mortgage Loans to any other indebtedness or other obligations of the Borrower thereof.

(h) No limited recourse

The Seller has not entered into any agreement, which would have the effect of limiting the rights in respect of the Mortgage Loan to any assets of the Borrower for the payment thereof.

(i) No abstraction

- (i) No bills of exchange or promissory notes have been issued or subscribed in connection with any amounts owing under any Mortgage Loan.
- (ii) In respect of each Credit Facility which was initially available in the form of the discounting of bills of exchange or promissory notes, all bills of exchange and promissory notes issued in respect thereof have been cancelled and the contractual terms of such Credit Facility has been expressly or implicitly amended to reduce the availability of the facility to loans and advances of any of the types described in Description of the Mortgage Loans – Mortgage Loans – Types of Loans.

(j) Performing loan

- (i) Except for any arrears referred to in paragraph (ii) below, no event has occurred and has not been cured prior to the Programme Closing Date, entitling the Seller to accelerate the repayment of such Mortgage Loan.
- (ii) On the relevant sale date, no Mortgage Loan is in arrears for more than 60 days.
- (iii) No notice of prepayment of all or any part of the Mortgage Loan has been received by the Seller.

(k) Litigation

The Seller has not received written notice of any litigation or claim calling into question in any material way the Seller's title to any Mortgage Loan or Related Security.

(l) Insolvency

The Seller has not received written notice, nor is otherwise aware, that any Borrower is bankrupt, has entered into or has filed for a rescheduling or repayments (*betalingsfaciliteiten / facilités de paiements*), a judicial composition (*gerechtelijk akkoord / concordat judiciaire*) or a moratorium (*uitstel van betaling / sursis de paiement*) or a judicial reorganisation (*gerechtelijke reorganisatie / reorganisation judiciaire*), or has applied for a collective reorganisation of its debts (*collectieve schuldenregeling/règlement collectif de dettes*) pursuant to the law of 5 July 1998, or is in a situation of cessation of payments or has otherwise become insolvent nor has the Seller any reason to believe that any Borrower is about to enter into, or to file for, any of the above situations or procedures.

(m) Incapacity

The Seller has not received notice of the death or any other incapacity of any Borrower.

(n) No Withholding Tax

Neither the Seller nor the Borrower is required to make any withholding or deduction for or on account of tax in respect of any payment in respect of the Mortgage Loans.

(o) Assignability of the Mortgage Receivables

- (i) Each Mortgage Receivable, secured by the Related Security, may be validly assigned to the Issuer and each Mortgage Receivable may be validly pledged by the Issuer in accordance with the Pledge Agreement.
- (ii) Each Mortgage Receivable, secured by Related Security, is legally entitled of being transferred by way of sale, and their transfer by way of sale is not subject to any contractual or legal restriction, other than the notification to the Borrower.
- (iii) No sale of a Mortgage Receivable in the manner herein contemplated will be recharacterised as any other type of transaction and the sale of all Mortgage Receivables will be effective to pass to the Issuer full and unencumbered title thereto and benefit thereof, and no further act, condition or thing will be required to be done in connection therewith to enable the Issuer to require payment of each Mortgage Receivable or the enforcement of each Mortgage Receivable in any court other than the giving of notice to the Borrower of the sale of such Mortgage Receivable by the Seller to the Issuer.
- (iv) Upon the sale of any Mortgage Receivables such Mortgage Receivables will no longer be available to the creditors of the Seller on its liquidation.

(p) Valid Mortgage

- (i) Each Mortgage exists and constitutes, a valid and subsisting mortgage over the relevant Mortgaged Asset.
- (ii) Each Mortgage which has been registered at the relevant Mortgage Registrar, is first ranking over any other mortgage or security interest attached to any Mortgaged Asset, save in case the Seller also has all prior ranking Mortgage(s) and such Mortgage(s) is/are also transferred to the Issuer.
- (iii) No other mortgage or security interest attaches to any Mortgaged Asset other than any (a) mortgages and liens which apply to the Mortgaged Asset by operation of law, (b) higher ranking mortgages as envisaged in paragraph (q) (ii) above and (c) any lower ranking mortgages, liens, encumbrances or claims.
- (iv) All steps necessary with a view to perfecting the Seller's title to each Mortgage were duly taken at the appropriate time or are in the process of being taken without undue delay on the part of the Seller and those within its control.
- (v) As at the date of origination of the Mortgage Loan the immovable property over which such Mortgage has been granted existed or was under construction and the Seller has received no notice nor has it any reason to believe that it does not exist.
- (vi) Subject to (v) above, each Mortgage Receivable is secured on and each Mortgage relating thereto relates to a Mortgaged Asset situated in Belgium for residential use by the Borrowers.

(q) Mortgage Mandate

In respect of a Mortgage Mandate, the Originator and the Borrower or the third party granting the Mortgage Mandate did not agree to limit the power of the attorney to create a Mortgage in favour an assignee of the Originator such as the Issuer.

(r) Valid Hazard Insurance Policies

Under the current Standard Loan Documentation the Borrowers are required to have the relevant Mortgaged Asset adequately insured under a home owners' hazard insurance policy against all risks usually covered by a comprehensive hazard insurance policy.

(s) Valid Life Insurance Policy

In accordance with the current Credit Policies each Originator has as a reasonably prudent lender required from most Borrowers to insure the Mortgage Loans under a Life Insurance Policy executed as collateral security to the Originator for each such Mortgage Loan or, in relation to which the Originator is mentioned as loss payee.

(t) Other Insurance Aspects

- (i) All Life Insurance Policies qualify as life insurance policies under branche 21 or branche 23 of the Insurance Act.
- (ii) Each Reconstitution Insurance Policy serves exclusively to secure payment of the relevant Mortgage Receivable and no other debt or loan owing to the Seller or any third party.
- (iii) The Borrower has not transferred rights to any of the Life Insurance Policies to any other creditor or to the Seller for any other purpose.
- (iv) In respect of all Mortgage Receivables arising under Reconstitution Loans sold to the Issuer on the Programme Closing Date, the Reconstitution Insurance Policy has been taken out with AG Insurance (formerly Fortis Insurance Belgium NV/SA).
- (v) In respect of each Mortgage Receivable, the Seller (directly or as successor of the relevant Originator) has been duly conferred the rights to the proceeds of the Reconstitution Insurance Policies and such transfer is effective against the Insurance Companies and third party creditors of the Borrower.
- (vi) All Life Insurance Policies have been taken out with duly licensed Belgian insurance companies.

(u) Related Security

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

(v) The Mortgaged Assets

- (i) Prior to providing a Mortgage Loan to a Borrower, the Seller instructed the public notary to conduct a search on origin and validity of the Borrower's title to the Mortgaged Asset and such search:
 - (A) did not disclose anything material which would cause the Seller, acting reasonably, not to proceed with the Mortgage Loan on the proposed terms;
 - (B) did disclose that the Borrower or a third party provider of Related Security had the exclusive, absolute and unencumbered title over the Mortgaged Asset; and

- (C) did not disclose any tax liabilities, registrations, annotations or transcriptions or deficiencies in the title of property which may substantially 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.
- (ii) The public notary has not been dispensed from any of its responsibilities and/or liabilities in relation to any Mortgage Loan, Mortgage and Mortgage Mandate.
- (iii) None of the Mortgages and Mortgage Mandates has been created over a part in an undivided property, a collective property (*mede-eigendom / copropriété*) or a property which has been purchased pursuant to a purchase agreement which results in an effective tontine or a similar arrangement, except
 - (A) in case there is another first-ranking Mortgage relating to the same Borrower that meets all representations and warranties set out herein; or
 - (B) in case of a tontine or a similar arrangement;
 - (I) each of the Borrowers under the same Mortgage Loan has granted the relevant Mortgage with respect to all their present and future rights in respect of the Mortgaged Asset; and
 - (II) such Mortgage is still in full force and effect for each such Borrower.
- (iv) The Seller has not received any notice requiring the compulsory acquisition (*onteigening / expropriation*) of such Mortgaged Asset.

(w) The Seller's compliance with laws

The Seller has, in relation to the origination, the servicing and the assignment of the Mortgage Loans and Mortgage Receivables, complied in all material respects with all relevant banking, consumer protection, privacy, money laundering and other laws.

(x) Servicing

No other person has been granted or conveyed the right to service any Mortgage Loan and/or to receive any consideration in connection therewith, unless agreed otherwise between the parties hereto.

(y) Selection process

The Seller has not taken any action in selecting the Mortgage Loans which, to the Seller's knowledge, would result in delinquencies or losses on the Mortgage Loans being materially in excess of the average delinquencies or losses on the Seller's total portfolio of loans of the same type.

(z) Originating and Standard Loan Documentation

- (i) Prior to making each Mortgage Loan the Seller carried out or caused to be carried out all investigations, searches and other actions and made such enquiries as to the Borrower's status and obtained such consents (if any) as would a reasonably prudent lender and nothing which would cause any such a lender to decline to proceed with the initial loan on the proposed terms was disclosed.
- (ii) Prior to making each Mortgage Loan, the Seller's lending criteria laid down in the Credit Policies or, as the case may be, the lending criteria of the Seller applicable at the time or the lending criteria of the relevant original lender, were satisfied so far as applicable subject to such waivers as might be exercised by a reasonably prudent mortgage lender.
- (iii) Each Mortgage Loan has been granted and each of the Related Security has been created, subject to the general terms and conditions and materially in the forms of the Standard Loan Documentation (so far as applicable) and any amendment to the terms of the Mortgage Loans has been made substantially in accordance with the Credit Policies or the then prevailing credit policies of the Seller or the original lender.
- (iv) No Mortgage Loan has been granted to a Borrower that at the time the Mortgage Loan was granted was registered in the Negative Database.

(aa) Proper Accounts and Records

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

(bb) Data protection and privacy laws

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

(cc) Financial Criteria

- (i) On the relevant sale date, the Outstanding Principal Amount of the Mortgage Receivables related to a Borrower is not more than EUR 2,000,000.
- (ii) Each Mortgage Receivable, except Mortgage Receivables under Interest-only Mortgage Loans, is repayable by way of monthly or quarterly or semi-annual Instalments.
- (iii) Each Mortgage Receivable is denominated exclusively in euro (this includes Mortgage Loans historically denominated in Belgian frank).
- (iv) On the relevant sale date, no Mortgage Receivable is a Disputed Mortgage Receivable.
- (v) No Mortgage Receivable has an initial maturity in excess of 40 years.
- (vi) The Total Coverage Ratio in respect of each Borrower is at least 100%.

- (vii) The Outstanding Principal Amount of the Mortgage Receivables related to a Borrower, divided by the market value of the relevant Mortgaged Assets (the **LTV Ratio**) does not exceed 110 per cent.
- (viii) In respect of each Mortgage Loan that is not a Resetable Mortgage Loan, the rate of interest payable by the Borrower is not lower than 2% per annum.

(dd) Specific Mortgage Loan information

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

4. ELIGIBILITY CRITERIA

All representations and warranties other than those relating to the Seller, are being considered to constitute the eligibility criteria relating to the Mortgage Loans or, as the case may be, the Mortgage Receivables (the **Eligibility Criteria**). The Eligibility Criteria pertain to the Mortgage Receivables and Mortgage Loans on the relevant Mortgage Purchase Date.

5. REPURCHASE

Under the Mortgage Receivables Purchase Agreement the Seller is obliged to repurchase and accept re-assignment of a Mortgage Receivable:

- (a) if any of the representations and warranties given by the Seller in respect of such Relevant Mortgage Receivables or the relevant Mortgage Loan is untrue or incorrect, and the Seller has not within fourteen (14) days of receipt of written notice thereof from the Issuer or the Security Agent remedied the matter, on or before the Monthly Payment Date following the day on which the remedy period ends; and
- (b) if the Seller agrees with a Borrower to amend the terms of the Relevant Mortgage Loan as a result of which the Mortgage Loan no longer meets the Eligibility Criteria and the representations and warranties given in the Mortgage Receivables Purchase Agreement (the **Mortgage Loan Amendment**), on or before the Monthly Payment Date immediately following such agreement.

The purchase price in case of a repurchase by the Seller of a Mortgage Receivable in the event described under (a), is equal to the **Outstanding Principal Amount** (which means with respect to a Mortgage Receivable the aggregate principal sum due by the relevant Borrower under the relevant Mortgage Receivable and, other than in case of repurchase, after the occurrence of a Realised Loss in respect of such Mortgage Receivable, zero) of the relevant Mortgage Receivable together with interest and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) accrued up to but excluding the date of purchase and assignment of the relevant Mortgage Receivable.

In the event of a repurchase as a result of (b) above, the same purchase price is applicable as described as under (a) above, minus the Loan Loss Reserve related to the Relevant Mortgage Receivable.

In case and for so long as the Seller is rated below Baa3 by Moody's, the purchase price for any Mortgage Receivable repurchased by the Seller as a result of (a) or (b) above and paid to the Issuer will as of such date be used by the Issuer to fund a reserve on its accounts and will not be included as Principal Available Amount and/or Interest Available Amount until the

expiration of a 6 month period starting on the repurchase date of the relevant repurchased Mortgage Receivables. An amount corresponding to the purchase price of a repurchased Mortgage Receivable so reserved will only become available for inclusion in the Principal Available Amount and/or the Interest Available Amount and shall no longer have to be taken into account for the purposes of the level of such reserve referred to above upon the expiration of the 6 month period starting on the repurchase date of the relevant Mortgage Receivable provided that (i) if in the meantime insolvency proceedings were started in relation to the Seller, the amount corresponding to the purchase price of the repurchased Mortgage Receivable so reserved shall remain reserved in the accounts of the Issuer until such repurchase is no longer open for challenge by the bankruptcy trustee of the Seller and the risk of such repurchase being held ineffective against the bankrupt estate of the Seller can no longer materialise and (ii) any amounts relating to any repurchase so reserved may again be included as Principal Available Amount and/or Interest Available Amount as soon as the Seller is rated at least Baa3 by Moody's.

6. ASSIGNMENT NOTIFICATION EVENTS

If:

- (a) a default is made by the Seller in the payment on the due date of any amount due and payable by it under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and such failure is not remedied within ten (10) Business Days after notice thereof has been given by the Issuer or the Security Agent to such Seller; or
- (b) the Seller fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any other Relevant Document to which it is a party and if such failure, capable of being remedied, is not remedied within ten (10) Business Days after having knowledge of such failure or notice thereof has been given by such Issuer or the Security Agent to such Seller; or
- (c) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement, other than the representations and warranties made in respect of the Relevant Mortgage Loans and the Relevant Mortgage Receivables (which the Seller consequently repurchases), or under any of the other Relevant Documents to which it is a party or if any notice or other document, certificate or statement delivered by it pursuant hereto proves to have been, and continues to be after the expiration of any applicable grace period provided for in any Relevant Document, untrue or incorrect in any material respect; or
- (d) the Seller takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution (*ontbinding/dissolution*) and liquidation (*vereffening/liquidation*) involving such Seller or any of its assets are placed under administration (*onder bewind gesteld/placé sous administration*); or
- (e) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations (*saneringsmaatregel/mesure d'assainissement*) as referred to in article 3, §1, 8° of the Credit Institutions Supervision Act, or, as applicable, in article 2, §6, 14° of the Insurance Supervision Act as amended from time to time, or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or

- (f) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations hereunder or under any Relevant Document to which it is a party; or
- (g) the Seller has given materially incorrect information or not given material information which was essential for the Issuer and the Security Agent in connection with the entering into the Mortgage Receivables Purchase Agreement and/or any of the Relevant Documents; or
- (h) a Pledge Notification Event occurs; or
- (i) the credit rating of the Seller's long term, unsecured, unsubordinated and unguaranteed debt obligations falls below BBB by Fitch or such rating is withdrawn; or
- (j) the credit rating of the Seller's long term, unsecured, unsubordinated and unguaranteed debt obligations falls below Baa3 by Moody's or such rating is withdrawn,

(each an **Assignment Notification Event**)

then the Seller shall, unless the Security Agent instructs the Seller otherwise (in which case it shall notify the Rating Agencies in advance of its instruction to do so), forthwith notify or ensure that the relevant Borrowers and any other relevant parties indicated by the Issuer and/or the Security Agent are forthwith notified of the assignment of the Mortgage Receivables or, at its option, the Issuer shall be entitled to make such notifications itself..

Unless instructed by the Security Agent not to give such notice, if the Seller and the Issuer fail to give such notice the Security Agent shall (at the expense of the Seller) be entitled to give such notice(s).

7. JOINTLY HELD RELATED SECURITY AND CREDIT FACILITIES

Where Mortgage Receivables have been originated using an All Sums Mortgage and/or a Credit Facility, the Seller shall, following the sale and purchase of the Relevant Mortgage Receivables continue to have rights to such Mortgages (and other Related Security) and/or under the relevant Credit Facilities (see Section 3 (*Risk Factors*), 1.4 (*All Sums Mortgages and Credit Facilities*)).

With respect to Relevant Mortgage Receivables originated under loan agreements or Credit Facilities entered into by both BNP Paribas Fortis SA/NV (or its legal predecessors) and AG Insurance (formerly Fortis Insurance Belgium NV/SA) (or its legal predecessors), as joint and several lenders (*actief hoofdelijke schuldeiser/créanciers solidaires*), AG Insurance (formerly Fortis Insurance Belgium NV/SA) will

- (a) irrevocably and with effect as from the relevant Mortgage Purchase Date waive in favour of the Issuer all its rights as joint and several lender to the extent these relate to those Mortgage Loans and Mortgage Receivables actually funded by BNP Paribas Fortis SA/NV and to the Related Security to the extent related to such Mortgage Loans and to the extent not waived transfer such rights to the Issuer; and
- (b) irrevocably and unconditionally waive (*verzaken/renoncer*) in favour of the Issuer all of its rights under or to all such Mortgages that relate to Mortgage Receivables arising under Joint Loan Agreements to the extent such rights relate to any loans or other debts or obligations that exist at the time of the transfer of the Mortgage Receivables held by the Issuer.

In addition, the Seller and AG Insurance (formerly Fortis Insurance Belgium NV/SA) will under or pursuant to the Mortgage Receivables Purchase Agreement agree to certain covenants and undertakings with the Pool Servicer and the Issuer in order to co-ordinate and safeguard the exercise of the respective rights each of them derives under the Credit Facilities, the Mortgages and other Related Security.

8. RISK MITIGATION DEPOSIT

In case, and for as long as any of the Class A Notes or any Notes of the other rated Classes are outstanding, a Seller Downgrade Event occurs, the Seller shall within 30 calendar days following the occurrence of such Seller Downgrade Event, credit to a bank account to be held in the name of the Issuer with a third party account bank having the GIC Provider Required Rating (the “**Deposit Account**”) an amount equal to (or ensure that the balance of the Deposit Account is increased up to) the Risk Mitigation Deposit Amount.

The “**Risk Mitigation Deposit Amount**” shall be determined by the Administrator as follows:

- (a) upon the first occurrence of a Seller Downgrade Event, the Risk Mitigation Deposit Amount shall be an amount equal to three times the next instalment payable under each Mortgage Loan immediately following the occurrence of the Seller Downgrade Event;
- (b) on the first calendar day of each month following the month in which the Seller Downgrade Event occurred (the “**Adjustment Date**”) and provided no Assignment Notification Event has occurred, the Risk Mitigation Deposit Amount shall be adjusted and be an amount equal to three times the next instalment payable under each Mortgage Loan immediately following the Adjustment Date;

To the extent the balance on the Deposit Account exceeds the Risk Mitigation Deposit Amount calculated on the Adjustment Date, the Administrator will immediately (and in any event no later than on the Collection Payment Date following the Adjustment Date) release the amount in excess to the Seller. To the extent the balance on the Deposit Account is less than the Risk Mitigation Deposit Amount calculated on the Adjustment Date, the Administrator will notify the Seller thereof and the Seller will immediately (and in any event no later than on the Collection Payment Date following the notification of the adjusted Risk Mitigation Deposit Amount by the Administrator) credit such shortfall to the Deposit Account;

- (c) as from the time an Assignment Notification Event has occurred, the Risk Mitigation Deposit Amount will become fixed (the “**Risk Mitigation Deposit Target Amount**”) and may no longer be adjusted in accordance with paragraph (b) above. Furthermore, as from the time an Assignment Notification Event has occurred, the Risk Mitigation Deposit Amount may no longer be released (other than to the Issuer for the purposes of covering Commingling Risk, Set-off Risk and/or Liquidity Shortfall Risk) unless the Class A Notes and the Notes of the other rated Classes have been fully and finally repaid. To the extent following the release of any amounts from the Deposit Account (unless in the event of a release following full and final repayment of the Class A Notes and of the Notes of the other rated Classes), the balance on the Deposit Account falls below the Risk Mitigation Deposit Target Amount, such shortfall in the Deposit Account shall be replenished on any succeeding Interest Payment Date as item (n) of the Interest Priority of Payments.

The funds credited to the Deposit Account will not be included as Interest Available Amount and/or Principal Available Amount and will not form part of the Priority of Payments, unless if used for the purposes of covering Commingling Risk, Set-off Risk and/or Liquidity Shortfall

Risk in which case the Issuer will be required to add such funds to the Interest Available Amount and/or Principal Available Amount, as the case may be. The Risk Mitigation Deposit Amount will not serve as general credit enhancement to the Issuer.

The funds credited to the Deposit Account may only be applied by the Issuer for the purpose of:

- (a) indemnifying the Issuer against any losses of the Issuer resulting from the fact that following an insolvency of the Seller the recourse the Issuer would have against the Seller for amounts paid into the accounts held with the Seller at such time would be an unsecured claim against the insolvent estate of the Seller for moneys due at such time (“**Commingling Risk**”); or
- (b) indemnifying the Issuer against 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 Relevant Documents (“**Set-off Risk**”); or
- (c) covering any liquidity shortfall (for the avoidance of doubt, after application of any funds available in the Reserve Account) that would result for the Issuer from the Interest Available Amount on a Note Payment date being below the level required to meet items (a), (b), (c), (d), (e), (g), (i), (k) and (m) of the Interest Priority of Payments (“**Liquidity Shortfall Risk**”).

In such event, the Issuer (or the Administrator on behalf of the Issuer) will transfer the relevant amounts from the Deposit Account to the Issuer Collection Account or, following the service of an Enforcement Notice, to the Security Account.

Unless applied for the purposes of covering Commingling Risk, Set-off Risk and/or Liquidity Shortfall Risk, the funds credited to the Deposit Account shall remain credited to the Deposit Account until (the earlier of):

- (a) the Seller no longer being subject to any Seller Downgrade Event; or
- (b) a full and final repayment of the Class A Notes and all Notes of the other rated Classes on the Final Maturity Date (or such other date upon which the Class A Notes and all Notes of the other rated Classes are to be redeemed in full).

If any of the above conditions under (a) or (b) is fulfilled, the Administrator will immediately release the funds credited to the Deposit Account to the Seller (including, for the avoidance of doubt, any amounts as might be credited to this Deposit Account at a later date).

The Risk Mitigation Deposit Amount as determined by the Administrator for each first calendar day of the month following the occurrence of a Seller Downgrade Event (and as long as the Seller Downgrade Event continues) will be reported by the Administrator in the Quarterly Investor Report.

SECTION 17

SERVICING AGREEMENT

1. SERVICES

In the Servicing Agreement the Pool Servicer has agreed to provide administration and management services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables and the transfer of such amounts on a monthly basis to the Issuer Collection Account (see also Section 10 (*Credit Structure*), 2 (*Cash Collection Arrangements*)) and the implementation of arrear procedures including the enforcement of mortgage rights (see further Section 14 (*Mortgage Loan Underwriting and Servicing*)). The Pool Servicer is obliged to administer the Mortgage Loans and the Mortgage Receivables at the same level of skill, care and diligence as mortgage loans in its own or, as the case may be, the Seller's portfolio. In the Servicing Agreement, the Issuer (assisted by the Pool Servicer) further undertakes to use its best efforts to appoint a back-up pool servicer if at any time the long-term, unsecured, unsubordinated and unguaranteed debt obligations of the Pool Servicer would be assigned a rating of less than Baa3 by Moody's.

The Administrator has in the Servicing Agreement agreed to provide certain administration, calculation and cash management services to the Issuer, including, without limitation, (a) the direction of amounts to be received from the Pool Servicer to the relevant Issuer Collection Account and the production of monthly and quarterly reports in relation thereto and the distribution of such reports to the relevant parties, (b) drawings (if any) to be made by the Issuer from the Reserve Account, (c) if applicable, all payments to be made by the Issuer under each Currency Swap Agreement, (d) all payments to be made by the Issuer under the Interest Swap Agreement, (e) all payments to be made by the Issuer under the Notes in accordance with the Domiciliary Agency Agreement and the Conditions, (f) the maintaining of data for all required ledgers in connection with the above and (g) all calculations to be made pursuant to the Conditions under the Notes.

2. TERMINATION

The Servicing Agreement may *inter alia* be terminated (in respect of the relevant party) by the Security Agent or the Issuer (with the consent of the Security Agent) in certain circumstances, including (a) a default by the Pool Servicer or the Administrator in the payment on the due date of any payment due and payable by it under the Servicing Agreement, (b) a default by the Pool Servicer or the Administrator in the performance or observance of any of its other covenants and obligations under the Servicing Agreement or (c) the Pool Servicer or the Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations (*saneringsmaatregel/mesure d'assainissement*) as referred to in article 3, §1, 8° of the Credit Institutions Supervision Act, or, as applicable, in article 2, §6, 14° of the Insurance Supervision Act as amended from time to time, or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets.

After termination of the Servicing Agreement, the Security Agent and the Issuer shall use their best efforts to appoint a substitute administrator or substitute pool servicer and such substitute administrator or substitute pool servicer shall enter into an agreement with the Issuer and the Security Agent substantially on the terms of the Servicing Agreement, provided that such substitute administrator or substitute pool servicer shall have the benefit of a servicing fee and

an administration fee at a level to be then determined. Upon first request of the Issuer and as long as no substitute back-up pool servicer has been appointed, BNP Paribas Fortis SA/NV will assume the role of substitute pool servicer substantially on the terms of this Agreement. Upon first request of the Issuer and as long as no substitute back-up administrator has been appointed, BNP Paribas Fortis SA/NV will as back-up administrator, assume the role of substitute administrator substantially on the terms of this Agreement. Any such substitute pool servicer must have experience of administering mortgage loans and mortgages of residential property in Belgium. The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Secured Parties in accordance with the Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Agent.

The Servicing Agreement may be terminated by the Pool Servicer in respect of it or by the Administrator in respect of it and by the Issuer in respect of the Pool Servicer and/or the Administrator, upon the expiry of not less than 12 months' notice of termination given by the Pool Servicer and/or the Administrator to each of the Issuer and the Security Agent, or by the Issuer to the Pool Servicer and/or the Administrator, as the case may be, and the Security Agent, provided that - *inter alia* - (a) the Security Agent consents in writing to such termination and (b) a substitute pool servicer or a substitute administrator, as the case may be, shall be appointed, such appointment to be effective not later than the date of termination of the Servicing Agreement and the Pool Servicer or the Administrator shall not be released from its obligations under the Servicing Agreement until such substitute pool servicer or substitute administrator has entered into such new agreement.

SECTION 18

THE ISSUER

1. NAME AND STATUS

- 1.1 The Issuer is a public limited liability company (*naamloze vennootschap / société anonyme*) incorporated under the name Bass Master Issuer NV/SA, *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge* in accordance with the UCITS Act.
- 1.2 Its registered office is at Louizalaan 486, 1050 Brussels, Belgium and it is registered with the Crossroad Bank for Enterprises under 0898.307.694 and its telephone number is +31 20 577 1177.
- 1.3 The Issuer is subject to the rules applicable to *institutionele vennootschappen voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelles de droit belge* as set out in the UCITS Act. It has been duly registered with the Belgian Federal Public Service Finance (*Federale Overheidsdienst Financiën / Services Public Fédéral Finances*) (the **Belgian Federal Public Service Finance**) on 10 June 2008 as an *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge*. This registration cannot be considered a judgement as to the quality of the transaction, nor on the situation or prospects of the Issuer.
- 1.4 The Issuer is a public company within the meaning of article 438 of the Company Code.
- 1.5 The Issuer has been licensed by the FSMA (formerly the CBFA) on 10 June 2008 as a mortgage loan institution in accordance with article 43 of the Mortgage Credit Act.

2. INCORPORATION

- 2.1 The Issuer was incorporated on 2 June 2008 for an unlimited period of time.
- 2.2 A copy of the by-laws of the Issuer are available together with this Base 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 Mortgage Receivables and to enter into and perform its obligations under the Relevant Documents.
- 2.3 The founders of the Issuer are Stichting Holding Bass and Genfinance International NV.

3. SHARE CAPITAL AND SHAREHOLDING

- 3.1 The Issuer has a total issued share capital of EUR 62,000, which is divided into 62,000 ordinary registered shares, each fully paid-up, without fixed nominal value. It does not have any authorised capital which is not fully paid up.
- 3.2 Sixty one thousand nine hundred (61,900) of the shares of the Issuer are owned by Stichting Holding Bass. One hundred (100) shares are owned by Genfinance International NV. Stichting Holding Bass is a foundation (*stichting/fondation*) incorporated under the laws of Belgium on 15 May 2008. The objects of Stichting Holding Bass are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer and comparable companies and to exercise all rights attached to such shares and to dispose of and encumber such shares.
- 3.3 The directors of Stichting Holding Bass are:

- (a) Johan Dejans, resident at 58, Rue de la Victoire, L-8047 Strassen, Grand-Duchy of Luxembourg, national register number 661117 323 48;
- (b) ATC Belgium BVBA (formerly BVBA Sterling Consult), registered with the Crossroads Bank for Enterprises under number 0861.696.827 (LPR Antwerp), with registered office at Lorkenlaan 30, 2180 Ekeren, Belgium having appointed as permanent representative Eliste Management BVBA, with registered office at Lorkenlaan 30, 2180 Ekeren, Belgium, registered with the Crossroads Bank for Enterprises under number 0817.555.590, having appointed as permanent representative Mr. Frank Husken, resident at Lorkenlaan 30, 2180 Ekeren, with bis-registernummer 67042854550; and
- (c) Dirk Peter Stolp, resident at 1181 PK Amstelveen (Nederland), Meester Sixlaan 32, with bis-registernummer 594310 015 67,

(the Holding Directors).

- 3.4 Each of the Holding Directors has entered into a management agreement with Stichting Holding Bass and the Security Agent pursuant to which the Holding Director agrees and undertakes to, *inter alia*, (i) do all that an adequate director should do or should refrain from doing, and (ii) refrain from taking certain actions (a) detrimental to the obligations of the Issuer under any of the Relevant Documents or (b) which it knows would or could reasonably result in a change to the ratings assigned to the Notes outstanding below the Minimum Ratings of the Notes or, if the ratings of the Notes are below the Minimum Ratings of the Notes, will adversely affect the then current ratings assigned to the Notes outstanding.
- 3.5 In addition each of the Holding Directors agrees in the relevant management agreement that it will not enter into any agreement in relation to the Issuer other than the Relevant Documents to which it is a party, without the prior written consent of the Security Agent and without the prior notification of the Rating Agencies thereof.

4. CORPORATE PURPOSE AND PERMITTED ACTIVITY

- 4.1 The corporate purpose of the Issuer as set out in article 3 of its Articles of Association consists exclusively in the collective investment of financial means, that are exclusively collected with institutional or professional investors for the purposes of Article 3, 3° of the UCITS Act, in receivables that are assigned to it by third parties.
- 4.2 The securities issued by the Issuer can only be acquired by those institutional or professional investors.
- 4.3 The Issuer may carry out all activities and take all measures that can contribute to the realisation of its corporate purpose, such as e.g., but not exclusively, to issue financial instruments whether or not negotiable, contract loans or credit agreements in order to finance its portfolio of receivables or to manage payment default risks on the receivables and pledge the receivables it holds in its portfolio and its other assets. The Issuer may hold additional or temporary term investment, liquidities and securities. The Issuer may purchase, issue or sell all sorts of financial instruments, purchase or sale options relating to financial instruments, interest instruments or currencies, as well as enter into swaps, interest swaps or term contracts relating to currencies or interest and negotiate options on such contracts, provided that the transaction serves to cover a risk linked to one or more assets on its balance sheet.
- 4.4 Outside the scope of the securitisation transactions carried out by it and outside the investments permitted by law, the Issuer may not hold any assets, enter into any agreements or engage in any other activities. It may not engage personnel.

- 4.5 Any amendment of the corporate purpose of the Issuer requires a special majority of 80 percent of the voting rights.

5. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

5.1 Board of Directors

The board of directors of the Issuer ensures the management of the Issuer. Pursuant to article 16 of its Articles of Association, the board consists of a minimum of 2 directors and a maximum of 5 directors. The Issuer's current board of directors consists of the following persons:

- (a) ATC Belgium BVBA (formerly BVBA Sterling Consult), registered with the Crossroads Bank for Enterprises under number 0861.696.827 (LPR Antwerp), with registered office at Lorkenlaan 30, 2180 Ekeren, Belgium having appointed as permanent representative Eliste Management BVBA, with registered office at Lorkenlaan 30, 2180 Ekeren, Belgium, registered with the Crossroads Bank for Enterprises under number 0817.555.590, having appointed as permanent representative Mr. Frank Husken, resident at Lorkenlaan 30, 2180 Ekeren, with bis-registernummer 67042854550; and
- (b) Dirk Peter Stolp, resident at 1181 PK Amstelveen (Nederland), Meester Sixlaan 32, with bis-registernummer 594310 015 67,

(the **Issuer Directors**).

The current term of office of the Issuer Directors has started at the time of incorporation of the Issuer and expires after the annual shareholders meeting to be held in 2019.

Companies of which ATC Belgium BVBA (formerly BVBA Sterling Consult) has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: private stichting Stichting Holding Bass, Belgian Lion NV, private stichting Stichting Holding Belgian Lion, Noor Funding NV, private stichting Stichting Holding Noor Funding, Private stichting Quantesse, Record Lion NV, private stichting Stichting Holding Record Lion, Penates Funding NV, private stichting Stichting Vesta, B-Arena NV, Loan Invest NV, Lion Adventure MMP NV, private stichting Gaaf Agfa Finco NV.

Companies of which Eliste Management BVBA has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: AF-Widehorn NV, AF-Advisors BVBA, A-Fortiori Group BV, ATC Belgium BVBA

Companies of which Franciscus Johannes Husken has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: Eliste Management BVBA, AF-Widehorn NV, AF-Advisors BVBA, A-Fortiori Group BV, ATC Belgium BVBA

Companies of which Dirk P. Stolp has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: Derdengelden ATC, Stichting, Algemeen Kantoor van Administratie te Amsterdam B.V., Amsterdamsch Trustee's Kantoor B.V., ATC Corporate Services (Netherlands) B.V., ATC Depository Services B.V., ATC Investments B.V., ATK, Stichting, Atruka B.V., Nederlandsche Trust-Maatschappij B.V., BXR Group B.V., Green Tower B.V., B-Arena N.V., BCR Finance B.V., Coniston CLO B.V., Credit Suisse Euro Senior Loan Fund (Netherlands) B.V. , Euro-Galaxy CLO B.V., Euro-Galaxy II CLO BV, Garda CLO 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. , Invesco

Mezzano B.V., Leoforos B.V. , Leveraged Finance Europe Capital V B.V., Loan Invest NV/SA, Purple Narcis Finance B.V., Alandes B.V., AGFA FinCo NV SA, BASS Master Issuer NV/SA, BASS, Stichting Holding, Bachelier, Stichting, Beleggersgiro DBnl, Stichting, Belgian Lion, Stichting Holding, Dalradian European CLO V B.V. , Dexia Secured Funding Belgium NV/SA, Euro-Galaxy III CLO B.V. , GAAF, Stichting, Leoforos B.V., Loan Investments B.V., Mercurius Funding N.V., Noor Funding N.V., Noor Funding, Stichting Holding, North Westerly CLO I B.V., North Westerly CLO II B.V., North Westerly CLO III B.V., Quantesse, Fondation privée, Record Lion, Stichting Holding, Renoir CDO B.V., Royal Street NV/SA, Vesta, Stichting, Windermere III CMBS B.V. , Adaltis (Holding) B.V., Advanced World Transport B.V., Aeronautical Participations Warehousing Foundation, STAK, Alliance Tire Group B.V., AMOV Europa B.V., AMOV Finance B.V., Andarton B.V., Argenta Nederland, N.V., ATC Capital Markets (Ireland) Limited, ATC Capital Markets (UK) Limited, ATC Corporate Services (UK) Limited, ATC Financial Services B.V., ATC Hypoport B.V., ATC Trust Company (London) Limited, ATC Trustees (UK) Limited, Bakery Finance, Stichting, Barclays (Netherlands) N.V., Barclays Investments (Netherlands) N.V. , Belgelectric Philippines B.V., BioChem Vaccines B.V. , BLT Depot Stichting, Bulgari Holding Europe B.V., Bulgari International Corporation (BIC) N.V., Burani Designer Holding 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., CBRE Global Investors Asia Holdings B.V., Cheniere International Investments, B.V., Cispadan Investment B.V., Coyote Europe Coöperatieve U.A, Czech and Slovak Property Fund B.V., DC Japan Holdings B.V., DC Metals Holdings B.V., DC MIT Holdings BV, DC Netherlands Holding BV, Deepwater B.V. , Dow Corning Korea Holdings B.V., Dow Corning Netherlands B.V., DP Acquisitions B.V., DP Coinvest B.V., Dresser-Rand International B.V., Edo Properties, Stichting, EGS Dutchco B.V., Electrabel Invest B.V. , EPL Acquisitions (Sub) N.V., EPL Acquisitions B.V., Erjaco B.V, Beheer- en Beleggingsmaatschappij, Erste GCIB Finance I B.V., Felding Finance B.V., FinanCell B.V., FN Cable Coöperatief U.A., Fresenius Finance II B.V., Friction Netherlands I B.V., Friction Netherlands II B.V., Galileo Global Education Dutchco B.V., GDF Suez Energy Asia, Turkey and Southern Africa BV, Gordon Holdings (Netherlands) B.V., Green Gas International B.V., GTS Dutchco BV, GTS II Dutchco B.V., HEMA B.V., Inven, Stichting, John Laing and Son B.V., Kazak Energo Invest B.V., Laing Projects B.V. , Leciva CZ a.s., Ledima B.V., Beheer- en Beleggingsmaatschappij, Lion / Mustard B.V., Lion Adventure B.V., Lion Adventure Coöperatief U.A., Lion Adventure Holding B.V., Lion/Hotel Dutch 1 B.V., MFO Strategic Global Investment B.V., MGIC Capital Funding B.V. , MGIC International Investment B.V. , Montequity B.V., Orchid Netherlands (No.1) B.V., Perforazioni Trevi Energie B.V., Primerofin B.V., RECP III Properties Dutch, Coöperatieve U.A., Rokin Corporate Services B.V., RPG Property B.V., RPGT (Netherlands) B.V. , Sodibo B.V., Beheer- en Beleggingsmij., Soilmec International B.V., South Pacific Investments BV, Stopper Finance B.V., Suez-Tractebel Energy Holdings Cooperatieve U.A., Tageplan B.V., Tanaud International B.V., Theis, STAK Continuïteit, TMG Holdings Coöperatief U.A, Tornier N.V., Tractebel Energia de Monterrey B.V., Tractebel Energia de Monterrey Holdings B.V., Tractebel Invest International B.V., Trevi Contractors B.V., TWMB Holdings B.V., Vaco B.V. , Valsana Beheer B.V., Warburg Pincus B.V., WP Cable XI B.V., WP Explora Holdings B.V., WP Holdings I B.V., WP Holdings III B.V., WP Holdings IV B.V., WP Holdings V B.V., WP Holdings VII B.V., WP Investments II B.V., WP Investments III B.V., WP IX Holdings B.V., WP Lexington Private Equity B.V., WP RE Holdings B.V., WP X Holdings B.V., WP XI Holdings B.V., APF I, Stichting Bewaarder Vastgoed Maatschap, APF III, Stichting Bewaarder Vastgoed CV, APF International Vastgoedfondsen, Stichting Bewaarder, APF V, Stichting Administratiekantoor Vastgoedfondsen, APF VI, Stichting Bewaarder Vastgoed Maatschap, APF VII, Stichting Bewaarder Vastgoed CV, APF VIII, Stichting Bewaarder, APF X, Stichting Bewaarder Vastgoed CV, APF XII, Stichting Bewaarder Vastgoed CV, Bewaarder Vastgoed Maatschap APF II, Stichting, Hypolan N.V., Optimix Beleggersgiro, Stichting, Quares Retail Fund,

Stichting Administratiekantoor, Vastgoed Akronned IV, Stichting, Enova International, J.P. Morgan Commodities Holdings IV B.V., RBS Sempra Commodities Cooperatief U.A., RBS Sempra Commodities Holdings I B.V., Sempra Energy Holdings III B.V., Sempra Energy Holdings IX B.V., Sempra Energy Holdings V B.V., Sempra Energy Holdings VI B.V., Sempra Energy Holdings VII B.V., Sempra Energy Holdings VIII B.V., Sempra Energy Holdings X B.V., Sempra Energy Holdings XI BV, Sempra Energy International Chile Holdings I B.V., Sempra Energy International Holdings N.V., Yarmoland B.V., Home Credit Finance 1 B.V., Home Credit Finance 2 B.V.,

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

5.2 Other administrative, management or supervisory bodies

The Issuer has no other administrative, management or supervisory bodies than the board of directors. The board of directors will delegate some of its management powers to the Administrator for the purpose of assisting it in the management of the affairs of the Issuer but it will retain overall responsibility for the management of the Issuer, in accordance with the UCITS Act. For more information about the Administrator, see Section 19 (*Related Party Transactions – Material Contracts*), 3 (*The Administrator*).

Following the enactment of the Belgian Act of 17 December 2008 on the installation of an audit committee within listed companies and financial institutions and the implementation thereof in the Company Code, the Issuer has in particular confirmed that no audit committee will be installed within its Board of Directors based on the exemption available to companies the only business activity of which is limited to the issuance of asset backed securities as provided for in Article 526bis §7 b) of the Company Code. Whereas the type and limited number of transactions effected within the context of the securitisation transaction entered into by the Issuer and the limitation of the Issuer's activities (see 4 (*Corporate Purpose and Permitted Activity*) above), should not result in complex financial reporting, the Issuer deems the installation of a separate audit committee within the Board of Directors not useful, also taken into account that the Board of Directors is only constituted of a limited number of professional directors.

5.3 Conflicts of interest

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

None of the Issuer or Stichting Holding have a conflict of interest with any of its directors with respect to the entering into the Relevant Documents.

5.4 Issuer Management Agreement

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

In addition each of the Issuer Directors agrees in the relevant Issuer Management Agreements that it will not enter into any agreement relating to the Issuer other than the Relevant Documents to which it is a party, without the prior written consent of the Security Agent. The Rating Agencies will be notified by the Issuer Directors in advance of the entering into of such other agreements..

6. SHAREHOLDERS' MEETING

- 6.1 The shareholders' meeting has the power to take decisions on matters for which it is competent pursuant to the Company Code. In addition, the Articles of Association provide that if as a result of a conflict of interest of one or more directors with respect to a decision to be taken by the board of directors of the Issuer, such decision cannot be validly taken due to the applicable legal provisions with respect to conflicts of interests in public companies, the matter will be submitted to the shareholders' meeting and the shareholders' meeting will have the power to appoint a direction *ad hoc* or to take a decision on such matter.
- 6.2 The annual shareholders' meeting will be held each year on the last Business Day of the month of May at 2.00 pm (Central European Time) at the registered office of the Issuer. The shareholders' meetings are held at the Issuer's registered office. A general meeting may be convened at any time and must be convened whenever this is requested by shareholders representing 20 per cent of the share capital.
- 6.3 Shareholders' meetings are convened upon convening notice of the board of directors (or the auditor or liquidator). Such notices contain the agenda as well as the proposals of resolutions and are made in accordance with the Company Code. Copies of the documents to be provided by law are provided with the convening notice.
- 6.4 A shareholder may be represented at a meeting of shareholders by a proxyholder. In order to be valid, the proxy must state the agenda of the meeting and the proposed resolutions, a request for instruction for the exercise of the voting right for each item on the agenda and the information on how the proxyholder must exercise his voting right in the absence of restriction of the shareholders.
- 6.5 The shareholders' meeting may validly resolve irrespective of the number of shares present or represented, unless otherwise provided by law. Any resolution is validly adopted at the majority of the votes. Amendments of the Articles of Association require a majority of 75 per cent of the votes (and a majority of 80 per cent for the amendment of the corporate purpose).
- 6.6 Pursuant to Article 646, §2 of the Company Code, the Shareholder will, as long as it remains the sole shareholder of the Issuer, exercise the powers vested with the shareholders' meeting.

7. SHARE TRANSFER RESTRICTIONS

- 7.1 Given the specific purpose of the Issuer and Article 3, 3° 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 11 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.

8. CORPORATE GOVERNANCE

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

9. CAPITALISATION

The following table shows the capitalisation of the Issuer as of 14 June 2013:

9.1 Share Capital

Issued Share Capital: EUR 62,000

9.2 Borrowings:

Class A Notes: EUR 23,400,000,000

Class B Notes: EUR 780,000,000

Class C Notes: EUR 780,000,000

Class D Notes: EUR 1,040,000,000

Class E Notes: EUR 234,500,000

10. AUDITORS

On 31 May 2012, the general meeting of shareholders of the Issuer appointed Deloitte Bedrijfsrevisoren, incorporated under Belgian law with registered office at Berkenlaan 8B, 1831 Diegem, Belgium and member of the Instituut der Bedrijfsrevisoren as statutory auditor of the Issuer replacing PricewaterhouseCoopers, incorporated under Belgian law with registered office at Woluwegarden, Woluwedal 18, 1932 St.-stevens-Woluwe Belgium.

11. BELGIAN TAX POSITION OF THE ISSUER

11.1 Withholding Tax on Moneys Collected by the Issuer

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

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

11.2 Corporation tax

The Issuer is subject to corporation tax at the current ordinary rate of 33.99 per cent. However its tax base is notional: it can only be taxed on any disallowed business expenses and any

abnormal or gratuitous benefits received by it. The Issuer does not anticipate incurring any such expenses or receiving any such benefits.

11.3 Value added tax (VAT)

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

Services supplied to the Issuer by the Pool Servicer, the Seller, the Security Agent, the Issuer Directors, the Administrator, the GIC Provider, the Swap Counterparties, the Domiciliary Agent, the Rating Agencies and 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 and collection of payments on behalf of the Issuer as well as transactions with receivables, securities and liquid assets are exempt from Belgian VAT.

12. ACCOUNTING YEAR

The Issuer's accounting year ends on 31 December of each year. As to the first year, the Issuer's accounting year started on the date of the incorporation of the Issuer and ended on 31 December 2008.

13. INFORMATION TO INVESTORS – AVAILABILITY OF INFORMATION

The Administrator will prepare the Quarterly Investor Report to be addressed to the Security Agent, the Rating Agencies and the Domiciliary Agent on or about each Note Payment Date.

In addition to the Quarterly Investor Report, the Monthly Investor Report will be sent by the Administrator to the Investors on the third Business Day following the Monthly Payment Date.

The Investor Reports will be made available for inspection by the Administrator on the website <https://www.intertrustgroup-fgreporting.com> and will be made available upon request free of charge to any person at the office of the Domiciliary Agent.

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

Additional information regarding the Issuer may be obtained from the website: <http://www.bnpparibasfortis.com/pid2085/titrisations.html>.

14. NOTICES

For Notices to the Noteholders, see Condition 13 (*Notices*).

15. NEGATIVE STATEMENTS

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

16. FINANCIAL INFORMATION CONCERNING THE ISSUER

Pursuant to Article 30 of the Articles of Association of the Issuer, the profit of the Issuer may (after constitution of the legal reserve) either be distributed as divided or reserved for later distribution or for the cover of risk of default of payment of the Mortgage Receivables.

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

The Issuer has started its operations in June 2008. Audited financial statements for the three most recent three accounting years relate to year started on 1 January 2012 and ended on 31 December 2012, on 1 January 2011 and ended on 31 December 2011 and on 1 January 2010 and ended on 31 December 2010. The Auditor has confirmed that the annual accounts for such accounting years provide a true and fair view as of respectively 31 December 2012, 31 December 2011 and 31 December 2010 in accordance with the accounting standards applicable in Belgium.

**AUDITED FINANCIAL STATEMENTS OF THE ISSUER
ACCOUNTING YEAR 2012**

40				1	EUR	
Nr.	Date of the deposition	No. 0898.307.804	PP.	E.	D.	C 1.1

ANNUAL ACCOUNT IN EURO (2 decimals)

NAME: BASS MASTER ISSUER

Legal form: PLC

Address: Louisaan

Nr.: 488

Postal Code: 1050

City: Elsene

Country: Belgium

Register of Legal Persons (RLP) - Office of the commercial court at: Bruxelles

Internet address *:

Company number: **0898.307.804**

DATE **3/06/2008** of the deposition of the partnership deed OR of the most recent document mentioning the date of publication of the partnership deed and the act changing the articles of association.

ANNUAL ACCOUNT approved by the General Meeting of **31/05/2013**
 concerning the financial year covering the period from **1/01/2012** till **31/12/2012**
 Previous period from **1/01/2011** till **31/12/2011**

The amounts of the previous financial year are / ~~are not~~ ** identical to those which have been previously published.

COMPLETE LIST WITH name, first name, profession, residence-address (address, number, postal code, municipality) and position with the enterprise, OF DIRECTORS, MANAGERS AND AUDITORS

ATC BELGIUM PLLC 0861.696.827

Lorkenlaan 30, 2180 Ekeren (Antwerpen), Belgium

Title : Delegated director

Mandate : 5/12/2012- 31/05/2013

Represented by:

Elste Management (0817555590) met v.v HUSKEN Franciscus
 Lorkenlaan 30 . 2180 Ekeren (Antwerpen), Belgium

DELOITTE Bedrijfsrevisoren BCVBA 0429.053.863

Berkenlaan 8b, 1831 Diegem, Belgium

Title : Auditor, Number of membership : B00025

Mandate : 31/05/2012- 29/05/2015

Represented by:

MAEYAERT Philippe
 Berkenlaan 8b , 1831 Diegem, Belgium

Number of membership : A01783

Enclosed to these annual accounts:

Total number of pages deposited: _____ Number of the pages of the standard form not deposited for not being of service: 5.1, 5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.3.1, 5.3.2, 5.3.3, 5.3.4, 5.3.5, 5.3.6, 5.4.1, 5.4.2, 5.4.3, 5.5.1, 5.5.2, 5.8, 5.17.2, 6, 8, 9

Signature (name and position)

D.P. Stulp
 Managing Director

Signature (name and position)

ATC Belgium BVBA
 Director
 Represented by its permanent representative Elste Management BVBA with its permanent representative Frank Husken

* Optional statement

** Delete where appropriate

Nr.	0898.307.694	C 1.1
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LIST OF DIRECTORS, MANAGERS AND AUDITORS (continuation of the previous page)

STOLP Dirk Peter

Meester Sixlaan 32, 1181 PK AMSTELVEEN, Holland

Title : Director

Mandate : 2/06/2008- 31/05/2013

Nr.	0898.307.694	C 1.2
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DECLARATION ABOUT SUPPLEMENTARY AUDITING OR ADJUSTMENT MISSION

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

The annual accounts ~~have~~/ have not * been audited or adjusted by an external accountant or auditor who is not a statutory auditor.

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

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

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

Name, first name, profession, residence-address	Number of membership	Nature of the engagement (A, B, C and/or D)

* Delete where appropriate.

** Optional disclosure.

Nr.	0898.307.694	C 2.1
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BALANCE SHEET

	Notes	Codes	Period	Previous period
ASSETS				
FIXED ASSETS		20/28		
Formation expenses	5.1	20		
Intangible fixed assets	5.2	21		
Tangible fixed assets	5.3	22/27		
Land and buildings		22		
Plant, machinery and equipment		23		
Furniture and vehicles		24		
Leasing and other similar rights		25		
Other tangible fixed assets		26		
Assets under construction and advance payments		27		
	5.4/			
Financial fixed assets	5.5.1	28		
Affiliated enterprises	5.14	280/1		
Participating interests		280		
Amounts receivable		281		
Other enterprises linked by participating interests	5.14	282/3		
Participating interests		282		
Amounts receivable		283		
Other financial assets		284/8		
Shares		284		
Amounts receivable and cash guarantees		285/8		
CURRENT ASSETS		29/58	<u>26.593.184.867,13</u>	<u>26.688.683.811,72</u>
Amounts receivable after more than one year		29	23.886.710.365,47	23.918.793.522,99
Trade debtors		290		
Other amounts receivable		291	23.886.710.365,47	23.918.793.522,99
Stocks and contracts in progress		3		
Stocks		30/36		
Raw materials and consumables		30/31		
Work in progress		32		
Finished goods		33		
Goods purchased for resale		34		
Immovable property intended for sale		35		
Advance payments		36		
Contracts in progress		37		
	5.5.1/			
Amounts receivable within one year	5.6	40/41	2.081.999.997,28	2.067.374.887,98
Trade debtors		40		
Other amounts receivable		41	2.081.999.997,28	2.067.374.887,98
Current investments		50/53		
Own shares		50		
Other investments and deposits		51/53		
Cash at bank and In hand		54/58	514.910.088,52	511.557.862,64
Deferred charges and accrued income	5.6	490/1	109.564.415,86	190.957.538,11
TOTAL ASSETS		20/58	26.593.184.867,13	26.688.683.811,72

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Nr.		0898.307.694		C 2.2	
EQUITY AND LIABILITIES					
	Notes	Codes	Period	Previous period	
EQUITY		10/15	62.000,00	62.000,00	
Capital	5.7	10	62.000,00	62.000,00	
Issued capital		100	62.000,00	62.000,00	
Uncalled capital		101			
Share premium account		11			
Revaluation surpluses		12			
Reserves		13			
Legal reserve		130			
Reserves not available		131			
In respect of own shares held		1310			
Other		1311			
Untaxed reserves		132			
Available reserves		133			
Accumulated profits (losses) (+)/(-)		14			
Investment grants		15			
Advance to associates on the sharing out of the assets		19			
PROVISIONS AND DEFERRED TAXES		16			
Provisions for liabilities and charges		160/5			
Pensions and similar obligations		160			
Taxation		161			
Major repairs and maintenance		162			
Other liabilities and charges	5.8	163/5			
Deferred taxes		168			
AMOUNTS PAYABLE		17/49	26.593.122.867,13	26.688.621.811,72	
Amounts payable after more than one year	5.9	17	26.234.000.000,00	26.234.000.000,00	
Financial debts		170/4	26.234.000.000,00	26.234.000.000,00	
Subordinated loans		170	234.000.000,00	234.000.000,00	
Unsubordinated debentures		171	26.000.000.000,00	26.000.000.000,00	
Leasing and other similar obligations		172			
Credit institutions		173			
Other loans		174			
Trade debts		175			
Suppliers		1750			
Bills of exchange payable		1751			
Advances received on contracts in progress		176			
Other amounts payable		178/9			
Amounts payable within one year		42/48	38.727.207,83	43.622.929,01	
Current portion of amounts payable after more than one year falling due within one year	5.9	42			
Financial debts		43			
Credit institutions		430/8			
Other loans		439			
Trade debts		44	1.999.607,83	1.998.315,68	
Suppliers		440/4	1.999.607,83	1.998.315,68	
Bills of exchange payable		441			
Advances received on contracts in progress		46			
Taxes, remuneration and social security	5.9	45			
Taxes		450/3			
Remuneration and social security		454/9			
Other amounts payable		47/48	36.727.600,00	41.624.613,33	
Accrued charges and deferred income	5.9	492/3	320.395.659,30	410.998.882,71	
TOTAL LIABILITIES		10/49	26.593.184.867,13	26.688.683.811,72	

5/27

Nr. 0898.307.694

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INCOME STATEMENT

	Notes	Codes	Period	Previous period
Operating income	5.10	70/74		19.626,14
Turnover		70		
Increase (decrease) in stocks of finished goods, work and contracts in progress(+)/(-)		71		
Own construction capitalised		72		
Other operating income		74		19.626,14
Operating charges		60/64	8.703.213,40	8.533.257,40
Raw materials, consumables		60		
Purchases		600/8		
Decrease (increase) in stocks(+)/(-)		609		
Services and other goods		61	8.702.256,40	8.532.315,90
Remuneration, social security costs and pensions(+)/(-)	5.10	62		
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets		630		
Amounts written down stocks, contracts in progress and trade debtors - Appropriations (write-backs)(+)/(-)	5.10	631/4		
Provisions for risks and charges - Appropriations (uses and write-backs)	5.10	635/7		
Other operating charges	5.10	640/8	957,00	941,50
Operation charges carried to assets as restructuring costs		649		
Operating profit (loss)		9901	-8.703.213,40	-8.513.631,26
Financial income		75	1.303.775.811,68	1.475.325.663,19
Income from financial fixed assets		750		
Income from current assets		751	1.014.171.876,15	1.020.334.201,13
Other financial income	5.11	752/9	289.603.935,53	454.991.462,06
Financial charges	5.11	65	1.295.072.552,46	1.466.811.986,11
Debt charges		650	289.601.524,88	454.991.268,65
Amounts written down on current assets except stocks, contracts in progress and trade debtors		651	16.270.084,44	5.942.836,11
Other financial charges		652/9	989.200.943,14	1.005.877.881,35
Gain (loss) on ordinary activities before taxes		9902	45,82	45,82

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		Codes	Period	Previous period
Extraordinary income		76		
Write-back of depreciation and of amounts written down intangible and tangible fixed assets		760		
Write-back of amounts written down financial fixed assets ..		761		
Write-back of provisions for extraordinary liabilities and charges		762		
Gains on disposal of fixed assets		763		
Other extraordinary income		764/9		
Extraordinary charges		66		
Extraordinary depreciation of and extraordinary amounts written off formation expenses, intangible and tangible fixed assets		660		
Amounts written down financial fixed assets		661		
Provisions for extraordinary liabilities and charges - Appropriations (uses)		662		
Loss on disposal of fixed assets		663		
Other extraordinary charges	5.11	664/8		
Extraordinary charges carried to assets as restructuring costs		669		
Profit (loss) for the period before taxes		9903	45,82	45,82
Transfer from postponed taxes		780		
Transfer to postponed taxes		680		
Income taxes	5.12	67/77	45,82	45,82
Income taxes		670/3	45,82	45,82
Adjustment of income taxes and write-back of tax provisions		77		
Profit (loss) for the period		9904		
Transfer from untaxed reserves		789		
Transfer to untaxed reserves		689		
Profit (loss) for the period available for appropriation (+)/(-)		9905		

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C 4

APPROPRIATION ACCOUNT

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

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C 5.6

OTHER INVESTMENTS AND DEPOSIT, DEFERRED CHARGES AND ACCRUED INCOME (ASSETS)

	Codes	Period	Previous period
INVESTMENTS: OTHER INVESTMENTS AND DEPOSITS			
Shares	51		
Book value increased with the uncalled amount	8681		
Uncalled amount	8682		
Fixed income securities	52		
Fixed income securities issued by credit institutions	8684		
Fixed term deposit with credit institutions	53		
Falling due			
less or up to one month	8686		
between one month and one year	8687		
over one year	8688		
Other investments not yet shown separately	8689		

DEFERRED CHARGES AND ACCRUED INCOME**Allocation of heading 490/1 of assets if the amount is significant.**

	Period
Accrued interest on current account	32.317,64
Accrued interest on mortgage loans	77.400.257,79
Accrued interest on IRS	32.131.840,43

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C. 5.7

STATEMENT OF CAPITAL AND STRUCTURE OF SHAREHOLDINGS**STATEMENT OF CAPITAL****Social capital**

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

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

Changes during the period:

Structure of the capital

Different categories of shares

Registered Share without mention of nominal value

Registered shares.....

Bearer shares and/or dematerialized shares.....

Codes	Amounts	Number of shares
	62.000,00	62.000
8702	XXXXXXXXXXXXXXXX	62.000
8703	XXXXXXXXXXXXXXXX	

Capital not paid

Uncalled capital

Capital called, but not paid

Shareholders having yet to pay up in full

Codes	Uncalled capital	Capital called, but not paid
(101)		XXXXXXXXXXXXXXXX
8712	XXXXXXXXXXXXXXXX	

OWN SHARES

Held by the company itself

Amount of capital held

Number of shares held

Held by the subsidiaries

Amount of capital held

Number of shares held

Commitments to issue shares

Following the exercising of CONVERSION RIGHTS

Amount of outstanding convertible loans

Amount of capital to be subscribed

Corresponding maximum number of shares to be issued

Following the exercising of SUBSCRIPTION RIGHTS

Number of outstanding subscription rights

Amount of capital to be subscribed

Corresponding maximum number of shares to be issued

Authorized capital, not issued

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

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C. 5.7

STATEMENT OF CAPITAL AND STRUCTURE OF SHAREHOLDINGS**Shared issued, not representing capital**

Distribution

Number of shares held 8761
 Number of voting rights attached thereto 8762

Allocation by shareholder

Number of shares held by the company itself 8771
 Number of shares held by its subsidiaries 8781

Codes	Period
8761	
8762	
8771	
8781	

STRUCTURE OF SHAREHOLDINGS OF THE ENTERPRISE AS AT THE ANNUAL BALANCING OF THE BOOKS, AS IT APPEARS FROM THE STATEMENT RECEIVED BY THE ENTERPRISE

STICHTING HOLDING BASS : 61900 shares
 GENFINANCE INTERNATIONAL Ltd : 100 shares

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C 5.9

STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME**ANALYSIS BY CURRENT PORTIONS OF AMOUNTS INITIALLY PAYABLE AFTER MORE THAN ONE YEAR****Amounts payable after more than one year, not more than one year**

Financial debts	8801
Subordinated loans	8811
Unsubordinated debentures	8821
Leasing and other similar obligations	8831
Credit institutions	8841
Other loans	8851
Trade debts	8861
Suppliers	8871
Bills of exchange payable	8881
Advance payments received on contracts in progress	8891
Other amounts payable	8901
Total amounts payable after more than one year, not more than one year	(42)

Amounts payable after more than one year, between one and five years

Financial debts	8802	26.234.000.000,0
Subordinated loans	8812	234.000.000,00 [^]
Unsubordinated debentures	8822	26.000.000.000,00
Leasing and other similar obligations	8832	
Credit institutions	8842	
Other loans	8852	
Trade debts	8862	
Suppliers	8872	
Bills of exchange payable	8882	
Advance payments received on contracts in progress	8892	
Other amounts payable	8902	
Total amounts payable after more than one year, between one and five years	8912	26.234.000.000,00

Amounts payable after more than one year, over five years

Financial debts	8803
Subordinated loans	8813
Unsubordinated debentures	8823
Leasing and other similar obligations	8833
Credit institutions	8843
Other loans	8853
Trade debts	8863
Suppliers	8873
Bills of exchange payable	8883
Advance payments received on contracts in progress	8893
Other amounts payable	8903
Total amounts payable after more than one year, over five years	8913

Codes	Period
8801	
8811	
8821	
8831	
8841	
8851	
8861	
8871	
8881	
8891	
8901	
(42)	
8802	26.234.000.000,0
8812	234.000.000,00 [^]
8822	26.000.000.000,00
8832	
8842	
8852	
8862	
8872	
8882	
8892	
8902	
8912	26.234.000.000,00
8803	
8813	
8823	
8833	
8843	
8853	
8863	
8873	
8883	
8893	
8903	
8913	

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C 5.9

	Codes	Period
AMOUNTS PAYABLE GUARANTEED (headings 17 and 42/48 of liabilities)		
Amounts payable guaranteed by Belgian public authorities		
Financial debts	8921	
Subordinated loans	8931	
Unsubordinated debentures	8941	
Leasing and other similar obligations	8951	
Credit institutions	8961	
Other loans	8971	
Trade debts	8981	
Suppliers	8991	
Bills of exchange payable	9001	
Advance payments received on contracts in progress	9011	
Remuneration and social security	9021	
Other amounts payable	9051	
Total amounts payable guaranteed by Belgian public authorities	9061	
Amounts payable guaranteed by real guarantees given or irrevocably promised by the enterprise on its own assets		
Financial debts	8922	26.234.000.000,0
Subordinated loans	8932	234.000.000,00 [^]
Unsubordinated debentures	8942	26.000.000.000,00 ^{^^}
Leasing and other similar obligations	8952	
Credit institutions	8962	
Other loans	8972	
Trade debts	8982	
Suppliers	8992	
Bills of exchange payable	9002	
Advance payments received on contracts in progress	9012	
Taxes, remuneration and social security	9022	
Taxes	9032	
Remuneration and social security	9042	
Other amounts payable	9052	
Total amounts payable guaranteed by real guarantees given or irrevocably promised by the enterprise on its own assets	9062	26.234.000.000,00
AMOUNTS PAYABLE FOR TAXES, REMUNERATION AND SOCIAL SECURITY		
Taxes (heading 450/3 of the liabilities)		
Expired taxes payable	9072	
Non expired taxes payable	9073	
Estimated taxes payable	450	
Remuneration and social security (heading 454/9 of the liabilities)		
Amount due to the National Office of Social Security	9076	
Other amounts payable relating to remuneration and social security	9077	

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ACCRUED CHARGES AND DEFERRED INCOME		Period
Allocation of the heading 492/3 of liabilities if the amount is considerable		
Accrued charges		189.596,03
Accrued interest on the notes		32.132.053,26
Accrued interest on IRS		200.176.826,09
Prorata swap payment and deferred purchase price		87.897.183,92

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C 5.10

OPERATING RESULTS

	Codes	Period	Previous period
OPERATING INCOME			
Net turnover			
Broken down by categories of activity			
Allocation into geographical markets			
Other operating income			
Total amount of subsidies and compensatory amounts obtained from public authorities	740		
OPERATING COSTS			
Employees recorded in the personnel register			
Total number at the closing date	9086		
Average number of employees calculated in full-time equivalents	9087		
Number of actual worked hours	9088		
Personnel costs			
Remuneration and direct social benefits	620		
Employers' social security contributions	621		
Employers' premiums for extra statutory insurances	622		
Other personnel costs	623		
Old-age and widows' pensions	624		
Provisions for pensions			
Additions (uses and write-back)	635		
Amounts written off			
Stocks and contracts in progress			
Recorded	9110		
Written back	9111		
Trade debtors			
Recorded	9112		
Written back	9113		
Provisions for risks and charges			
Additions	9115		
Uses and write-back	9116		
Other operating charges			
Taxes related to operation	640	89,00	89,00
Other charges	641/8	868,00	852,50
Hired temporary staff and persons placed at the enterprise's disposal			
Total number at the closing date	9096		
Average number calculated as full-time equivalents	9097		
Number of actual worked hours	9098		
Charges to the enterprise	617		

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C 5.12

INCOME TAXES AND OTHER TAXES**INCOME TAXE****Income taxes on the result of the current period**

Income taxes paid and withholding taxes due or paid	9134	45,82
Excess of income tax prepayments and withholding taxes recorded under assets	9135	45,82
Estimated additional taxes	9136	
	9137	

Income taxes on previous periods

Taxes and withholding taxes due or paid	9138	
Estimated additional taxes estimated or provided for	9139	
	9140	

In so far as income taxes of the current period are materially affected by differences between the profit before taxes, as stated in the annual accounts, and the estimated taxable profit

Non-deductible charges

89,00

An indication of the effect of extraordinary results on the amount of income taxes relating to the current period**Status of deferred taxes**

Deferred taxes representing assets	9141	
Accumulated tax losses deductible from future taxable profits	9142	
Other deferred taxes representing assets		
Deferred taxes representing liabilities	9144	
Allocation of deferred taxes representing liabilities		

THE TOTAL AMOUNT OF VALUE ADDED TAX AND TAXES BORNE BY THIRD PARTIES**The total amount of value added tax charged**

To the enterprise (deductible)	9145	
By the enterprise	9146	

Amounts retained on behalf of third parties for

Payroll withholding taxes	9147	
Withholding taxes on investment income	9148	

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C 5.13

RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

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

INFORMATION RELATING TO TECHNICAL GUARANTEES, IN RESPECT OF SALES OR SERVICES**INFORMATION CONCERNING IMPORTANT LITIGATION AND OTHER COMMITMENTS NOT MENTIONED ABOVE**

Interest rate swap with BNP Paribas Fortis with a notional amount of 26 234 000 000 €

IF THERE IS A SUPPLEMENTARY RETIREMENTS OR SURVIVOR'S PENSION PLAN IN FAVOUR OF THE PERSONNEL OR THE EXECUTIVES OF THE ENTERPRISE, A BRIEF DESCRIPTION OF SUCH PLAN OF THE MEASURES TAKEN BY THE ENTERPRISE TO COVER THE RESULTING CHARGES

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C 5.13

RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

PENSIONS FUNDED BY THE ENTERPRISE

Estimated amount of the commitments resulting for the enterprise from past services

Code	Period
9220	

Methods of estimation

NATURE AND BUSINESS PURPOSE OF OFF-BALANCE SHEET ARRANGEMENTS

Provided the risks or benefits arising from such arrangements are material and where the disclosure of such risks or benefits is necessary for assessing the financial position of the company; if required, the financial impact of these arrangements have to be mentioned too:

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C 5.14

RELATIONSHIPS WITH AFFILIATED ENTERPRISES AND ENTERPRISES LINKED BY PARTICIPATING INTERESTS

	Codes	Period	Previous period
AFFILIATED ENTERPRISES			
Financial fixed assets	(280/1)		
Investments	(280)		
Amounts receivable subordinated	9271		
Other amounts receivable	9281		
Amounts receivable	9291	176.796.176,96	198.580.716,08
After one year	9301		
Within one year	9311	176.796.176,96	198.580.716,08
Current Investments	9321		
Shares	9331		
Amounts receivable	9341		
Amounts payable	9351	26.272.705.929,67	26.277.609.741,26
After one year	9361	26.234.000.000,00	26.234.000.000,00
Within one year	9371	38.705.929,67	43.609.741,26
Personal and real guarantees			
Provided or irrevocably promised by the enterprise, as security for debts or commitments of affiliated enterprises	9381		
Provided or irrevocably promised by affiliated enterprises as security for debts or commitments of the enterprise	9391		
Other substantial financial commitments	9401		
Financial results			
Income from financial fixed assets	9421		
Income from current assets	9431	1.164.049,47	4.708.675,67
Other financial income	9441	289.601.205,30	454.991.462,05
Debts charges	9461	289.601.524,88	454.991.268,65
Other financial charges	9471	987.541.895,90	1.005.715.716,90
Gains and losses on disposal of fixed assets			
Obtained capital gains	9481		
Obtained capital losses	9491		
ENTERPRISES LINKED BY PARTICIPATING INTERESTS			
Financial fixed assets	(282/3)		
Investments	(282)		
Amounts receivable subordinated	9272		
Other amounts receivable	9282		
Amounts receivable	9292		
After one year	9302		
Within one year	9312		
Amounts payable	9352		
After one year	9362		
Within one year	9372		

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C 5.14

RELATIONSHIPS WITH AFFILIATED ENTERPRISES AND ENTERPRISES LINKED BY PARTICIPATING INTERESTS

TRANSACTIONS WITH RELATED PARTIES OUTSIDE NORMAL MARKET CONDITIONS

Mention of such operations if they are material, stating the amount of these transactions, the nature of the relationship with the related party and other information about the transactions necessary for the understanding of the financial position of the company:

Nil

Period

Additional information

Additional information related to appendix C5.14 (Transactions with related parties outside normal market conditions)
 "As currently the legal criteria to inventory the transactions with related parties which are not executed at arm's length are not defined, no information can provided for in C 5.14"

Additional information related to appendix C5.14 (relationships with affiliated enterprises)
 Balance sheet, code 54/58 Cash at bank with affiliated enterprises
 Period : 514 910 088.52 €
 Previous period : 511 557 862.64 €

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C 5.15

FINANCIAL RELATIONSHIPS WITH

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

Amounts receivable from these persons

Conditions on amounts receivable

Guarantees provided in their favour

Guarantees provided in their favour - Main condition

Other significant commitments undertaken in their favour

Other significant commitments undertaken in their favour - Main condition

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

To directors and managers

To former directors and former managers

Codes	Period
9500	
9501	
9502	
9503	14.671,84
9504	

AUDITORS OR PEOPLE THEY ARE LINKED TO

Auditor's fees

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

Other attestation missions

Tax consultancy

Other missions external to the audit

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

Other attestation missions

Tax consultancy

Other missions external to the audit

Codes	Period
9505	15.000,00
95061	
95062	
95063	
95081	
95082	
95083	

Mention related to article 133 paragraph 6 from the Companies Code

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DERIVATIVES NOT MEASURED AT FAIR VALUE

FAIR VALUE OF FINANCIAL DERIVATIVES NOT MEASURED AT FAIR VALUE WITH INDICATION ABOUT THE NATURE AND THE VOLUME OF THE INSTRUMENTS

IRS Notional amount 26 234 000 000 €

Period
-431.723.934.46

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C 5.17.1

INFORMATION RELATING TO CONSOLIDATED ACCOUNTS**INFORMATION THAT MUST BE PROVIDED BY EACH COMPANY, THAT IS SUBJECT OF COMPANY LAW ON THE CONSOLIDATED ANNUAL ACCOUNTS OF ENTERPRISES**~~The enterprise has drawn up published a consolidated annual statement of accounts and a management report*~~

The enterprise has not published a consolidated annual statement of accounts and a management report, since it is exempt for this obligation for the following reason*

The enterprise and its subsidiaries on consolidated basis exceed not more than one of the limits mentioned in art. 16 of Company Law*

~~The enterprise itself is a subsidiary of an enterprise which does prepare and publish consolidated accounts, in which her yearly statement of accounts is included*~~

If yes, justification of the compliance with all conditions for exemption set out in art. 113 par. 2 and 3 of Company Law:

Name, full address of the registered office and, for an enterprise governed by Belgian Law, the company number of the parent company preparing and publishing the consolidated accounts required:

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

Name, full address of the registered office and, for an enterprise governed by Belgian Law, the company number of the parent company(ies) and the specification whether the parent company(ies) prepare(s) and publish(es) consolidated annual accounts in which the annual accounts of the enterprise are included**

BNP PARIBAS FORTIS NV

Warandeberg 3

1000 Brussel 1, Belgium

0403.199.702

The enterprise draws up consolidated annual account data for the minor part of the enterprise

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

* Delete where no appropriate.

** Where the accounts of the enterprise are consolidated at different levels, the information should be given for the consolidated aggregate at the highest level on the one hand and the lowest level on the other hand of which the enterprise is a subsidiary and for which consolidated accounts are prepared and published.

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C 5.17.1

INFORMATION RELATING TO CONSOLIDATED ACCOUNTS**INFORMATION TO DISCLOSE BY THE REPORTING ENTERPRISE BEING A SUBSIDIARY OR A JOINT SUBSIDIARY**

Name, full address of the registered office and, for an enterprise governed by Belgian Law, the company number of the parent company(ies) and the specification whether the parent company(ies) prepare(s) and publish(es) consolidated annual accounts in which the annual accounts of the enterprise are included**

BNP PARIBAS**Bld des Italiens 16****75009 PARIS, France****FR662042449****The enterprise draws up consolidated annual account data for the major part of the enterprise**

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

BNP PARIBAS**Bld des Italiens 16****75009 PARIS, France**

* Delete where no appropriate.

** Where the accounts of the enterprise are consolidated at different levels, the information should be given for the consolidated aggregate at the highest level on the one hand and the lowest level on the other hand of which the enterprise is a subsidiary and for which consolidated accounts are prepared and published.

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C 7

VALUATION RULES**BASS MASTER ISSUER N.V.: VALUATION RULES**

Bass Master Issuer N.V. - S.A., institutionele V.B.S. naar Belgisch recht, is organised as a Belgian public limited company (naamloze vennootschap/société anonyme) registered with the Belgian Federal Public Service for Finance (Federale overheidsdienst Financiën / Service Public Fédérale 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 V.B.S.").

ASSETS**Amounts receivable after more than one year**

This heading contains the current principal outstanding amount of the securitized mortgage loans. The receivables on more than one year are booked in the balance sheet at the nominal value of the mortgage loans.

Value reductions on uncertain mortgage loans : to provide for expected losses value reductions are computed on the securitized mortgage loans in circulation. The amount of the calculated value reductions can be decreased if the possibility exists to sell the remaining balance to third parties.

Amounts receivable within one year

The receivables on less than one year are also booked in the balance sheet at nominal value plus accrued interest.

On a regular basis the loans are analyzed on potential credit risk and denounced in function of their risk class: at that time, they will be booked on the balance sheet for their total amount outstanding plus penalties and penalty interests at the time of denunciation. After denunciation, a fixed amount of penalty interest is charged on a daily basis, but only booked when actually received.

Value reductions on denounced mortgage loans: these value reductions consist of the difference between the recoverable part, which is equivalent to the value of the collateral (i.e. the present value of the real estate with as maximum the amount of the registration) and the non collectable part.

If subsequently it would appear that the calculated value reduction is overstated or unnecessary it should be written back partly or completely.

Quarterly an excess spread is calculated on the remaining balance of the outstanding notes of classes A to D. This excess spread is deducted from the interest collections of the mortgage loans and covers eventual realized losses after foreclosure of the underlying mortgage collateral and the posted impairments on the loans.

Cash

This heading contains the cash on the current account and the reserve account established at the issuance of the subordinated class E notes. The amounts in this heading are booked at nominal value.

Deferred charges and accrued income

Under the heading 'Deferred Charges and Accrued Income', all amounts of deferred charges and accrued income relating to the reference period, are booked. It consists mainly of pro-rata interests on the mortgage loans, the pro-rata interests on the current account and the pro-rata interests on the IRS.

LIABILITIES**Amounts payable after more than one year****a) financial debts - subordinated loans**

The outstanding class E notes are booked at nominal value. The repayment of class E notes is subordinated to the repayment of classes A to D. The proceeds of an issuance of class E notes are put into a reserve account, booked under the heading 'Cash' on the asset side. This reserve account is meant to allow the issuer to comply to its payment obligations on each payment date in case of insufficient interest collections.

b) financial debt - unsubordinated loans

This heading comprises the outstanding amounts of classes A to D, of which the proceeds are used to purchase mortgage loans.

The outstanding amounts are booked at nominal value minus repayments. The timing of the repayments is subject to the incoming cash flows of the mortgage loans and the terms and conditions of the different classes of notes. It can be the case that principal repayments under the mortgage loans are used to securitise new mortgage loans instead of repaying the notes.

Amounts payable within one year

'Amounts payable within one year' contains the principal of notes that are due within one year. These amounts payable are booked at nominal value.

Trade debts and other debts

These liabilities are booked at nominal value.

Accrued charges and deferred income

'Accrued charges and deferred income' contains the pro-rata interests on the notes, the pro-rata interest on the swap, the pro-rata deferred purchase price (payment of the difference between the excess spread and the realized losses on the mortgage loans, in case a positive amount), the deferred income and the costs to be charged in relation to the reference period.

A swap agreement (see 'Off-balance sheet rights and commitments') provides for a regular exchange of (i) on the one hand interests paid on the notes and (ii) on the other hand interest collections of the mortgage loans plus interest received on the accounts minus an excess spread and costs paid. At the end of the financial year a 'pro-rata swap payment' is booked, which is equal to the result of Bass Master

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VALUATION RULES

Issuer at the end of the period, in order to bridge the time gap between the interests paid and received. The counter booking is done under the heading 'accrued charges'

OFF-BALANCE SHEET RIGHTS AND COMMITMENTS**Collaterals and guarantees received**

Under this heading the real and personal collaterals and guarantees are booked that have been received under the mortgage loans, for the amount of registration.

Other rights and obligations

The risk following the difference in interest rate between the mortgage loans and the outstanding notes is hedged through a IRS, here booked for its nominal amount. On every interest payment date of the notes, the following amounts are exchanged: (i) on the one hand interests paid on the notes and (ii) on the other hand interest collections of the mortgage loans plus interest received on the accounts minus an excess spread to cover for realized losses and minus costs paid.

BASS Master Issuer NV has one Interest Rate Swap with BNPP Fortis. BASS pays the fixed rate and receives the Euribor3M + spread on a quarterly basis.

Fair value computation occurs by simply 1) discounting future cash flows on both fixed and floating legs and 2) subtracting the present value of the 2 legs to have the swap net value. Also, a small PV adjustment is made to take into account servicing fees. The discount curve is the Euribor3M, in line with BNPP Group policies for uncollateralized deals.

The calculated value is adapted to take into account the servicing fees and the counterparty risk.

**AUDITED FINANCIAL STATEMENTS OF THE ISSUER
ACCOUNTING YEAR 2011**

40				1	EUR	
Nr.	Date of the deposition	No. 0898.307.694	PP.	E.	D.	C 1.1

ANNUAL ACCOUNT IN EURO

NAME: BASS MASTER ISSUER

Legal form: PLC

Address: Louizalaan

Nr.: 488

Postal Code: 1050

City: Elsene

Country: Belgium

Register of Legal Persons (RLP) - Office of the commercial court at: Bruxelles

Internet address *

Company number: 0898.307.694

DATE 3/06/2008 of the deposition of the partnership deed OR of the most recent document mentioning the date of publication of the partnership deed and the act changing the articles of association.

ANNUAL ACCOUNT approved by the General Meeting of 31/05/2012
 concerning the financial year covering the period from 1/01/2011 till 31/12/2011
 Previous period from 1/01/2010 till 31/12/2010

The amounts of the previous financial year are / ~~are not~~ ** identical to those which have been previously published.

COMPLETE LIST WITH name, first name, profession, residence-address (address, number, postal code, municipality) and position with the enterprise, OF DIRECTORS, MANAGERS AND AUDITORS

PwC Réviseurs d'Entreprises scrl 0429.501.944

Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium

Title : Auditor, Number of membership : B00009

Mandate : 7/12/2009- 31/05/2012

Represented by:

JCOOS Gregory

Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium

Number of membership : A02025

STERLING CONSULT PLLC 0861.696.827

Camille Huysmanslaan 91, 2020 Antwerpen 2, Belgium

Title : Delegated director

Mandate : 2/06/2008- 31/05/2013

Represented by:

AF-Widshorn NV(0818083941) met v.v HUSKEN Franscous

Lorkenlaan 30, 2180 Ekeren (Antwerpen), Belgium

Enclosed to these annual accounts:

Total number of pages deposited: Number of the pages of the standard form not deposited for not being
 of service: 5.1, 5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.3.1, 5.3.2, 5.3.3, 5.3.4, 5.3.5, 5.3.6, 5.4.1, 5.4.2, 5.4.3, 5.5.1, 5.5.2, 5.8, 5.17.2, 6,
 8, 9

Signature
 (name and position)

Sterling Consult BVBA
 Director

Represented by its permanent
 representative AF- Widshorn NV/SA
 with its permanent representative Frank
 Husken

Signature
 (name and position)

* Optional statement.

** Delete where appropriate.

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C 1.1

LIST OF DIRECTORS, MANAGERS AND AUDITORS (continuation of the previous page)

STOLP Dirk Peter
Meester Sixlaan 32, 1181 PK AMSTELVEEN, Holland
Title : Director
Mandate : 2/06/2008- 31/05/2013

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C 1.2

DECLARATION ABOUT SUPPLEMENTARY AUDITING OR ADJUSTMENT MISSION

The managing board declares that the assignment neither regarding auditing nor adjusting has been given to a person who was not authorised by law pursuant to art. 34 and 37 of the Law of 22nd April 1989 concerning the auditing and tax professions.

The annual accounts ~~have~~/ have not * been audited or adjusted by an external accountant or auditor who is not a statutory auditor.

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

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

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

Name, first name, profession, residence-address	Number of membership	Nature of the engagement (A, B, C and/or D)

* Delete where appropriate.

** Optional disclosure.

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C 2.1

BALANCE SHEET

	Notes	Codes	Period	Previous period
ASSETS				
FIXED ASSETS		20/28		
Formation expenses	5.1	20		
Intangible fixed assets	5.2	21		
Tangible fixed assets	5.3	22/27		
Land and buildings		22		
Plant, machinery and equipment		23		
Furniture and vehicles		24		
Leasing and other similar rights		25		
Other tangible fixed assets		26		
Assets under construction and advance payments		27		
	5.4/			
Financial fixed assets	5.5.1	28		
Affiliated enterprises	5.14	280/1		
Participating interests		280		
Amounts receivable		281		
Other enterprises linked by participating interests	5.14	282/3		
Participating interests		282		
Amounts receivable		283		
Other financial assets		284/8		
Shares		284		
Amounts receivable and cash guarantees		285/8		
CURRENT ASSETS		29/58	26.688.683.812	26.618.392.387
Amounts receivable after more than one year		29	23.918.793.523	23.803.074.909
Trade debtors		290		
Other amounts receivable		291	23.918.793.523	23.803.074.909
Stocks and contracts in progress		3		
Stocks		30/36		
Raw materials and consumables		30/31		
Work in progress		32		
Finished goods		33		
Goods purchased for resale		34		
Immovable property intended for sale		35		
Advance payments		36		
Contracts in progress		37		
	5.5.1/			
Amounts receivable within one year	5.6	40/41	2.067.374.888	2.161.394.215
Trade debtors		40		
Other amounts receivable		41	2.067.374.888	2.161.394.215
Current investments		50/53		
Own shares		50		
Other investments and deposits		51/53		
Cash at bank and in hand		54/58	511.557.863	478.411.534
Deferred charges and accrued income	5.6	490/1	190.957.538	155.511.729
TOTAL ASSETS		20/58	26.688.683.812	26.618.392.387

4/27

Nr. 0898.307.694		C 2.2		
EQUITY AND LIABILITIES				
	Notes	Codes	Period	Previous period
EQUITY			62.000	62.000
Capital	5.7	10	62.000	62.000
Issued capital		100	62.000	62.000
Uncalled capital		101		
Share premium account		11		
Revaluation surpluses		12		
Reserves		13		
Legal reserve		130		
Reserves not available		131		
In respect of own shares held		1310		
Other		1311		
Untaxed reserves		132		
Available reserves		133		
Accumulated profits (losses) (+)/(-)		14		
Investment grants		15		
Advance to associates on the sharing out of the assets		19		
PROVISIONS AND DEFERRED TAXES		16		
Provisions for liabilities and charges		160/5		
Pensions and similar obligations		160		
Taxation		161		
Major repairs and maintenance		162		
Other liabilities and charges	5.8	163/5		
Deferred taxes		168		
AMOUNTS PAYABLE		17/49	26.686.621.812	26.618.330.387
Amounts payable after more than one year	5.9	17	26.234.000.000	26.234.000.000
Financial debts		170/4	26.234.000.000	26.234.000.000
Subordinated loans		170	234.000.000	234.000.000
Unsubordinated debentures		171	26.000.000.000	26.000.000.000
Leasing and other similar obligations		172		
Credit institutions		173		
Other loans		174		
Trade debts		175		
Suppliers		1750		
Bills of exchange payable		1751		
Advances received on contracts in progress		176		
Other amounts payable		178/9		
Amounts payable within one year		42/48	43.622.929	34.485.757
Current portion of amounts payable after more than one year falling due within one year	5.9	42		
Financial debts		43		
Credit institutions		430/8		
Other loans		439		
Trade debts		44	1.998.316	1.819.382
Suppliers		440/4	1.998.316	1.819.382
Bills of exchange payable		441		
Advances received on contracts in progress		46		
Taxes, remuneration and social security	5.9	45		
Taxes		450/3		
Remuneration and social security		454/9		
Other amounts payable		47/48	41.624.613	32.866.375
Accrued charges and deferred income	5.9	492/3	410.998.883	349.844.630
TOTAL LIABILITIES		10/49	26.686.683.812	26.618.392.387

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C 3

INCOME STATEMENT

	Notes	Codes	Period	Previous period
Operating income	5.10	70/74	19.626	
Turnover		70		
Increase (decrease) in stocks of finished goods, work and contracts in progress		71		
Own construction capitalised		72		
Other operating income		74	19.626	
Operating charges		60/64	8.533.257	7.763.659
Raw materials, consumables		60		
Purchases		600/8		
Decrease (increase) in stocks		609		
Services and other goods		61	8.532.316	7.762.699
Remuneration, social security costs and pensions	5.10	62		
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets		630		
Amounts written down stocks, contracts in progress and trade debtors - Appropriations (write-backs)	5.10	631/4		
Provisions for risks and charges - Appropriations (uses and write-backs)	5.10	635/7		
Other operating charges	5.10	640/8	941	960
Operation charges carried to assets as restructuring costs		649		
Operating profit (loss)		9901	-8.513.631	-7.763.659
Financial income		75	1.475.325.683	1.185.468.402
Income from financial fixed assets		750		
Income from current assets		751	1.020.334.201	914.205.285
Other financial income	5.11	752/9	454.991.482	271.263.117
Financial charges	5.11	65	1.466.811.986	1.177.704.888
Debt charges		650	454.991.269	267.187.055
Amounts written down on current assets except stocks, contracts in progress and trade debtors		651	5.942.836	9.789.123
Other financial charges		652/9	1.005.877.881	900.728.510
Gain (loss) on ordinary activities before taxes		9902	46	55

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	Codes	Period	Previous period
Extraordinary income	76		
Write-back of depreciation and of amounts written down intangible and tangible fixed assets	760		
Write-back of amounts written down financial fixed assets ..	761		
Write-back of provisions for extraordinary liabilities and charges	762		
Gains on disposal of fixed assets	763		
Other extraordinary income	764/9		
Extraordinary charges	86		
Extraordinary depreciation of and extraordinary amounts written off formation expenses, intangible and tangible fixed assets	660		
Amounts written down financial fixed assets	661		
Provisions for extraordinary liabilities and charges - Appropriations (uses)	662		
Loss on disposal of fixed assets	663		
Other extraordinary charges	5.11 664/8		
Extraordinary charges carried to assets as restructuring costs	660		
Profit (loss) for the period before taxes	9903	46	55
Transfer from postponed taxes	760		
Transfer to postponed taxes	680		
Income taxes	5.12 67/77	46	55
Income taxes	670/3	46	55
Adjustment of income taxes and write-back of tax provisions	77		
Profit (loss) for the period	9904		
Transfer from untaxed reserves	789		
Transfer to untaxed reserves	689		
Profit (loss) for the period available for appropriation (+)/(-)	9905		

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APPROPRIATION ACCOUNT

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

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C 5.6

OTHER INVESTMENTS AND DEPOSIT, DEFERRED CHARGES AND ACCRUED INCOME (ASSETS)

	Codes	Period	Previous period
INVESTMENTS: OTHER INVESTMENTS AND DEPOSITS			
Shares	51		
Book value increased with the uncalled amount	8661		
Uncalled amount	8682		
Fixed income securities	52		
Fixed income securities issued by credit institutions	8684		
Fixed term deposit with credit institutions	53		
Falling due			
less or up to one month	8695		
between one month and one year	8687		
over one year	8688		
Other investments not yet shown separately	8689		

DEFERRED CHARGES AND ACCRUED INCOME

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

Accrued interest on current account
 Accrued interest on mortgage loans
 Accrued interest on IRS

Period
278.539
83.939.558
105.739.442

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C. 5.7

STATEMENT OF CAPITAL AND STRUCTURE OF SHAREHOLDINGS

STATEMENT OF CAPITAL

Social capital

Issued capital at the end of the period

Issued capital at the end of the period

Codes	Period	Previous period
100F (100)	XXXXXXXXXXXXXXXX 62.000	62.000

Changes during the period:

Structure of the capital
Different categories of shares

Registered Shares without mention of nominal value

Registered shares

Bearer shares and/or dematerialized shares

Codes	Amounts	Number of shares
	62.000	62.000
8702	XXXXXXXXXXXXXXXX	62.000
8703	XXXXXXXXXXXXXXXX	

Capital not paid

Uncalled capital

Capital called, but not paid

Shareholders having yet to pay up in full

Codes	Uncalled capital	Capital called, but not paid
(101)		XXXXXXXXXXXXXXXX
8712	XXXXXXXXXXXXXXXX	

OWN SHARES

Held by the company itself

Amount of capital held

Number of shares held

Held by the subsidiaries

Amount of capital held

Number of shares held

Commitments to issue shares

Following the exercising of CONVERSION RIGHTS

Amount of outstanding convertible loans

Amount of capital to be subscribed

Corresponding maximum number of shares to be issued

Following the exercising of SUBSCRIPTION RIGHTS

Number of outstanding subscription rights

Amount of capital to be subscribed

Corresponding maximum number of shares to be issued

Authorized capital, not issued

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

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C. 5,7

STATEMENT OF CAPITAL AND STRUCTURE OF SHAREHOLDINGS**Shares issued, not representing capital**

Distribution

Number of shares held

Number of voting rights attached thereto

Allocation by shareholder

Number of shares held by the company itself

Number of shares held by its subsidiaries

Codes	Period
8761	
8762	
8771	
8781	

STRUCTURE OF SHAREHOLDINGS OF THE ENTERPRISE AS AT THE ANNUAL BALANCING OF THE BOOKS, AS IT APPEARS FROM THE STATEMENT RECEIVED BY THE ENTERPRISE

STICHTING HOLDING BASS : 61900 shares
 GENFINANCE INTERNATIONAL Ltd : 100 shares

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C 5.9

STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME
ANALYSIS BY CURRENT PORTIONS OF AMOUNTS INITIALLY PAYABLE AFTER MORE THAN ONE YEAR
Amounts payable after more than one year, not more than one year

	Codes	Period
Financial debts	8801	
Subordinated loans	8811	
Unsubordinated debentures	8821	
Leasing and other similar obligations	8831	
Credit institutions	8841	
Other loans	8851	
Trade debts	8861	
Suppliers	8871	
Bills of exchange payable	8881	
Advance payments received on contracts in progress	8891	
Other amounts payable	8901	
Total amounts payable after more than one year, not more than one year	(42)	
Amounts payable after more than one year, between one and five years		
Financial debts	8802	26.234.000.000
Subordinated loans	8812	234.000.000
Unsubordinated debentures	8822	26.000.000.000
Leasing and other similar obligations	8832	
Credit institutions	8842	
Other loans	8852	
Trade debts	8862	
Suppliers	8872	
Bills of exchange payable	8882	
Advance payments received on contracts in progress	8892	
Other amounts payable	8902	
Total amounts payable after more than one year, between one and five years	8912	26.234.000.000
Amounts payable after more than one year, over five years		
Financial debts	8803	
Subordinated loans	8813	
Unsubordinated debentures	8823	
Leasing and other similar obligations	8833	
Credit institutions	8843	
Other loans	8853	
Trade debts	8863	
Suppliers	8873	
Bills of exchange payable	8883	
Advance payments received on contracts in progress	8893	
Other amounts payable	8903	
Total amounts payable after more than one year, over five years	8913	

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ACCRUED CHARGES AND DEFERRED INCOME

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

Accrued charges
 Accrued interest on the notes
 Accrued interest on IRS
 prorata swap payment and deferred purchase price

Period
189.596
106.739.335
193.371.467
110.698.465

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C 5.10

OPERATING RESULTS

	Codes	Period	Previous period
OPERATING INCOME			
Net turnover			
Broken down by categories of activity			
Allocation into geographical markets			
Other operating income			
Total amount of subsidies and compensatory amounts obtained from public authorities	740		
OPERATING COSTS			
Employees recorded in the personnel register			
Total number at the closing date	9086		
Average number of employees calculated in full-time equivalents	9087		
Number of actual worked hours	9088		
Personnel costs			
Remuneration and direct social benefits	620		
Employers' social security contributions	621		
Employers' premiums for extra statutory insurances	622		
Other personnel costs	623		
Old-age and widows' pensions	624		
Provisions for pensions			
Additions (uses and write-back)	(+)(-)	635	
Amounts written off			
Stocks and contracts in progress			
Recorded	9110		
Written back	9111		
Trade debtors			
Recorded	9112		
Written back	9113		
Provisions for risks and charges			
Additions	9115		
Uses and write-back	9116		
Other operating charges			
Taxes related to operation	640	89	107
Other charges	641/B	852	853
Hired temporary staff and persons placed at the enterprise's disposal			
Total number at the closing date	9096		
Average number calculated as full-time equivalents	9097		
Number of actual worked hours	9098		
Charges to the enterprise	617		

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C 5.11

FINANCIAL AND EXTRAORDINARY RESULTS**FINANCIAL RESULTS****Other financial income**

Amount of subsidies granted by public authorities, credited to income for the period

Capital subsidies

Interest subsidies

Allocation of other financial income

IRS

Amounts written down off loan issue expenses and repayment premiums

Interests recorded as assets

Value adjustments to current assets

Appropriations

Write-backs

Other financial charges

Amount of the discount borne by the enterprise, as a result of negotiating amounts receivable

Provisions of a financial nature

Appropriations

Uses and write-backs

Allocation of other financial charges

IRS

Deferred purchase price

Bank charges

Prorata swap payment

Losses on mortgage loans

Codes	Period	Previous period
9125		
9126		
	454.991.462	271.263.117
6501		
6503		
6510	11.458.922	10.304.320
6511	5.516.086	515.197
653		
6560		
6561		
	940.549.893	847.039.814
	42.568.128	35.226.806
	1.421	1.279
	22.606.478	18.102.802
	161.961	357.809

EXTRAORDINARY RESULTS

Allocation other extraordinary income

Allocation other extraordinary charges

Period

Nr. 0898.307.694

C 5.12

INCOME TAXES AND OTHER TAXES**INCOME TAXE****Income taxes on the result of the current period**

Income taxes paid and withholding taxes due or paid
 Excess of income tax prepayments and withholding taxes recorded under assets
 Estimated additional taxes

Income taxes on previous periods

Taxes and withholding taxes due or paid
 Estimated additional taxes estimated or provided for

In so far as income taxes of the current period are materially affected by differences between the profit before taxes, as stated in the annual accounts, and the estimated taxable profit

Non-deductible charges

Codes	Period
9134	46
9135	46
9136	
9137	
9138	
9139	
9140	
	89

An indication of the effect of extraordinary results on the amount of income taxes relating to the current period

Status of deferred taxes

Deferred taxes representing assets
 Accumulated tax losses deductible from future taxable profits
 Other deferred taxes representing assets
 Deferred taxes representing liabilities
 Allocation of deferred taxes representing liabilities

Codes	Period
9141	
9142	
9144	

THE TOTAL AMOUNT OF VALUE ADDED TAX AND TAXES BORNE BY THIRD PARTIES**The total amount of value added tax charged**

To the enterprise (deductible)
 By the enterprise

Amounts retained on behalf of third parties for

Payroll withholding taxes
 Withholding taxes on investment income

Codes	Period	Previous Period
9145		
9146		
9147		
9148		

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C 5.13

RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

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

INFORMATION RELATING TO TECHNICAL GUARANTEES, IN RESPECT OF SALES OR SERVICES**INFORMATION CONCERNING IMPORTANT LITIGATION AND OTHER COMMITMENTS NOT MENTIONED ABOVE**

Interest rate swap with Fortis Bank Belgium with a notional amount of 26 234 000 000 €

IF THERE IS A SUPPLEMENTARY RETIREMENTS OR SURVIVOR'S PENSION PLAN IN FAVOUR OF THE PERSONNEL OR THE EXECUTIVES OF THE ENTERPRISE, A BRIEF DESCRIPTION OF SUCH PLAN OF THE MEASURES TAKEN BY THE ENTERPRISE TO COVER THE RESULTING CHARGES

18/27

Nr. 0896.307.694

C 5.13

RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

PENSIONS FUNDED BY THE ENTERPRISE

Estimated amount of the commitments resulting for the enterprise from past services

Code	Period
9220	

Methods of estimation

NATURE AND BUSINESS PURPOSE OF OFF-BALANCE SHEET ARRANGEMENTS

Provided the risks or benefits arising from such arrangements are material and where the disclosure of such risks or benefits is necessary for assessing the financial position of the company; if required, the financial impact of these arrangements have to be mentioned too:

Nr. 0898.307.594

C 5.14

RELATIONSHIPS WITH AFFILIATED ENTERPRISES AND ENTERPRISES LINKED BY PARTICIPATING INTERESTS

	Codes	Period	Previous period
AFFILIATED ENTERPRISES			
Financial fixed assets	(280/1)		
Investments	(280)		
Amounts receivable subordinated	9271		
Other amounts receivable	9281		
Amounts receivable	9291	198.580.716	309.492.590
After one year	9301		
Within one year	9311	198.580.716	309.492.590
Current investments	9321		
Shares	9331		
Amounts receivable	9341		
Amounts payable	9351	26.277.609.741	26.268.377.516
After one year	9361	26.234.000.000	26.234.000.000
Within one year	9371	43.609.741	34.377.516
Personal and real guarantees			
Provided or irrevocably promised by the enterprise, as security for debts or commitments of affiliated enterprises	9381		
Provided or irrevocably promised by affiliated enterprises as security for debts or commitments of the enterprise	9391		
Other substantial financial commitments	9401		
Financial results			
Income from financial fixed assets	9421		
Income from current assets	9431	4.708.676	1.878.007
Other financial income	9441	454.991.462	271.263.117
Debts charges	9461	454.991.269	267.187.055
Other financial charges	9471	1.005.715.717	900.370.524
Gains and losses on disposal of fixed assets			
Obtained capital gains	9481		
Obtained capital losses	9491		
ENTERPRISES LINKED BY PARTICIPATING INTERESTS			
Financial fixed assets	(282/3)		
Investments	(282)		
Amounts receivable subordinated	9272		
Other amounts receivable	9282		
Amounts receivable	9292		
After one year	9302		
Within one year	9312		
Amounts payable	9352		
After one year	9362		
Within one year	9372		

20/27

Nr. 0898.307.694

C 5.14

RELATIONSHIPS WITH AFFILIATED ENTERPRISES AND ENTERPRISES LINKED BY PARTICIPATING INTERESTS

TRANSACTIONS WITH RELATED PARTIES OUTSIDE NORMAL MARKET CONDITIONS

Mention of such operations if they are material, stating the amount of these transactions, the nature of the relationship with the related party and other information about the transactions necessary for the understanding of the financial position of the company:

Nil

Period

Additional information

Additional information related to appendix C5.14 (Transactions with related parties outside normal market conditions):

As currently the legal criteria to inventory the transactions with related parties which are not executed at arm's length are not defined, no information can be provided for in C 5.14

Additional information related to appendix C5.14 (relationships with affiliated enterprises)

Balance sheet, code 54/58 Cash at bank with affiliated enterprises

Period : 511 557 862.84 €

Previous period : 478 411 534.05 €

Nr. 0898.307.694

C 5.15

FINANCIAL RELATIONSHIPS WITH

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

Amounts receivable from these persons

Conditions on amounts receivable

Guarantees provided in their favour

Guarantees provided in their favour - Main condition

Other significant commitments undertaken in their favour

Other significant commitments undertaken in their favour - Main condition

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

To directors and managers

To former directors and former managers

Codes	Period
9500	
9501	
9502	
9503	13.607
9504	

AUDITORS OR PEOPLE THEY ARE LINKED TO

Auditor's fees

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

Other attestation missions

Tax consultancy

Other missions external to the audit

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

Other attestation missions

Tax consultancy

Other missions external to the audit

Codes	Period
9505	20.870
95061	
95062	
95063	
95081	
95082	
95083	

Mention related to article 133 paragraph 6 from the Companies Code

Nr. 0698.307.694

C 5.16

DERIVATIVES NOT MEASURED AT FAIR VALUE

FAIR VALUE OF FINANCIAL DERIVATIVES NOT MEASURED AT FAIR VALUE WITH INDICATION ABOUT THE NATURE AND THE VOLUME OF THE INSTRUMENTS

IRS Notional amount 26 234 000 000 €

Period
-283.007.175

N°. 0898.307.694

C. 5.17.1

INFORMATION RELATING TO CONSOLIDATED ACCOUNTS**INFORMATION THAT MUST BE PROVIDED BY EACH COMPANY, THAT IS SUBJECT OF COMPANY LAW ON THE CONSOLIDATED ANNUAL ACCOUNTS OF ENTERPRISES**~~The enterprise has drawn up published a consolidated annual statement of accounts and a management report*~~

The enterprise has not published a consolidated annual statement of accounts and a management report, since it is exempt for this obligation for the following reason*

The enterprise and its subsidiaries on consolidated basis exceed not more than one of the limits mentioned in art. 16 of Company Law*

~~The enterprise itself is a subsidiary of an enterprise which does prepare and publish consolidated accounts; in which her yearly statement of accounts is included*~~

If yes, justification of the compliance with all conditions for exemption set out in art. 113 par. 2 and 3 of Company Law:

Name, full address of the registered office and, for an enterprise governed by Belgian Law, the company number of the parent company preparing and publishing the consolidated accounts required:

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

Name, full address of the registered office and, for an enterprise governed by Belgian Law, the company number of the parent company(ies) and the specification whether the parent company(ies) prepare(s) and publish(es) consolidated annual accounts in which the annual accounts of the enterprise are included**

FORTIS BANK NV**Warandeberg 3****1000 Brussel 1, Belgium****0403.199.702****The enterprise draws up consolidated annual account data for the minor part of the enterprise**

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

* Delete where no appropriate.

** Where the accounts of the enterprise are consolidated at different levels, the information should be given for the consolidated aggregate at the highest level on the one hand and the lowest level on the other hand of which the enterprise is a subsidiary and for which consolidated accounts are prepared and published.

Nr. 0898.307.694

C 5.17.1

INFORMATION RELATING TO CONSOLIDATED ACCOUNTS**INFORMATION TO DISCLOSE BY THE REPORTING ENTERPRISE BEING A SUBSIDIARY OR A JOINT SUBSIDIARY**

Name, full address of the registered office and, for an enterprise governed by Belgian Law, the company number of the parent company(ies) and the specification whether the parent company(ies) prepare(s) and publish(es) consolidated annual accounts in which the annual accounts of the enterprise are included**

BNP PARIBAS**Bld des Italiens 16****75009 PARIS, France****FR662042449****The enterprise draws up consolidated annual account data for the major part of the enterprise**

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

BNP PARIBAS**Bld des Italiens 16****75009 PARIS, France**

* Delete where no appropriate.

** Where the accounts of the enterprise are consolidated at different levels, the information should be given for the consolidated aggregate at the highest level on the one hand and the lowest level on the other hand of which the enterprise is a subsidiary and for which consolidated accounts are prepared and published.

Nr. 0898.307.694

C 7

VALUATION RULES**BASS MASTER ISSUER N.V. : VALUATION RULES**

Bass Master Issuer N.V. - S.A., institutionele V.B.S. naar Belgisch recht, is organised as a Belgian public limited company (naamloze vennootschap/société anonyme) registered with the Belgian Federal Public Service for Finance (Federale overheidsdienst Financiën / Service Public Fédérale 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 V.B.S.").

ASSETS**Amounts receivable after more than one year**

This heading contains the current principal outstanding amount of the securitized mortgage loans. The receivables on more than one year are booked in the balance sheet at the nominal value of the mortgage loans.

Value reductions on uncertain mortgage loans : to provide for expected losses value reductions are computed on the securitized mortgage loans in circulation. The amount of the calculated value reductions can be decreased if the possibility exists to sell the remaining balance to third parties.

Amounts receivable within one year

The receivables on less than one year are also booked in the balance sheet at nominal value plus accrued interest.

On a regular basis the loans are analyzed on potential credit risk and denounced in function of their risk class: at that time, they will be booked on the balance sheet for their total amount outstanding plus penalties and penalty interests at the time of denunciation. After denunciation, a fixed amount of penalty interest is charged on a daily basis, but only booked when actually received.

Value reductions on denounced mortgage loans: these value reductions consist of the difference between the recoverable part, which is equivalent to the value of the collateral (i.e. the present value of the real estate with as maximum the amount of the registration) and the non collectable part.

If subsequently it would appear that the calculated value reduction is overstated or unnecessary it should be written back partly or completely.

Quarterly an excess spread is calculated on the remaining balance of the outstanding notes of classes A to D. This excess spread is deducted from the interest collections of the mortgage loans and covers eventual realized losses after foreclosure of the underlying mortgage collateral and the posted impairments on the loans.

Cash

This heading contains the cash on the current account and the reserve account established at the issuance of the subordinated class E notes. The amounts in this heading are booked at nominal value.

Deferred charges and accrued income

Under the heading 'Deferred Charges and Accrued Income', all amounts of deferred charges and accrued income relating to the reference period, are booked. It consists mainly of pro-rata interests on the mortgage loans, the pro-rata interests on the current account and the pro-rata interests on the IRS.

LIABILITIES**Amounts payable after more than one year****a) financial debts - subordinated loans**

The outstanding class E notes are booked at nominal value. The repayment of class E notes is subordinated to the repayment of classes A to D. The proceeds of an issuance of class E notes are put into a reserve account, booked under the heading 'Cash' on the asset side. This reserve account is meant to allow the issuer to comply to its payment obligations on each payment date in case of insufficient interest collections.

b) financial debt - unsubordinated loans

This heading comprises the outstanding amounts of classes A to D, of which the proceeds are used to purchase mortgage loans.

The outstanding amounts are booked at nominal value minus repayments. The timing of the repayments is subject to the incoming cash flows of the mortgage loans and the terms and conditions of the different classes of notes. It can be the case that principal repayments under the mortgage loans are used to securitise new mortgage loans instead of repaying the notes.

Amounts payable within one year

'Amounts payable within one year' contains the principal of notes that are due within one year. These amounts payable are booked at nominal value.

Trade debts and other debts

These liabilities are booked at nominal value.

Accrued charges and deferred income

'Accrued charges and deferred income' contains the pro-rata interests on the notes, the pro-rata interest on the swap, the pro-rata deferred purchase price (payment of the difference between the excess spread and the realized losses on the mortgage loans, in case a positive amount), the deferred income and the costs to be charged in relation to the reference period.

A swap agreement (see 'Off-balance sheet rights and commitments') provides for a regular exchange of (i) on the one hand interests paid on the notes and (ii) on the other hand interest collections of the mortgage loans plus interest received on the accounts minus an excess spread and costs paid. At the end of the financial year a 'pro-rata swap payment' is booked, which is equal to the result of Bass Master

26/27

Nr. 0898.307.694

C 7

VALUATION RULES

Issuer at the end of the period, in order to bridge the time gap between the interests paid and received. The counter booking is done under the heading 'accrued charges'

OFF-BALANCE SHEET RIGHTS AND COMMITMENTS**Collaterals and guarantees received**

Under this heading the real and personal collaterals and guarantees are booked that have been received under the mortgage loans, for the amount of registration.

Other rights and obligations

The risk following the difference in interest rate between the mortgage loans and the outstanding notes is hedged through a IRS, here booked for its nominal amount. On every interest payment date of the notes, the following amounts are exchanged: (i) on the one hand interests paid on the notes and (ii) on the other hand interest collections of the mortgage loans plus interest received on the accounts minus an excess spread to cover for realized losses and minus costs paid.

BASS Master Issuer NV has one Interest Rate Swap with BNPP Fortis. BASS pays the fixed rate and receives the Euribor3M + spread on a quarterly basis.

Fair value computation occurs by simply 1) discounting future cash flows on both fixed and floating legs and 2) subtracting the present value of the 2 legs to have the swap net value. Also, a small PV adjustment is made to take into account servicing fees. The discount curve is the Euribor3M, in line with BNPP Group policies for uncollateralized deals.

The calculated value is adapted to take into account the servicing fees and the counterparty risk.

**AUDITED FINANCIAL STATEMENTS OF THE ISSUER
ACCOUNTING YEAR 2010**

40				1	EUR	
Nr.	Date of the deposition	No. 0898.307.694	PP.	E.	D.	C 1.1

ANNUAL ACCOUNT IN EURO

NAME: BASS MASTER ISSUER

Legal form: PLC

Address: Louizalaan

Nr.: 486

Postal Code: 1050

City: Elsene

Country: Belgium

Register of Legal Persons (Rt.P) - Office of the commercial court at: Bruxelles

Internet address :

Company number

0898.307.694

DATE 3/06/2008 of the deposition of the partnership deed OR of the most recent document mentioning the date of publication of the partnership deed and the act changing the articles of association.

ANNUAL ACCOUNT approved by the General Meeting of 31/05/2011

concerning the financial year covering the period from 1/01/2010 till 31/12/2010

Previous period from 1/01/2009 till 31/12/2009

The amounts of the previous financial year are / ~~are not~~ ** identical to those which have been previously published.

COMPLETE LIST WITH name, first name, profession, residence-address (address, number, postal code, municipality) and position with the enterprise, OF DIRECTORS, MANAGERS AND AUDITORS

STOLP Dirk Peter

Meesler Sixlaan 32, 1181 PK AMSTELVEEN, Holland

Title : Director

Mandate : 2/06/2008- 31/05/2013

STERLING CONSULT PLLC 0861.696.827

Camille Huysmanslaan 91, 2020 Antwerpen 2, Belgium

Title : Delegated director

Mandate : 2/06/2008- 31/05/2013

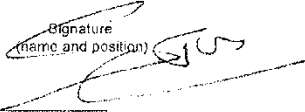
Represented by:

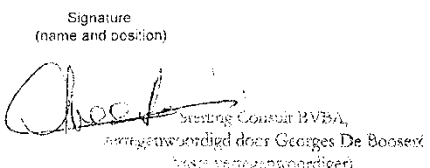
DE BOOSERE Georges

Camille Huysmanslaan 91, 2020 Antwerpen 2, Belgium

Enclosed to these annual accounts:

Total number of pages deposited:	Number of the pages of the standard form not deposited for not being of service
5.1, 5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.3.1, 5.3.2, 5.3.3, 5.3.4, 5.3.5, 5.3.6, 5.4.1, 5.4.2, 5.4.3, 5.5.1, 5.5.2, 5.8, 5.17.2, 6, 8, 9	

Signature
(name and position)


Signature
(name and position)

Georges De Boosere, Bestuurder BVBBA, verantwoordelijk voor Georges De Boosere (bestuurder)

* Optional statement.
** Delete where appropriate.

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C 1.1

LIST OF DIRECTORS, MANAGERS AND AUDITORS (continuation of the previous page)

PRICEWATERHOUSECOOPERS BCVBA 0429.501.944

Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium

Title : Auditor, Number of membership : B0009

Mandate : 7/12/2009- 31/05/2012

Represented by:

JOOS Gregory

Woluwedal 18 , 1932 Sint-Stevens-Woluwe, Belgium

Number of membership : A02025

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C 12

DECLARATION ABOUT SUPPLEMENTARY AUDITING OR ADJUSTMENT MISSION

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

The annual accounts ~~have/~~ have not * been audited or adjusted by an external accountant or auditor who is not a statutory auditor.

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

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

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

Name, first name, profession, residence-address	Number of membership	Nature of the engagement (A, B, C and/or D)

* Delete where appropriate.

** Optional disclosure.

Nr. 0898.307.694

C 2.1

BALANCE SHEET

	Notes	Codes	Period	Previous period
ASSETS				
FIXED ASSETS		20/28		
Formation expenses	5.1	20		
Intangible fixed assets	5.2	21		
Tangible fixed assets	5.3	22/27		
Land and buildings		22		
Plant, machinery and equipment		23		
Furniture and vehicles		24		
Leasing and other similar rights		25		
Other tangible fixed assets		26		
Assets under construction and advance payments		27		
Financial fixed assets	5.4/ 5.5.1	28		
Affiliated enterprises	5.14	280/1		
Participating interests		280		
Amounts receivable		281		
Other enterprises linked by participating interests	5.14	282/3		
Participating interests		282		
Amounts receivable		283		
Other financial assets		284/8		
Shares		284		
Amounts receivable and cash guarantees		285/8		
CURRENT ASSETS		29/58	26.618.392.387	23.050.289.339
Amounts receivable after more than one year		29	23.803.074.909	20.713.634.198
Trade debtors		290		
Other amounts receivable		291	23.803.074.909	20.713.634.198
Stocks and contracts in progress		3		
Stocks		30/36		
Raw materials and consumables		30/31		
Work in progress		32		
Finished goods		33		
Goods purchased for resale		34		
Immovable property intended for sale		35		
Advance payments		36		
Contracts in progress		37		
Amounts receivable within one year	5.5.1/ 5.6	40/41	2.181.394.215	1.766.986.477
Trade debtors		40		2.450
Other amounts receivable		41	2.181.394.215	1.766.984.027
Current investments		50/53		
Own shares		50		
Other investments and deposits		51/53		
Cash at bank and in hand		54/58	478.411.534	441.874.820
Deferred charges and accrued income	5.6	490/1	155.511.729	127.793.844
TOTAL ASSETS		20/58	26.618.392.387	23.050.289.339

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Nr.		0898.307.694		C 2.2	
EQUITY AND LIABILITIES					
	Notes	Codes	Period	Previous period	
EQUITY		10/15	62.000	62.000	
Capital	5.7	10	62.000	62.000	
Issued capital		100	62.000	62.000	
Uncalled capital		101			
Share premium account		11			
Revaluation surpluses		12			
Reserves		13			
Legal reserve		130			
Reserves not available		131			
In respect of own shares held		1310			
Other		1311			
Untaxed reserves		132			
Available reserves		133			
Accumulated profits (losses) (+)/(-)		14			
Investment grants		15			
Advance to associates on the sharing out of the assets		19			
PROVISIONS AND DEFERRED TAXES		16			
Provisions for liabilities and charges		160/5			
Pensions and similar obligations		160			
Taxation		161			
Major repairs and maintenance		162			
Other liabilities and charges	5.8	163/5			
Deferred taxes		168			
AMOUNTS PAYABLE		17/49	26.618.330.387	23.050.227.339	
Amounts payable after more than one year	5.9	17	26.234.000.000	22.702.500.000	
Financial debts		170/4	26.234.000.000	22.702.500.000	
Subordinated loans		170	234.000.000	202.500.000	
Unsubordinated debentures		171	26.000.000.000	22.500.000.000	
Leasing and other similar obligations		172			
Credit institutions		173			
Other loans		174			
Trade debts		175			
Suppliers		1750			
Bills of exchange payable		1751			
Advances received on contracts in progress		176			
Other amounts payable		178/9			
Amounts payable within one year		42/48	34.485.757	29.580.358	
Current portion of amounts payable after more than one year falling due within one year	5.9	42			
Financial debts		43			
Credit institutions		430/8			
Other loans		439			
Trade debts		44	1.819.382	49.018	
Suppliers		440/4	1.819.382	49.018	
Bills of exchange payable		441			
Advances received on contracts in progress		46			
Taxes, remuneration and social security	5.9	45			
Taxes		450/3			
Remuneration and social security		454/9			
Other amounts payable		47/48	32.666.375	29.531.340	
Accrued charges and deferred income	5.9	492/3	349.844.630	318.146.981	
TOTAL LIABILITIES		10/49	26.618.392.387	23.050.289.339	

5/27

Nr. 0898.307.694

C 3

INCOME STATEMENT

	Notes	Codes	Period	Previous period
Operating income	5.10	70/74		
Turnover		70		
Increase (decrease) in stocks of finished goods, work and contracts in progress		71		
Own construction capitalised		72		
Other operating income		74		
Operating charges		60/64	7.763.659	6.307.791
Raw materials, consumables		60		
Purchases		600/8		
Decrease (increase) in stocks		609		
Services and other goods		61	7.762.699	6.307.344
Remuneration, social security costs and pensions	5.10	62		
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets		630		
Amounts written down stocks, contracts in progress and trade debtors - Appropriations (write-backs)	5.10	631/4		
Provisions for risks and charges - Appropriations (uses and write-backs)	5.10	635/7		
Other operating charges	5.10	640/8	960	447
Operation charges carried to assets as restructuring costs		649		
Operating profit (loss)		9901	-7.763.659	-6.307.791
Financial income		75	1.185.468.402	1.228.344.949
Income from financial fixed assets		750		
Income from current assets		751	914.205.285	851.462.519
Other financial income	5.11	752/9	271.263.117	376.882.430
Financial charges	5.11	65	1.177.704.688	1.222.037.112
Debt charges		650	267.187.055	376.882.789
Amounts written down on current assets except stocks, contracts in progress and trade debtors		651	9.789.123	5.284.679
Other financial charges		652/9	900.728.510	839.869.644
Gain (loss) on ordinary activities before taxes		9902	55	46

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Nr. 0898.307.694		C 3	
	Codes	Period	Previous period
Extraordinary income	76		
Write-back of depreciation and of amounts written down intangible and tangible fixed assets	760		
Write-back of amounts written down financial fixed assets ..	761		
Write-back of provisions for extraordinary liabilities and charges	762		
Gains on disposal of fixed assets	763		
Other extraordinary income	764/9		
Extraordinary charges	66		
Extraordinary depreciation of and extraordinary amounts written off formation expenses, intangible and tangible fixed assets	660		
Amounts written down financial fixed assets	661		
Provisions for extraordinary liabilities and charges - Appropriations (uses)	662		
Loss on disposal of fixed assets	663		
Other extraordinary charges	664/8		
Extraordinary charges carried to assets as restructuring costs	669		
Profit (loss) for the period before taxes	9903	55	46
Transfer from postponed taxes	780		
Transfer to postponed taxes	680		
Income taxes	67/77	55	46
Income taxes	670/3	55	46
Adjustment of income taxes and write-back of tax provisions	77		
Profit (loss) for the period	9904		
Transfer from untaxed reserves	789		
Transfer to untaxed reserves	689		
Profit (loss) for the period available for appropriation (+)/(-)	9905		

Nr. 0898.307.694

C 4

APPROPRIATION ACCOUNT

	Codes	Period	Previous period
Profit (loss) to be appropriated(+)/(-)	9906		
Gain (loss) to be appropriated(+)/(-)	(9905)		
Profit (loss) to be carried forward(+)/(-)	14P		
Transfers from capital and reserves	791/2		
from capital and share premium account	791		
from reserves	792		
Transfers to capital and reserves	691/2		
to capital and share premium account	691		
to the legal reserve	6920		
to other reserves	6921		
Profit (loss) to be carried forward(+)/(-)	(14)		
Owner's contribution in respect of losses	764		
Profit to be distributed	694/6		
Dividends	694		
Director's or manager's entitlements	695		
Other beneficiaries	696		

Nf. 0898.307.694

C 5.6

OTHER INVESTMENTS AND DEPOSIT, DEFERRED CHARGES AND ACCRUED INCOME (ASSETS)

	Codes	Period	Previous period
INVESTMENTS: OTHER INVESTMENTS AND DEPOSITS			
Shares	51		
Book value increased with the uncalled amount	8681		
Uncalled amount	8682		
Fixed income securities	52		
Fixed income securities issued by credit institutions	8684		
Fixed term deposit with credit institutions	53		
Falling due			
less or up to one month	8686		
between one month and one year	8687		
over one year	8688		
Other investments not yet shown separately	8689		

DEFERRED CHARGES AND ACCRUED INCOME

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

	Period
Accrued interest on current account	216.857
Accrued interest on mortgage loans	79.111.773
Accrued interest on IRS	76.183.099

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C. 5.7

STATEMENT OF CAPITAL AND STRUCTURE OF SHAREHOLDINGS

STATEMENT OF CAPITAL

Social capital

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

Codes	Period	Previous period
100P	XXXXXXXXXXXXXX	62.000
(100)	62.000	

Changes during the period:

Structure of the capital
 Different categories of shares

Registered Share without mention of nominal value
 Registered shares
 Bearer shares and/or dematerialized shares

Codes	Amounts	Number of shares
	62.000	62.000
8702	XXXXXXXXXXXXXX	62.000
8703	XXXXXXXXXXXXXX	

Capital not paid

Uncalled capital
 Capital called, but not paid
 Shareholders having yet to pay up in full

Codes	Uncalled capital	Capital called, but not paid
(101)		XXXXXXXXXXXXXX
8712	XXXXXXXXXXXXXX	

OWN SHARES

Held by the company itself

Amount of capital held
 Number of shares held

Held by the subsidiaries

Amount of capital held
 Number of shares held

Commitments to issue shares

Following the exercising of CONVERSION RIGHTS

Amount of outstanding convertible loans
 Amount of capital to be subscribed
 Corresponding maximum number of shares to be issued

Following the exercising of SUBSCRIPTION RIGHTS

Number of outstanding subscription rights
 Amount of capital to be subscribed
 Corresponding maximum number of shares to be issued

Authorized capital, not issued

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

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C. 5.7

STATEMENT OF CAPITAL AND STRUCTURE OF SHAREHOLDINGS**Shared issued, not representing capital**

Distribution

Number of shares held 8761
 Number of voting rights attached thereto 8762

Allocation by shareholder

Number of shares held by the company itself 8771
 Number of shares held by its subsidiaries 8781

Codes	Period
8761	
8762	
8771	
8781	

STRUCTURE OF SHAREHOLDINGS OF THE ENTERPRISE AS AT THE ANNUAL BALANCING OF THE BOOKS, AS IT APPEARS FROM THE STATEMENT RECEIVED BY THE ENTERPRISE

STICHTING HOLDING BASS : 61900 shares
 GENFINANCE INTERNATIONAL Ltd : 100 shares

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C 59

STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME

ANALYSIS BY CURRENT PORTIONS OF AMOUNTS INITIALLY PAYABLE AFTER MORE THAN ONE YEAR

Amounts payable after more than one year, not more than one year

Financial debts	8801
Subordinated loans	8811
Unsubordinated debentures	8821
Leasing and other similar obligations	8831
Credit institutions	8841
Other loans	8851
Trade debts	8861
Suppliers	8871
Bills of exchange payable	8881
Advance payments received on contracts in progress	8891
Other amounts payable	8901
Total amounts payable after more than one year, not more than one year	(42)

Amounts payable after more than one year, between one and five years

Financial debts	8802	26.234.000.000
Subordinated loans	8812	234.000.000
Unsubordinated debentures	8822	26.000.000.000
Leasing and other similar obligations	8832	
Credit institutions	8842	
Other loans	8852	
Trade debts	8862	
Suppliers	8872	
Bills of exchange payable	8882	
Advance payments received on contracts in progress	8892	
Other amounts payable	8902	
Total amounts payable after more than one year, between one and five years	8912	26.234.000.000

Amounts payable after more than one year, over five years

Financial debts	8803
Subordinated loans	8813
Unsubordinated debentures	8823
Leasing and other similar obligations	8833
Credit institutions	8843
Other loans	8853
Trade debts	8863
Suppliers	8873
Bills of exchange payable	8883
Advance payments received on contracts in progress	8893
Other amounts payable	8903
Total amounts payable after more than one year, over five years	8913

Codes	Period
8801	
8811	
8821	
8831	
8841	
8851	
8861	
8871	
8881	
8891	
8901	
(42)	
8802	26.234.000.000
8812	234.000.000
8822	26.000.000.000
8832	
8842	
8852	
8862	
8872	
8882	
8892	
8902	
8912	26.234.000.000
8803	
8813	
8823	
8833	
8843	
8853	
8863	
8873	
8883	
8893	
8903	
8913	

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C 5.9

	Codes	Period
AMOUNTS PAYABLE GUARANTEED (<i>headings 17 and 42/48 of liabilities</i>)		
Amounts payable guaranteed by Belgian public authorities		
Financial debts	8921	
Subordinated loans	8931	
Unsubordinated debentures	8941	
Leasing and other similar obligations	8951	
Credit institutions	8961	
Other loans	8971	
Trade debts	8981	
Suppliers	8991	
Bills of exchange payable	9001	
Advance payments received on contracts in progress	9011	
Remuneration and social security	9021	
Other amounts payable	9051	
Total amounts payable guaranteed by Belgian public authorities	9061	
Amounts payable guaranteed by real guarantees given or irrevocably promised by the enterprise on its own assets		
Financial debts	8922	26.234.000.000
Subordinated loans	8932	234.000.000
Unsubordinated debentures	8942	26.000.000.000
Leasing and other similar obligations	8952	
Credit institutions	8962	
Other loans	8972	
Trade debts	8982	
Suppliers	8992	
Bills of exchange payable	9002	
Advance payments received on contracts in progress	9012	
Taxes, remuneration and social security	9022	
Taxes	9032	
Remuneration and social security	9042	
Other amounts payable	9052	
Total amounts payable guaranteed by real guarantees given or irrevocably promised by the enterprise on its own assets	9062	26.234.000.000
AMOUNTS PAYABLE FOR TAXES, REMUNERATION AND SOCIAL SECURITY		
Taxes (<i>heading 450/3 of the liabilities</i>)		
Expired taxes payable	9072	
Non expired taxes payable	9073	
Estimated taxes payable	450	
Remuneration and social security (<i>heading 454/9 of the liabilities</i>)		
Amount due to the National Office of Social Security	9076	
Other amounts payable relating to remuneration and social security	9077	

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ACCRUED CHARGES AND DEFERRED INCOME		Period	
Allocation of the heading 492/3 of liabilities if the amount is considerable			
Accrued charges			189.596
Accrued interest on the notes			76.183.185
Accrued interest on IRS			193.039.447
Prorata swap payment			80.432.402

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C 5.10

OPERATING RESULTS

	Codes	Period	Previous period
OPERATING INCOME			
Net turnover			
Broken down by categories of activity			
Allocation into geographical markets			
Other operating income			
Total amount of subsidies and compensatory amounts obtained from public authorities	740		
OPERATING COSTS			
Employees recorded in the personnel register			
Total number at the closing date	9086		
Average number of employees calculated in full-time equivalents	9087		
Number of actual worked hours	9088		
Personnel costs			
Remuneration and direct social benefits	620		
Employers' social security contributions	621		
Employers' premiums for extra statutory insurances	622		
Other personnel costs	623		
Old-age and widows' pensions	624		
Provisions for pensions			
Additions (uses and write-back)	635		
Amounts written off			
Stocks and contracts in progress			
Recorded	9110		
Written back	9111		
Trade debtors			
Recorded	9112		
Written back	9113		
Provisions for risks and charges			
Additions	9115		
Uses and write-back	9116		
Other operating charges			
Taxes related to operation	640	107	89
Other charges	641/8	853	358
Hired temporary staff and persons placed at the enterprise's disposal			
Total number at the closing date	9096		
Average number calculated as full-time equivalents	9097		
Number of actual worked hours	9098		
Charges to the enterprise	617		

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C 5.12

INCOME TAXES AND OTHER TAXES**INCOME TAXE****Income taxes on the result of the current period**

Income taxes paid and withholding taxes due or paid	9134	55
Excess of income tax prepayments and withholding taxes recorded under assets	9135	55
Estimated additional taxes	9136	
	9137	

Income taxes on previous periods

Taxes and withholding taxes due or paid	9138	
Estimated additional taxes estimated or provided for	9139	
	9140	

In so far as income taxes of the current period are materially affected by differences between the profit before taxes, as stated in the annual accounts, and the estimated taxable profit

Non-deductible charges		107
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Codes	Period
9134	55
9135	55
9136	
9137	
9138	
9139	
9140	
	107

An indication of the effect of extraordinary results on the amount of income taxes relating to the current period

Status of deferred taxes

Deferred taxes representing assets	9141
Accumulated tax losses deductible from future taxable profits	9142
Other deferred taxes representing assets	
Deferred taxes representing liabilities	9144
Allocation of deferred taxes representing liabilities	

Codes	Period
9141	
9142	
9144	

THE TOTAL AMOUNT OF VALUE ADDED TAX AND TAXES BORNE BY THIRD PARTIES**The total amount of value added tax charged**

To the enterprise (deductible)	9145
By the enterprise	9146

Amounts retained on behalf of third parties for

Payroll withholding taxes	9147
Withholding taxes on investment income	9148

Codes	Period	Previous Period
9145		
9146		
9147		
9148		

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C 5.13

RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

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

INFORMATION RELATING TO TECHNICAL GUARANTEES, IN RESPECT OF SALES OR SERVICES

INFORMATION CONCERNING IMPORTANT LITIGATION AND OTHER COMMITMENTS NOT MENTIONED ABOVE

Interest rate swap with Fortis Bank Belgium with a notional amount of 26 234 000 000 €

IF THERE IS A SUPPLEMENTARY RETIREMENTS OR SURVIVOR'S PENSION PLAN IN FAVOUR OF THE PERSONNEL OR THE EXECUTIVES OF THE ENTERPRISE, A BRIEF DESCRIPTION OF SUCH PLAN OF THE MEASURES TAKEN BY THE ENTERPRISE TO COVER THE RESULTING CHARGES

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C 5.13

RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

PENSIONS FUNDED BY THE ENTERPRISE

Estimated amount of the commitments resulting for the enterprise from past services

Code	Period
9220	

Methods of estimation

NATURE AND BUSINESS PURPOSE OF OFF-BALANCE SHEET ARRANGEMENTS

Provided the risks or benefits arising from such arrangements are material and where the disclosure of such risks or benefits is necessary for assessing the financial position of the company; if required, the financial impact of these arrangements have to be mentioned too:

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C 5.14

RELATIONSHIPS WITH AFFILIATED ENTERPRISES AND ENTERPRISES LINKED BY PARTICIPATING INTERESTS

	Codes	Period	Previous period
AFFILIATED ENTERPRISES			
Financial fixed assets	(280/1)		
Investments	(280)		
Amounts receivable subordinated	9271		
Other amounts receivable	9281		
Amounts receivable	9291	309.492.590	105.942.985
After one year	9301		
Within one year	9311	309.492.590	105.942.985
Current investments	9321		
Shares	9331		
Amounts receivable	9341		
Amounts payable	9351	26.268.377.516	22.732.040.642
After one year	9361	26.234.000.000	22.702.500.000
Within one year	9371	34.377.516	29.540.642
Personal and real guarantees			
Provided or irrevocably promised by the enterprise, as security for debts or commitments of affiliated enterprises	9381		
Provided or irrevocably promised by affiliated enterprises as security for debts or commitments of the enterprise	9391		
Other substantial financial commitments	9401		
Financial results			
Income from financial fixed assets	9421		
Income from current assets	9431	1.878.007	2.372.164
Other financial income	9441	271.263.117	376.882.430
Debts charges	9461	267.187.055	376.882.789
Other financial charges	9471	900.370.524	839.789.224
Gains and losses on disposal of fixed assets			
Obtained capital gains	9481		
Obtained capital losses	9491		
ENTERPRISES LINKED BY PARTICIPATING INTERESTS			
Financial fixed assets	(282/3)		
Investments	(282)		
Amounts receivable subordinated	9272		
Other amounts receivable	9282		
Amounts receivable	9292		
After one year	9302		
Within one year	9312		
Amounts payable	9352		
After one year	9362		
Within one year	9372		

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C 5.14

RELATIONSHIPS WITH AFFILIATED ENTERPRISES AND ENTERPRISES LINKED BY PARTICIPATING INTERESTS

TRANSACTIONS WITH RELATED PARTIES OUTSIDE NORMAL MARKET CONDITIONS

Mention of such operations if they are material, stating the amount of these transactions, the nature of the relationship with the related party and other information about the transactions necessary for the understanding of the financial position of the company:

Nil

Additional information

"As currently the legal criteria to inventory the transactions with related parties which are not executed at arm's length are not defined, no information can provided for in C 5.14"

Period

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C 5.15

FINANCIAL RELATIONSHIPS WITH

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

Amounts receivable from these persons

Conditions on amounts receivable

Guarantees provided in their favour

Guarantees provided in their favour - Main condition

Other significant commitments undertaken in their favour

Other significant commitments undertaken in their favour - Main condition

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

To directors and managers

To former directors and former managers

Codes	Period
9500	
9501	
9502	
9503	13.000
9504	

AUDITORS OR PEOPLE THEY ARE LINKED TO

Auditor's fees

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

Other attestation missions

Tax consultancy

Other missions external to the audit

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

Other attestation missions

Tax consultancy

Other missions external to the audit

Codes	Period
9505	20.400
95061	
95062	
95063	20.400
95081	
95082	
95083	

Mention related to article 133 paragraph 6 from the Companies Code

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C 5.16

DERIVATIVES NOT MEASURED AT FAIR VALUE

FAIR VALUE OF FINANCIAL DERIVATIVES NOT MEASURED AT FAIR VALUE WITH INDICATION ABOUT THE NATURE AND THE VOLUME OF THE INSTRUMENTS

IRS Notional amount 26 234 000 000 €

Period
-747 510.324

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INFORMATION RELATING TO CONSOLIDATED ACCOUNTS

INFORMATION THAT MUST BE PROVIDED BY EACH COMPANY, THAT IS SUBJECT OF COMPANY LAW ON THE CONSOLIDATED ANNUAL ACCOUNTS OF ENTERPRISES

The enterprise has drawn up published a consolidated annual statement of accounts and a management report*

The enterprise has not published a consolidated annual statement of accounts and a management report, since it is exempt for this obligation for the following reason*

The enterprise and its subsidiaries on consolidated basis exceed not more than one of the limits mentioned in art. 16 of Company Law*

The enterprise itself is a subsidiary of an enterprise which does prepare and publish consolidated accounts, in which her yearly statement of accounts is included*

If yes, justification of the compliance with all conditions for exemption set out in art. 113 par. 2 and 3 of Company Law.

Name, full address of the registered office and, for an enterprise governed by Belgian Law, the company number of the parent company preparing and publishing the consolidated accounts required:

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

Name, full address of the registered office and, for an enterprise governed by Belgian Law, the company number of the parent company(ies) and the specification whether the parent company(ies) prepare(s) and publish(es) consolidated annual accounts in which the annual accounts of the enterprise are included**

FORTIS BANK NV

Warandeberg 3

1000 Brussel 1, Belgium

0403.199.702

The enterprise draws up consolidated annual account data for the minor part of the enterprise

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

* Delete where no appropriate.

** Where the accounts of the enterprise are consolidated at different levels, the information should be given for the consolidated aggregate at the highest level on the one hand and the lowest level on the other hand of which the enterprise is a subsidiary and for which consolidated accounts are prepared and published.

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C 5.17.1

INFORMATION RELATING TO CONSOLIDATED ACCOUNTS**INFORMATION TO DISCLOSE BY THE REPORTING ENTERPRISE BEING A SUBSIDIARY OR A JOINT SUBSIDIARY**

Name, full address of the registered office and, for an enterprise governed by Belgian Law, the company number of the parent company(ies) and the specification whether the parent company(ies) prepare(s) and publish(es) consolidated annual accounts in which the annual accounts of the enterprise are included**

BNP PARIBAS

Bld des Italiens 16

75009 PARIS, France

FR662042449

The enterprise draws up consolidated annual account data for the major part of the enterprise

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

BNP PARIBAS

Bld des Italiens 16

75009 PARIS, France

* Delete where no appropriate.

** Where the accounts of the enterprise are consolidated at different levels, the information should be given for the consolidated aggregate at the highest level on the one hand and the lowest level on the other hand of which the enterprise is a subsidiary and for which consolidated accounts are prepared and published.

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C 7

VALUATION RULES**BASS MASTER ISSUER N.V. VALUATION RULES**

Bass Master Issuer N.V. - S.A., institutionele V.B.S. naar Belgisch recht, is organised as a Belgian public limited company (naamloze vennootschap/société anonyme) registered with the Belgian Federal Public Service for Finance (Fédérale overheidsdienst Financiën / Service Public Fédérale 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 V.B.S.").

ASSETS**Amounts receivable after more than one year**

This heading contains the current principal outstanding amount of the securitized mortgage loans. The receivables on more than one year are booked in the balance sheet at the nominal value of the mortgage loans.

Value reductions on uncertain mortgage loans : to provide for expected losses value reductions are computed on the securitized mortgage loans in circulation. The amount of the calculated value reductions can be decreased if the possibility exists to sell the remaining balance to third parties.

Amounts receivable within one year

The receivables on less than one year are also booked in the balance sheet at nominal value plus accrued interest.

On a regular basis the loans are analyzed on potential credit risk and denounced in function of their risk class: at that time, they will be booked on the balance sheet for their total amount outstanding plus penalties and penalty interests at the time of denunciation. After denunciation, a fixed amount of penalty interest is charged on a daily basis, but only booked when actually received.

Value reductions on denounced mortgage loans: these value reductions consist of the difference between the recoverable part, which is equivalent to the value of the collateral (i.e. the present value of the real estate with as maximum the amount of the registration) and the non collectable part.

If subsequently it would appear that the calculated value reduction is overstated or unnecessary it should be written back partly or completely.

Quarterly an excess spread is calculated on the remaining balance of the outstanding notes of classes A to D. This excess spread is deducted from the interest collections of the mortgage loans and covers eventual realized losses after foreclosure of the underlying mortgage collateral and the posted impairments on the loans.

Cash

This heading contains the cash on the current account and the reserve account established at the issuance of the subordinated class E notes. The amounts in this heading are booked at nominal value.

Deferred charges and accrued income

Under the heading 'Deferred Charges and Accrued Income', all amounts of deferred charges and accrued income relating to the reference period, are booked. It consists mainly of pro-rata interests on the mortgage loans, the pro-rata interests on the current account and the pro-rata interests on the IRS.

LIABILITIES**Amounts payable after more than one year****a) financial debts - subordinated loans**

The outstanding class E notes are booked at nominal value. The repayment of class E notes is subordinated to the repayment of classes A to D. The proceeds of an issuance of class E notes are put into a reserve account, booked under the heading 'Cash' on the asset side. This reserve account is meant to allow the issuer to comply to its payment obligations on each payment date in case of insufficient interest collections.

b) financial debt - unsubordinated loans

This heading comprises the outstanding amounts of classes A to D, of which the proceeds are used to purchase mortgage loans.

The outstanding amounts are booked at nominal value minus repayments. The timing of the repayments is subject to the incoming cash flows of the mortgage loans and the terms and conditions of the different classes of notes. It can be the case that principal repayments under the mortgage loans are used to securitise new mortgage loans instead of repaying the notes.

Amounts payable within one year

'Amounts payable within one year' contains the principal of notes that are due within one year. These amounts payable are booked at nominal value.

Trade debts and other debts

These liabilities are booked at nominal value.

Accrued charges and deferred income

'Accrued charges and deferred income' contains the pro-rata interests on the notes, the pro-rata interest on the swap, the pro-rata deferred purchase price (payment of the difference between the excess spread and the realized losses on the mortgage loans, in case a positive amount), the deferred income and the costs to be charged in relation to the reference period.

A swap agreement (see 'Off-balance sheet rights and commitments') provides for a regular exchange of (i) on the one hand interests paid on the notes and (ii) on the other hand interest collections of the mortgage loans plus interest received on the accounts minus an excess spread and costs paid. At the end of the financial year a 'pro-rata swap payment' is booked, which is equal to the result of Bass Master

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C 7

VALUATION RULES

Issuer at the end of the period, in order to bridge the time gap between the interests paid and received. The counter booking is done under the heading 'accrued charges'

OFF-BALANCE SHEET RIGHTS AND COMMITMENTS**Collaterals and guarantees received**

Under this heading the real and personal collaterals and guarantees are booked that have been received under the mortgage loans, for the amount of registration.

Other rights and obligations

The risk following the difference in interest rate between the mortgage loans and the outstanding notes is hedged through a IRS, here booked for its nominal amount. On every interest payment date of the notes, the following amounts are exchanged: (i) on the one hand interests paid on the notes and (ii) on the other hand interest collections of the mortgage loans plus interest received on the accounts minus an excess spread to cover for realized losses and minus costs paid.

SECTION 19

RELATED PARTY TRANSACTIONS – MATERIAL CONTRACTS

1. THE SELLER

1.1 Name and status

The Mortgage Loans have been originated by the Seller or the other Originators as legal predecessors of the Seller.

For a description of the Seller, see Section 12 (*The Seller*) above.

1.2 Mortgage Receivables Purchase Agreement

Under the Mortgage Receivables Purchase Agreement, the Issuer is obliged to purchase and accept the transfer by way of assignment of legal title to the Mortgage Receivables and Related Security under or in connection with certain selected Mortgage Loans on each Mortgage Purchase Date.

For a description of the Mortgage Receivables Purchase Agreement, see further Section 16 (*Mortgage Receivables Purchase Agreement*).

2. THE POOL SERVICER

2.1 Name and Status

The Seller has been appointed as Pool Servicer.

For a description of the Seller, see Section 12 (*The Seller*).

2.2 The Servicing Agreement

Pursuant to the Servicing Agreement the Seller has been appointed as Pool Servicer and, in this capacity as Pool Servicer, has agreed to provide loan administration and collection services and the other services as agreed in the Servicing Agreement in relation to the Mortgage Receivables.

For a description of the Servicing Agreement, see further Section 17 (*Servicing Agreement*).

2.3 Remuneration

In consideration of the Pool Servicer's agreement to carry out certain services as agreed in the Servicing Agreement, the Issuer has agreed to pay quarterly in arrears on each Note Payment Date to the Pool Servicer a servicing fee of 0.03 per cent per annum calculated over the aggregate Outstanding Principal Amount of all Mortgage Receivables.

2.4 Replacement

In certain events, the Security Agent or the Issuer (with the prior consent of the Security Agent) may terminate the appointment of the Pool Servicer.

For a further description, see Section 17 (*Servicing Agreement*), 2 (*Termination*) below.

2.5 Conflict of Interest

The Pool Servicer may have a conflict of interest resulting from its responsibilities as Pool Servicer for the Issuer pursuant to the Servicing Agreement, on the one hand, and its concern

to preserve its commercial relations with the Borrowers, on the other hand. This conflict of interest risk is mitigated by the terms of the Servicing Agreement. The Servicing Agreement provides, among other things, that the Pool Servicer must at all times act in such a manner as would be reasonable to expect from a reasonably prudent professional of high standing in providing services similar to the services provided by the Pool Servicer. In addition, the Servicing Agreement contains certain specific undertakings to protect the interests of the Issuer.

3. THE ADMINISTRATOR

3.1 Name and status

Pursuant to the Servicing Agreement, the Issuer has appointed Intertrust (Netherlands) B.V., a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), with its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, registered with the commercial register (*Kamer van Koophandel te Amsterdam*) under number 33144202 as the Administrator. Its phone number is +31 (0)20 521 47 77 and fax number: +31 (0)20 521 48 88.

Intertrust (Netherlands) B.V. is part of the Intertrust group (**Intertrust**), which is a global provider of corporate and trust services, administration services and specialised post-closing securitisation services. Intertrust Group was acquired from Waterland Private Equity Investments by the Blackstone Group LP (**Blackstone**) in early 2013. Blackstone is one of the largest private equity firms in the world; with investments spanning a wide range of industries and continents in businesses large and small. Blackstone has over 1,700 employees in 25 offices worldwide and has over USD 200 billion in assets under management.

3.2 Servicing Agreement

Under the Servicing Agreement, the Administrator has agreed to provide certain administration, calculation and cash management services for the Issuer.

For a description of the Servicing Agreement, see further Section 17 (*Servicing Agreement*).

3.3 Remuneration

The issuer has agreed to pay to the Administrator for the performance of the Administration Services an annual fee of Euro 30.000,- exclusive of VAT (if any) which shall be paid on a quarterly basis to the administrator in advance on each Note Payment Date.

The annual fee of Euro 30.000,- shall each year, starting on the first Note Payment Date falling in 2009, be increased with a percentage equal to the Consumer Price Index (*Geharmoniseerd indexcijfer der consumptieprijzen/indice des prix à la consommation harmonisé*) as published on the website www.statbel.fgov.be.

In addition, the Issuer has agreed to reimburse to the Administrator all reasonable out-of-pocket costs, expenses and charges properly incurred by the Administrator in connection with the services and the preparation, execution, delivery, administration, modification or amendment in respect of its rights, obligations and responsibilities under the Servicing Agreement.

3.4 Replacement

In certain events, the Security Agent or the Issuer (with the prior consent of the Security Agent) may terminate the appointment of the Administrator.

For a further description, see Section 17 (*Servicing Agreement*), 2 (*Termination*).

4. THE SECURITY AGENT

4.1 Name and status

Stichting Security Agent Bass is a foundation (*stichting*) incorporated under the laws of the Netherlands on 4 June 2008, with its registered office at Olympic Plaza, Fred Roeskestraat 123, 1076 EE Amsterdam, the Netherlands has been appointed as representative of the Noteholders and as agent of the Secured Parties on terms and subject to the conditions set out in the Security Agent Agreement.

4.2 The Security Agent Agreement

For a description of the Security Agent Agreement and the powers and liabilities of the Security Agent, see Section 22 (*Terms and Conditions of the Notes*), in particular Condition 15 (*The Security Agent*).

4.3 Remuneration

The Issuer has agreed to pay to the Security Agent for the performance of the security Agent Services as described in the Security Agent Agreement an annual fee of Euro 5.000,- exclusive of VAT (if any), which shall be paid annually up front starting from the day of incorporation of the Security Agent.

4.4 Replacement

See Section 22 (*Terms and Conditions of the Notes*), in particular Condition 15.5 (*Retirement and removal*).

5. THE GIC PROVIDER

5.1 Name and status

Pursuant to the GIC Agreement the Seller has been appointed as GIC Provider to hold the Issuer Accounts and to guarantee a certain interest rate in respect of the balance standing from time to time to the credit of the Issuer Accounts.

For a description of the Seller, see Section 12 (*The Seller*).

5.2 The GIC Agreement

The GIC Provider has agreed to guarantee an interest rate equal to EONIA on the balance standing from time to time to the credit of the Issuer Accounts.

5.3 Replacement

The Issuer may at any time (but, if prior to the date on which the Notes are redeemed or written off in full, only with the prior written consent of the Security Agent), by written notice terminate the appointment of the GIC Provider with immediate effect upon the occurrence of certain events.

If at any time a GIC Provider Rating Downgrade Event occurs, then the GIC Provider will use its best efforts within thirty (30) days of any such event (i) to obtain a third party, having at least the GIC Provider Required Rating to guarantee the obligations of the GIC Provider, or (ii) to find an alternative GIC Provider acceptable to the Security Agent.

6. THE INTEREST SWAP COUNTERPARTY

6.1 Name and status

The Issuer has entered into the Interest Swap Agreement with the Seller.

For a description of the Seller, see Section 12 (*The Seller*).

6.2 The Interest Swap Agreement

For a description of the Interest Swap Agreement, the termination thereof and the hedging of interest rates, see Section 10 (*Credit Structure*), 14 (*Interest Rate Hedging*).

7. THE DOMICILIARY AGENT, LISTING AGENT, REFERENCE AGENT

7.1 Name and status

The Seller has been appointed as Domiciliary Agent, Listing Agent and Reference Agent.

For a description of the Seller, see Section 12 (*The Seller*).

7.2 The Domiciliary Agency Agreement

Under the Domiciliary Agency Agreement, the Domiciliary Agent has undertaken to ensure the payment of the sums due on the Notes and perform all other obligations and duties imposed on it by the Conditions and the Agency Agreement.

The Domiciliary Agent has also agreed to perform the tasks described in the Clearing Agreement, which comprise inter alia providing the Clearing System Operator with information relating to the issue of Notes, the Base Prospectus, Supplemental Prospectus and other documents required by law.

The Listing Agent has caused an application to be made to Euronext Brussels for the admission to trading of the Notes.

The Reference Agent has agreed to determine rates of interest and perform other duties in respect of the Notes as set out in the Conditions and the Domiciliary Agency Agreement.

7.3 Remuneration

No remuneration is foreseen for the Domiciliary Agent.

7.4 Replacement

The Issuer and each of these agents may at any time, subject to prior written notice, terminate the appointment of a relevant agent. In certain events, the Issuer may terminate the appointment of an agent forthwith, subject to the prior approval of the Security Agent.

The termination of the appointment of an agent (whether by the Issuer or by the resignation of the agent) shall not be effective unless upon the expiry of the relevant notice a suitable replacement has been appointed.

8. THE RATING AGENCIES

The following rating agencies have been requested to rate the Notes:

- (a) Moody's Investors Service Limited; and

(b) Fitch France S.A.

9. THE CLEARING SYSTEM OPERATOR

Pursuant to the Clearing Agreement, the Clearing System Operator has agreed to provide clearing services to the Issuer.

SECTION 20

FORM OF THE 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.

SECTION 21

FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Series of Notes issued under the Programme.

[Date]

Bass Master Issuer NV/SA

***Institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht /
Société d'investissement en créances institutionnelle de droit belge***

*(incorporated under the laws of Belgium with limited liability
and having its registered office in Brussels)*

Issue of [...] (Aggregate Nominal Amount of Series of Notes)

[Title of relevant Series and Class of Notes]

[Class or Sub-class of Notes]

under the EUR 30,000,000,000

Residential Mortgage Backed Note Programme

[Dealers]

The Notes offered by the Issuer may only be subscribed, purchased or held by investors that qualify both as (a) institutional or professional investors within the meaning of Article 5 § 3 of the Belgian Act of 3 August 2012 on certain forms of collective management of investment portfolios (*Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles / Loi relative à certaines formes de gestion collective de portefeuilles d'investissement*), as amended from time to time that are acting for their own account; and (b) a holder of an exempt securities 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. Any transfers of Notes effected in breach of the above requirement will be unenforceable vis-à-vis the Issuer.

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 Base Prospectus dated 28 June 2013 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 Base 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 Base Prospectus. The Base 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 <https://www.intertrustgroup-fgreporting.com>.

[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.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

- | | | |
|----|---------------------------------------|---|
| 1. | Issuer: | Bass Master Issuer NV/SA <i>institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge</i> |
| 2. | Currency: | [euros/dollars/other] |
| 3. | Class of Notes or Sub-class of Notes: | [Class [•] Notes/Sub-class [•]] Notes / other] |
| 4. | (a) Series number: | [•] |
| | (b) Tranche number: | [Class [•] Notes/Sub-class [•]] Notes: [•] |
| 5. | Series: | [the Notes described herein comprise [Sub-class [1/2/3, other] of] the Class [specify] Notes of Bass Series [specify], and together with all other Notes of Series [specify] such Series][the Notes are consolidated with the Notes of a Series and Class or Sub-class [specify] and the Notes of Series [specify] and the Notes described herein together comprise Bass Series [specify] [other] |
| 6. | (a) Nominal Amount Series: | [Class [•] Notes/Sub-class [•]] Notes: [•] |
| | (b) Nominal Amount Tranche [•] | [Class [•] Notes/Sub-class [•]] Notes: [•] |
| 7. | Issue Price: | [•] per cent. of the Nominal Amount (<i>in case of fungible issues only, if applicable</i>) |
| 8. | Denominations | [minimum EUR [250,000] or its equivalent in other currencies] |
| 9. | Issue Date: | [•] |

10. Final Maturity Date: Note Payment Date falling in or nearest to [specify month and year]
11. Interest Basis: [Fixed Rate Notes]
- [Floating Rate Notes, Euribor (as calculated in accordance with condition 4.2.5 (*Euribor*)) plus margin specified below/Dollar Libor (as calculated in accordance with condition 4.2.6 (*Dollar Libor*)) plus margin specified below/other]
- [Other]
- (When adding any other interest basis, consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Fixed Rate prior to the Step-up Date: [•] per cent. per annum payable quarterly
- (b) As of the Step-up Date the Fixed Rate Notes will switch to Floating Rate Notes: [Applicable/Not Applicable]
- (c) Note Payment Date(s): 15th day of [_____] of each year up to and including the Final Maturity Date/[specify other] (or, if such day is not a Business Day (as defined in the Conditions), the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event interest on the Notes will be payable on the Business Day immediately preceding such day)
- (d) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
13. Floating Rate note Provisions Applicable
- (Note that soft bullet Fixed Rate Notes switch to Floating Interest Rates after the Step-up date)*
- (a) Interest: [Euribor][Dollar Libor][specify other and give details] plus Interest Margin

- (b) Interest Margin prior to the Step-up Date: [Not applicable]/ [•] per cent per annum
- (c) Interest Margin after the Step-up Date: [•] per cent. per annum
- (d) Note Payment Date(s): 15th day of [_____] of each year up to and including the Final Maturity Date/[specify other] (or, if such day is not a Business Day (as defined in the Conditions), the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event interest on the Notes will be payable on the Business Day immediately preceding such day)
- (e) Other terms relating to the method of calculating interest for Floating Rate Notes: [None/Give details]
14. Other: [•] (*When changing the interest determination, consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)

PROVISIONS RELATING TO REDEMPTION

15. Pass-through Notes or Soft Bullet Notes or other: [Pass-through Notes/Soft Bullet Notes/other]
16. Step-up Date: Note Payment Date falling in or nearest to [specify month and year]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

17. Form of Notes: Dematerialised Securities
18. Exchange Date: N/A
19. [Additional Financial Centre(s) or other special provisions relating to Payment Days]: [Not Applicable/give details]
(*Note that this item relates to the place of payment and not Interest Period end dates*)
20. New Global Note: No
21. Other Final terms: [Not Applicable/give details]
(*When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)

DISTRIBUTION

22. (a) If syndicated, names of Dealers: [Not Applicable/give names]
 (b) If not syndicated, name of Dealer: [Not Applicable/give names]
 (c) Stabilising Manager (if any) [Not Applicable/give names]
23. Applicable TEFRA rules: [TEFRA D/TEFRA C/TEFRA not applicable]
24. Additional selling restrictions: [Not Applicable/give details]

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the EUR 30,000,000,000 Residential Mortgage Backed Note Programme of Bass Master Issuer NV/SA, *Institutionele Vennootschap voor belegging in schuldvorderingen naar Belgisch recht / Société d'investissement en créances institutionnelle de droit belge*.

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:

BASS MASTER ISSUER NV/SA, institutionele VBS naar Belgisch recht

Name: [●]

Title: [●]

PART B

OTHER INFORMATION

1. LISTING

- (a) Listing [regulated market of NYSE Euronext Brussels/other (*specify*)/None]
- (b) Admission to trading [Application has been made for the Notes to be admitted to trading on [the regulated market of NYSE Euronext Brussels/*specify other*] with effect from [●] [_____] [●].] [Not Applicable.]
- (c) Estimate of total expenses related to admission to trading: [●]

2. RATING

The Notes of Bass Series[●] to be issued have been rated:

Fitch: Class A Notes: AAAsf
 Class B Notes: AAsf
 Class C Notes: BBB+sf

Moody's: Class A Notes: Aaasf
 Class B Notes: Aa3sf
 Class C Notes: A2sf

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. NOTIFICATION

[Not applicable / [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] [the names of competent authorities of host member states] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

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

- (a) Reasons for the offer: [_____]

(See Section 24 (Use of Proceeds) wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

- (b) Estimated net proceeds: [•]
- (Only required for listed issues. If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- (c) Estimated total expenses: [•] [Include breakdown of expenses]
- (If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

6. OPERATIONAL INFORMATION

- (a) ISIN Code: [•] *(per class – sub-class)*
- (b) Common Code: [•] *(per class – sub-class)*
- (c) Any clearing system(s) the relevant identification number(s): [X/N Clearing System operated by National Bank of Belgium + Euroclear + Clearstream]
- [Not Applicable/give name(s) and number(s)]
- (d) If NGN form is chosen, the Common Safekeeper on the issue date: Not Applicable
- (e) If NGN form is not chosen, the Common Depository on the issue date, if applicable: Not Applicable
- (f) Delivery: Delivery [against/free of] payment
- (g) Names and addresses of additional Domiciliary Agent(s) (if any): [_____]
- (h) Intended to be held in a manner which would allow Eurosystem eligibility: [[Yes/No] **[Eligibility being checked by fortis]**]

7. OTHER SERIES ISSUED

The aggregate Principal Amount Outstanding of the Notes on the Issue Date of the Notes described herein issued by Bass Master Issuer NV/SA *institutionele vennootschap voor belegging in schulvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge* [(converted, where applicable, into euros at the [specify rate])] including the Notes described herein, will be:

- (a) Class A Notes: [•]
- (b) Class B Notes: [•]
- (c) Class C Notes: [•]
- (d) Class D Notes: [•]
- (e) Class E Notes: [•]

8. ISSUER CURRENCY SWAP

- (a) Currency Swap Agreement in respect of this Series and Class or Sub-class (necessary in case of denominations other than euros): [Applicable/Not Applicable]
- (b) Currency Swap Counterparty [give name]
- (c) Other provisions in respect of Currency Swap Agreement [none/give details]

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.]

[The following is an example of the information which may be provided in the Final Terms. If applicable, details of the Consolidated Pool and/or Provisional Pool may be provided in the below manner or in a similar manner. For each Final Terms the specific information in the tables will, if necessary, be adjusted. Information may be provided on a Seller by Seller basis or on a consolidated basis.]

Key Characteristics of the pool	
Oustanding Principal Balance (EUR)	[•]
Average Borrower Balance (EUR)	[•]
Maximum Borrower Balance (EUR)	[•]
Number of Borrowers	[•]
Number of Advances	[•]
Weighted Average Seasoning (years)	[•]
Weighted Average Remaining Maturity (years)	[•]
Weigthed Average Coupon (%)	[•]
Weighted Average DTI	[•]
Weighted Average LTV	[•]
Weighted Average Indexed LTV	[•]
Weighted Mortg Covg Ratio	[•]

Loan Size				
Ranges	Outstanding Principal	Proportion of Total	Number of Borrowers	Proportion of Total
Loan Size <=50000	[•]	[•]	[•]	[•]
50000 < Loan Size <= 100000	[•]	[•]	[•]	[•]
100000 < Loan Size <= 150000	[•]	[•]	[•]	[•]
150000 < Loan Size <= 200000	[•]	[•]	[•]	[•]
200000 < Loan Size <= 250000	[•]	[•]	[•]	[•]
250000 < Loan Size <= 300000	[•]	[•]	[•]	[•]
300000 < Loan Size <= 350000	[•]	[•]	[•]	[•]
350000 < Loan Size <= 400000	[•]	[•]	[•]	[•]
400000 < Loan Size <= 450000	[•]	[•]	[•]	[•]
450000 < Loan Size <= 500000	[•]	[•]	[•]	[•]
500000 < Loan Size <= 550000	[•]	[•]	[•]	[•]
550000 < Loan Size <= 600000	[•]	[•]	[•]	[•]
600000 < Loan Size <= 650000	[•]	[•]	[•]	[•]
650000 < Loan Size <= 700000	[•]	[•]	[•]	[•]
700000 < Loan Size <= 750000	[•]	[•]	[•]	[•]
750000 < Loan Size <= 800000	[•]	[•]	[•]	[•]
800000 < Loan Size <= 850000	[•]	[•]	[•]	[•]
850000 < Loan Size <= 900000	[•]	[•]	[•]	[•]
900000 < Loan Size <= 950000	[•]	[•]	[•]	[•]
950000 < Loan Size <= 1000000	[•]	[•]	[•]	[•]
Loan Size > 1000000	[•]	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]	[•]

LTV				
Ranges	Outstanding Principal	Proportion of Total	Number of Borrowers	Proportion Of Total
LTV <=0.1	[•]	[•]	[•]	[•]
0.1 < LTV <= 0.2	[•]	[•]	[•]	[•]
0.2 < LTV <= 0.3	[•]	[•]	[•]	[•]
0.3 < LTV <= 0.4	[•]	[•]	[•]	[•]
0.4 < LTV <= 0.5	[•]	[•]	[•]	[•]
0.5 < LTV <= 0.6	[•]	[•]	[•]	[•]
0.6 < LTV <= 0.7	[•]	[•]	[•]	[•]
0.7 < LTV <= 0.8	[•]	[•]	[•]	[•]
0.8 < LTV <= 0.9	[•]	[•]	[•]	[•]
0.9 < LTV <= 1	[•]	[•]	[•]	[•]
1 < LTV <= 1.1	[•]	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]	[•]

Indexed LTV				
Ranges	Outstanding Principal	Proportion of Total	Number of Borrowers	Proportion of Total
Indexed LTV <=0.1	[•]	[•]	[•]	[•]
0.1 < Indexed LTV <= 0.2	[•]	[•]	[•]	[•]
0.2 < Indexed LTV <= 0.3	[•]	[•]	[•]	[•]
0.3 < Indexed LTV <= 0.4	[•]	[•]	[•]	[•]
0.4 < Indexed LTV <= 0.5	[•]	[•]	[•]	[•]
0.5 < Indexed LTV <= 0.6	[•]	[•]	[•]	[•]
0.6 < Indexed LTV <= 0.7	[•]	[•]	[•]	[•]
0.7 < Indexed LTV <= 0.8	[•]	[•]	[•]	[•]
0.8 < Indexed LTV <= 0.9	[•]	[•]	[•]	[•]
0.9 < Indexed LTV <= 1	[•]	[•]	[•]	[•]
1 < Indexed LTV <= 1.1	[•]	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]	[•]

Mortg Covg Ratio					
Ranges	Outstanding Principal	Proportion of Total	Number of Borrowers	Proportion of Total	of
Mortg Covg Ratio = 0	[•]	[•]	[•]	[•]	
0 < Mortg Covg Ratio <= 0.1	[•]	[•]	[•]	[•]	
0.1 < Mortg Covg Ratio <= 0.2	[•]	[•]	[•]	[•]	
0.2 < Mortg Covg Ratio <= 0.3	[•]	[•]	[•]	[•]	
0.3 < Mortg Covg Ratio <= 0.4	[•]	[•]	[•]	[•]	
0.4 < Mortg Covg Ratio <= 0.5	[•]	[•]	[•]	[•]	
0.5 < Mortg Covg Ratio <= 0.6	[•]	[•]	[•]	[•]	
0.6 < Mortg Covg Ratio <= 0.7	[•]	[•]	[•]	[•]	
0.7 < Mortg Covg Ratio <= 0.8	[•]	[•]	[•]	[•]	
0.8 < Mortg Covg Ratio <= 0.9	[•]	[•]	[•]	[•]	
0.9 < Mortg Covg Ratio <= 1	[•]	[•]	[•]	[•]	
1 < Mortg Covg Ratio <= 1.1	[•]	[•]	[•]	[•]	
1.1 < Mortg Covg Ratio <= 1.2	[•]	[•]	[•]	[•]	
1.2 < Mortg Covg Ratio <= 1.3	[•]	[•]	[•]	[•]	
1.3 < Mortg Covg Ratio <= 1.4	[•]	[•]	[•]	[•]	
1.4 < Mortg Covg Ratio <= 1.5	[•]	[•]	[•]	[•]	
1.5 < Mortg Covg Ratio <= 1.6	[•]	[•]	[•]	[•]	
1.6 < Mortg Covg Ratio <= 1.7	[•]	[•]	[•]	[•]	
1.7 < Mortg Covg Ratio <= 1.8	[•]	[•]	[•]	[•]	
1.8 < Mortg Covg Ratio <= 1.9	[•]	[•]	[•]	[•]	
1.9 < Mortg Covg Ratio <= 2	[•]	[•]	[•]	[•]	
Mortg Covg Ratio > 2	[•]	[•]	[•]	[•]	
TOTAL	[•]	[•]	[•]	[•]	

Tot Covg Ratio				
Ranges	Outstanding Principal	Proportion of Total	Number of Borrowers	Proportion of Total
Tot Covg Ratio = 1	[•]	[•]	[•]	[•]
1 < Tot Covg Ratio <= 1.2	[•]	[•]	[•]	[•]
1.2 < Tot Covg Ratio <= 1.4	[•]	[•]	[•]	[•]
1.4 < Tot Covg Ratio <= 1.6	[•]	[•]	[•]	[•]
1.6 < Tot Covg Ratio <= 1.8	[•]	[•]	[•]	[•]
1.8 < Tot Covg Ratio <= 2	[•]	[•]	[•]	[•]
2 < Tot Covg Ratio <= 2.2	[•]	[•]	[•]	[•]
2.2 < Tot Covg Ratio <= 2.4	[•]	[•]	[•]	[•]
2.4 < Tot Covg Ratio <= 2.6	[•]	[•]	[•]	[•]
2.6 < Tot Covg Ratio <= 2.8	[•]	[•]	[•]	[•]
2.8 < Tot Covg Ratio <= 3	[•]	[•]	[•]	[•]
Tot Covg Ratio > 3	[•]	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]	[•]

Ranges	Origination Year					
	Outstanding Principal	Proportion Total	of	Number Advances	of	Proportion Total
1990	[•]	[•]		[•]		[•]
1991	[•]	[•]		[•]		[•]
1992	[•]	[•]		[•]		[•]
1993	[•]	[•]		[•]		[•]
1994	[•]	[•]		[•]		[•]
1995	[•]	[•]		[•]		[•]
1996	[•]	[•]		[•]		[•]
1997	[•]	[•]		[•]		[•]
1998	[•]	[•]		[•]		[•]
1999	[•]	[•]		[•]		[•]
2000	[•]	[•]		[•]		[•]
2001	[•]	[•]		[•]		[•]
2002	[•]	[•]		[•]		[•]
2003	[•]	[•]		[•]		[•]
2004	[•]	[•]		[•]		[•]
2005	[•]	[•]		[•]		[•]
2006	[•]	[•]		[•]		[•]
2007	[•]	[•]		[•]		[•]
2008	[•]	[•]		[•]		[•]
TOTAL	[•]	[•]		[•]		[•]

Ranges (in year)	Seasoning			
	Outstanding Principal	Proportion of Total	Number of Advances	Proportion of Total
Seasoning <= 1	[•]	[•]	[•]	[•]
1 < Seasoning <= 2	[•]	[•]	[•]	[•]
2 < Seasoning <= 3	[•]	[•]	[•]	[•]
3 < Seasoning <= 4	[•]	[•]	[•]	[•]
4 < Seasoning <= 5	[•]	[•]	[•]	[•]
5 < Seasoning <= 6	[•]	[•]	[•]	[•]
6 < Seasoning <= 7	[•]	[•]	[•]	[•]
7 < Seasoning <= 8	[•]	[•]	[•]	[•]
8 < Seasoning <= 9	[•]	[•]	[•]	[•]
9 < Seasoning <= 10	[•]	[•]	[•]	[•]
10 < Seasoning <= 11	[•]	[•]	[•]	[•]
11 < Seasoning <= 12	[•]	[•]	[•]	[•]
12 < Seasoning <= 13	[•]	[•]	[•]	[•]
13 < Seasoning <= 14	[•]	[•]	[•]	[•]
14 < Seasoning <= 15	[•]	[•]	[•]	[•]
Seasoning > 15	[•]	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]	[•]

Ranges (in year)	Remaining Maturity			
	Outstanding Principal	Proportion of Total	Number of Advances	Proportion of Total
Remaining Maturity <= 5	[•]	[•]	[•]	[•]
5 < Remaining Maturity <= 10	[•]	[•]	[•]	[•]
10 < Remaining Maturity <= 15	[•]	[•]	[•]	[•]
15 < Remaining Maturity <= 20	[•]	[•]	[•]	[•]
20 < Remaining Maturity <= 25	[•]	[•]	[•]	[•]
25 < Remaining Maturity <= 30	[•]	[•]	[•]	[•]
30 < Remaining Maturity <= 35	[•]	[•]	[•]	[•]
35 < Remaining Maturity <= 40	[•]	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]	[•]

Original Maturity				
Ranges (in year)	Outstanding Principal	Proportion of Total	Number of Advances	Proportion of Total
Original Maturity <= 5	[•]	[•]	[•]	[•]
5 < Original Maturity <= 10	[•]	[•]	[•]	[•]
10 < Original Maturity <= 15	[•]	[•]	[•]	[•]
15 < Original Maturity <= 20	[•]	[•]	[•]	[•]
20 < Original Maturity <= 25	[•]	[•]	[•]	[•]
25 < Original Maturity <= 30	[•]	[•]	[•]	[•]
30 < Original Maturity <= 35	[•]	[•]	[•]	[•]
35 < Original Maturity <= 40	[•]	[•]	[•]	[•]
Original Maturity > 40	[•]	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]	[•]

Interest Type				
Interest Type	Outstanding Principal	Proportion of Total	Number of Advances	Proportion of Total
Fixed	[•]	[•]	[•]	[•]
Variable with Cap	[•]	[•]	[•]	[•]
VariableWithoutCap	[•]	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]	[•]

DTI				
Ranges	Outstanding Principal	Proportion of Total	Number of Advances	Proportion of Total
DTI <= 0.1	[•]	[•]	[•]	[•]
0.1 < DTI <= 0.2	[•]	[•]	[•]	[•]
0.2 < DTI <= 0.3	[•]	[•]	[•]	[•]
0.3 < DTI <= 0.4	[•]	[•]	[•]	[•]
0.4 < DTI <= 0.5	[•]	[•]	[•]	[•]
0.5 < DTI <= 0.6	[•]	[•]	[•]	[•]
0.6 < DTI <= 0.7	[•]	[•]	[•]	[•]
0.7 < DTI <= 0.8	[•]	[•]	[•]	[•]
DTI > 0.8	[•]	[•]	[•]	[•]
Unknown	[•]	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]	[•]

Employee Loans				
Employees	Outstanding Principal	Proportion of Total	Number of Advances	Proportion of Total
N	[•]	[•]	[•]	[•]
Y	[•]	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]	[•]

Insurance Loan Type				
Insurance Loan Type	Outstanding Principal	Proportion of Total	Number of Advances	Proportion of Total
Branche23	[•]	[•]	[•]	[•]
Home Leader and Team Plan	[•]	[•]	[•]	[•]
NA	[•]	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]	[•]

Interest Rate				
Ranges	Outstanding Principal	Proportion of Total	Number of Advances	Proportion of Total
Interest Rate <= 0.02	[•]	[•]	[•]	[•]
0.02 < Interest Rate <= 0.03	[•]	[•]	[•]	[•]
0.03 < Interest Rate <= 0.04	[•]	[•]	[•]	[•]
0.04 < Interest Rate <= 0.05	[•]	[•]	[•]	[•]
0.05 < Interest Rate <= 0.06	[•]	[•]	[•]	[•]
0.06 < Interest Rate <= 0.07	[•]	[•]	[•]	[•]
0.07 < Interest Rate <= 0.08	[•]	[•]	[•]	[•]
0.08 < Interest Rate <= 0.09	[•]	[•]	[•]	[•]
0.09 < Interest Rate <= 0.1	[•]	[•]	[•]	[•]
0.1 < Interest Rate <= 0.11	[•]	[•]	[•]	[•]
0.11 < Interest Rate <= 0.12	[•]	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]	[•]

Next Reset Year						
Year	Outstanding Principal	Proportion of Total	Number Advances	of	Proportion of Total	of
Fixed Rate	[•]	[•]	[•]		[•]	
2008	[•]	[•]	[•]		[•]	
2009	[•]	[•]	[•]		[•]	
2010	[•]	[•]	[•]		[•]	
2011	[•]	[•]	[•]		[•]	
2012	[•]	[•]	[•]		[•]	
2013	[•]	[•]	[•]		[•]	
2014	[•]	[•]	[•]		[•]	
2015	[•]	[•]	[•]		[•]	
2016	[•]	[•]	[•]		[•]	
2017	[•]	[•]	[•]		[•]	
2018	[•]	[•]	[•]		[•]	
2019	[•]	[•]	[•]		[•]	
2020	[•]	[•]	[•]		[•]	
2022	[•]	[•]	[•]		[•]	
TOTAL	[•]	[•]	[•]		[•]	

Int Payment Frequency						
Frequency	Outstanding Principal	Proportion of Total	of	Number Advances	of	Proportion of Total
Monthly	[•]	[•]		[•]		[•]
Semi Annually	[•]	[•]		[•]		[•]
Quarterly	[•]	[•]		[•]		[•]
Unknown	[•]	[•]		[•]		[•]
TOTAL	[•]	[•]		[•]		[•]

Redemption Type						
Frequency	Outstanding Principal	Proportion Total	of	Number Advances	of	Proportion of Total
Annuity	[•]	[•]		[•]		[•]
Linear	[•]	[•]		[•]		[•]
Interest Only	[•]	[•]		[•]		[•]
Int. Only (with Insurance)	[•]	[•]		[•]		[•]
TOTAL	[•]	[•]		[•]		[•]

Days in arrears						
# days	Outstanding Principal	Proportion of Total	Number Advances	of	Proportion Total	of
Not in Arrears	[•]	[•]	[•]		[•]	
1-30	[•]	[•]	[•]		[•]	
31-45	[•]	[•]	[•]		[•]	
TOTAL	[•]	[•]	[•]		[•]	

End of Final Terms

SECTION 22

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions (the **Conditions**), and any reference to a **Condition** shall be construed accordingly (and in respect of each Note, as these may be amended by the Final Terms) of the Notes.

References herein to the **Notes** shall, unless the context otherwise requires, be references to all the Notes issued by the Issuer.

Notes are issued in series (each a **Series**) and each Series comprises one or more classes of Notes (each a **Class**). Each Series and Class may have two or more sub-classes (each a **Sub-class**). Each Series of Notes is subject to Final Terms. The Final Terms in relation to each Series and Class of Notes or Sub-class thereof will supplement these Conditions in respect of such Notes and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purpose of such Notes.

The Final Terms applicable to a Series of Notes will be certified by the Domiciliary Agent, will be available upon request from the Domiciliary Agent and any dealer appointed in respect of the Programme or in respect of such Series, will be provided to the FSMA and to Euronext Brussels (or any regulated market to which the relevant Notes will be admitted) on or prior to the date of issue of the Notes and will be published on and can be obtained at <https://www.intertrustgroup-fgreporting.com>.

References herein to a **Series and Class** of Notes refer to a particular Class of Notes of a given Series.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Security Agent Agreement, the Domiciliary Agency Agreement, the Parallel Debt Agreement and the Pledge Agreement.

The holders of any Notes are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of, and definitions contained or incorporated in, the Security Agent Agreement, the Parallel Debt Agreement, the Pledge Agreement, the Domiciliary Agency Agreement, each of the other Relevant Documents and the Final Terms and to have notice of each other Final Terms relating to each other Series and Class of Notes. Copies of the Security Agent Agreement, the Domiciliary Agency Agreement, the Parallel Debt Agreement, the Pledge Agreement and each of the other Relevant Documents are available for inspection free of charge by holders of the Notes at the specified office of the Domiciliary Agent, being at the date hereof Montagne du Parc 3, 1000 Brussels, Belgium.

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 the Final Terms and (ii) acknowledge that they are Eligible Holders and that they can only transfer their Notes to Eligible Holders.

A glossary of definitions appears in Condition 17 (*Definitions*) of these Conditions.

References herein to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders shall, in each case and unless specified otherwise, be references to the holders of the Notes of all Series of the applicable Class.

1. FORM, DENOMINATION, SELLING RESTRICTIONS

1.1 Form

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 (*wet betreffende de transacties met bepaalde effecten/loi relative aux opérations sur certaines valeurs mobilières*) and the corresponding royal decrees of 26 May 1994 and 14 June 1994.

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**).

1.2 Selling, Holding and Transfer Restrictions - Only Eligible Holders

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

- (a) institutional or professional investors within the meaning of Article 5 § 3 of the Belgian Act of 3 August 2012 on certain forms of collective management of investment portfolios (*Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles / Loi relative à certaines formes de gestion collective de portefeuilles d'investissement*, as amended from time to time (the **UCITS Act**) (**Institutional Investors**) that are acting for their own account; 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. Any transfers of Notes effected in breach of the above requirement will be unenforceable vis-à-vis the Issuer.

1.3 Excluded holders

Notes may not be acquired by a Belgian or foreign transferee who is not subject to income tax or who is, as far as interest income is concerned, subject to a tax regime that is deemed by the common 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° the BITC 1992).

Furthermore, no Notes may be acquired by a Belgian or foreign transferee that qualifies as an “affiliated company” (within the meaning of Article 11 of the Belgian Company Code (*Wetboek van Vennootschappen / Code des Sociétés*)) of the Issuer, save where such transferee also qualifies as a “financial institution” referred to in Article 56, §2, 2° of the BITC 1992 and provided that the Issuer’s obligations under the Notes are not guaranteed by any company – other than a financial institution – that is affiliated to the Issuer.

Finally, notes may not be acquired by a foreign transferee being a resident of or having an establishment in, or acting, for the purposes of the Notes, through a bank account held in a tax haven jurisdiction as referred to in Article 307, §1, fourth indent of the Belgian Income Tax Code 1992.

2. STATUS, RELATIONSHIP BETWEEN THE NOTES AND SECURITY

2.1 The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and rateably without any preference or priority among Notes of the same Class.

2.2 In accordance with the provisions of Condition 4 (*Interest*), Condition 6 (*Redemption and Cancellation*) and Condition 9 (*Subordination and limited recourse*) and the Security Agent Agreement:

- (a) payments of principal and interest on the Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes; and
- (b) payments of principal and interest on the Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and the Class B Notes; and
- (c) payments of principal and interest on the Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes and the Class C Notes; and
- (d) payments of principal and interest on the Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, Class B Notes, Class C Notes and Class D Notes.

2.3 The security for the obligations of the Issuer towards the Noteholders (the **Security**) will be created pursuant to, and on the terms set out in the Pledge Agreement, which will create the following security rights:

In order to secure its obligations under the Relevant Documents, including the Parallel Debt, to the Security Agent and the other Secured Parties, on terms set out in a pledge agreement (the “**Pledge Agreement**”) the Issuer has granted on the Programme Closing Date a first ranking pledge over:

- (a) the Mortgage Receivables, including the New Mortgage Receivables and all rights and Related Security relating thereto, as acquired by the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (b) all rights, title, interest and benefit, present and future, actual and contingent in respect of the Issuer Accounts, including without limitation, all amounts of money and financial instruments that may from time to time be credited to any of such accounts;
- (c) to the extent legally possible, all rights, title, interest and benefit of the Issuer under or pursuant to the Relevant Documents to which the Issuer is a party.

2.4 The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be secured (directly and/or indirectly) by the Security. The Class A Notes will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. The Class B Notes will rank in priority to the Class C Notes, the Class D Notes and the Class E Notes. The Class C Notes will rank in priority to the Class D Notes and the Class E Notes. The Class D Notes will rank in priority to the Class E Notes. The Security Agent Agreement contains provisions requiring the Security Agent to have regard to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and

the Class E Noteholders, as regards all powers, trust, authorities, duties and discretions of the Security Agent (except where expressly provided otherwise) but requiring the Security Agent in any such case to have regard only to the interests of the Class A Noteholders, if, in the Security Agent's opinion, there is a conflict between the interests of the Class A Noteholders on one hand and the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders on the other hand and, if no Class A Notes are outstanding, to have regard only to the interests of the Class B Noteholders, if, in the Security Agent's opinion, there is a conflict between the interests of the Class B Noteholders on the one hand and the Class C Noteholders, the Class D Noteholders and the Class E Noteholders on the other hand and, if no Class A Notes and Class B Notes are outstanding, to have regard only to the interests of the Class C Noteholders, if, in the Security Agent's opinion, there is a conflict between the interests of the Class C Noteholders on the one hand, the Class D Noteholders and the Class E Noteholders on the other hand and, if no Class A Notes, Class B Notes and Class C Notes are outstanding, to have regard only to the interest of the Class D Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of the Class D Noteholders on the one hand and the Class E Noteholders on the other hand. In addition, the Security Agent shall have regard to the interests of the other Secured Parties, provided that in case of a conflict of interest between the Secured Parties the Priority of Payments upon Enforcement determines which interest of which Secured Party prevails.

3. COVENANTS OF THE ISSUER

So long as any of the Notes under the Programme remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Belgian business practice and in accordance with the requirements of Belgian law and accounting practice and shall not, except (i) to the extent permitted by the Relevant Documents or (ii) with the prior written consent of the Security Agent:

- (a) carry out any business other than as described in the Base Prospectus originally dated 19 June 2008 (as updated from time to time) relating to the issue of Notes under the Programme and as contemplated in the Relevant Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated by the Relevant Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of any part of its assets, except as contemplated in the Relevant Documents;
- (d) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Relevant Documents, or the priority of the security created thereby or pursuant thereto to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations or consent to any waiver except as contemplated in the Relevant Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than the Issuer Accounts or accounts to which collateral under a Currency Swap Agreement is transferred, unless all rights in relation to such account will have been pledged to the Security Agent as provided in Condition 2.3.

4. INTEREST

4.1 Interest on Fixed Rate Notes

4.1.1. Period of Accrual

Fixed Rate Notes shall bear interest on their Principal Amount Outstanding from and including the relevant Issue Date. Each Fixed Rate Note (or in the case of the redemption of part only of a Note that part only of such Fixed Rate Note) shall cease to bear interest from its due date for redemption unless, the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgment) at the rate applicable to such Note up to but excluding the date on which payment in full of the relevant amount of principal is made. Whenever it is necessary to compute an amount of interest in respect of any Fixed Rate Note for any period, such interest shall be calculated on the basis of the actual number of days in the Fixed Rate Interest Period concerned divided by a year of 365 days or, in the case of a Fixed Rate Interest Period falling in a leap year, 366 days.

4.1.2. Fixed Rate Interest Periods and Accrual Payment Dates

Interest on the Notes shall be payable by reference to Fixed Rate Interest Periods. Each successive fixed rate interest period will commence on (and include) a relevant Note Payment Date and end on (but exclude) the next succeeding relevant Note Payment Date, except for the first Fixed Rate Interest Period, which will commence on (and include) the relevant Issue Date and end on (but exclude) the first Note Payment Date as set out in the Final Terms (each such fixed rate interest period a **Fixed Rate Interest Period**).

Interest on each of the Fixed Rate Notes will be payable quarterly in arrears in Euros or any other currency indicated in the Final Terms, in respect of the Principal Amount Outstanding of such Fixed Rate Notes on the 15th day of January, April, July and October or if otherwise indicated in the Final Terms the months indicated in the Final Terms or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event interest on the Notes will be payable on the Business Day immediately preceding such day, in each year (each such day being a **Note Payment Date**).

4.1.3. Interest up to the Step-up Date

Up to (but excluding) the relevant Step-up Date the rate of interest applicable to the Fixed Rate Notes will be as stated in the Final Terms.

4.1.4. Interest following the Step-up Date

If on the relevant Step-up Date the Fixed Rate Notes of any Series and Class or Sub-class thereof have not been redeemed in full, a floating rate of interest will be applicable to such Notes from and including the relevant Step-up Date, (unless specified otherwise in the Final terms) equal to the sum of Euribor for three months deposits, payable by reference to Floating Rate Interest Periods on each succeeding relevant Note Payment Date, plus a margin as specified in the Final Terms as calculated in accordance with Condition 4.2 (*Interest on Floating Rate Notes*).

If the Fixed Rate Notes of a Series and Class or Sub-class are not redeemed on the relevant Step-up Date, and the Issuer notifies all Noteholders of such Series and Class or Sub-class:

- (a) within one month after such Step-up Date that it will redeem the Notes on the immediately succeeding Note Payment Date, the interest rate applicable in respect of such Notes will be equal to the sum of two times the interest rate applicable prior to the Step-up Date for a Floating Rate Interest Period (which, for the avoidance of doubt means in respect of Fixed Rate Notes one quarter of annual interest applicable to such Fixed Rate Notes prior to the Step-up Date for a Fixed Rate Interest Period) and the interest rate applicable after the Step-up Date for a Floating Rate Interest Period, divided by three; and
- (b) after one month but within the second month after such Step-up Date that it will redeem the Notes on the immediately succeeding Note Payment Date, the interest rate applicable in respect of such Notes will be equal to the sum of the interest rate applicable prior to the Step-up Date for a Floating Rate Interest Period (which, for the avoidance of doubt means in respect of Fixed Rate Notes one quarter of annual interest applicable to such Fixed Rate Notes prior to the Step-up Date for a Fixed Rate Interest Period) and two times the interest rate applicable after the Step-up Date for a Floating Rate Interest Period, divided by three,

unless the Notes are not repaid on such Note Payment Date, in which case the margin after the Step-up Date applies.

4.1.5. Determination of the Fixed Interest Amount

The Reference Agent will, as soon as practicable after 11.00 a.m. (Central European Time in respect of Euros (€) and London time or New York Time, as the case may be, in respect of dollars (\$)) on each relevant Interest Determination Date, calculate the amount of interest payable on such Notes for the following Fixed Rate Interest Period (the **Fixed Interest Amount**) by applying the relevant fixed rate of interest to the Principal Amount Outstanding of the relevant Series and Class, or Sub-class, as the case may be, of Notes. The determination of the Fixed Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

4.1.6. Notification of the Fixed Interest Amount

The Reference Agent will cause the relevant Fixed Interest Amount and the relevant Note Payment Date applicable to each relevant Series and Class, or Sub-class, as the case may be, of Notes to be notified to the Issuer, the Security Agent, the Domiciliary Agent, the Administrator, Euronext Brussels and to the holders of such Class of Notes in accordance with Condition 13.1. The Fixed Interest Amount and relevant Note Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Fixed Rate Interest Period.

4.1.7. Determination or Calculation by Security Agent

If the Reference Agent at any time for any reason does not determine the relevant Fixed Interest Amount in accordance with Condition 4.1.5 (*Determination of the Fixed Interest Amount*) or 4.1.6 (*Notification of the Fixed Interest Amount*) above, as the case may be, the Security Agent shall calculate the Fixed Interest Amount in

accordance with Condition 4.1.5 (*Determination of the Fixed Interest Amount*) above, and each such determination or calculation shall be final and binding on all parties.

4.2 Interest on Floating Rate Notes

4.2.1. Period of Accrual

The Floating Rate Notes shall bear interest on their Principal Amount Outstanding from and including the relevant Issue Date. Each Floating Rate Note (or in the case of the redemption of part only of a Floating Rate Note that part only of such Note) shall cease to bear interest from its due date for redemption unless, the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgment) at the rate applicable to such Floating Rate Note up to but excluding the date on which payment in full of the relevant amount of principal is made. Whenever it is necessary to compute an amount of interest in respect of any Floating Rate Note for any period, such interest shall be calculated on the basis of the actual number of days in the Floating Rate Interest Period (as defined below) concerned divided by a year of 360 days.

4.2.2. Floating Rate Interest Periods and Note Payment Dates

Interest on the Notes shall be payable by reference to Floating Rate Interest Periods. Each successive floating rate interest period will commence on (and include) a relevant Note Payment Date and end on (but exclude) the next succeeding relevant Note Payment Date, except for the first Floating Rate Interest Period, which will commence on (and include) the relevant Issue Date and end on (but exclude) the first Note Payment Date as set out in the Final Terms (each such floating rate interest period a **Floating Rate Interest Period**).

Interest on each of the Floating Rate Notes will be payable quarterly in arrears in Euros or any other currency indicated in the Final Terms, in respect of the Principal Amount Outstanding of such Floating Rate Notes on the 15th day of January, April, July and October or if otherwise indicated in the Final Terms the months indicated in the Final Terms or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event interest on the Notes will be payable on the Business Day immediately preceding such day, in each year (each such day being a **Note Payment Date**).

4.2.3. Interest up to the Step-up Date

Unless otherwise specified in the Final Terms, up to (but excluding) the relevant Step-up Date, interest on the Floating Rate Notes denominated in euro (€) for each Floating Rate Interest Period will accrue at a rate equal to the sum of the Euro Interbank Offered Rate (**Euribor**) for three months deposits (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for the relevant months deposits in euro, rounded, if necessary, to the 5th decimal place with 0.00005, being rounded upwards) plus a margin as specified in the Final Terms.

Unless otherwise specified in the Final Terms, up to (but excluding) the relevant Step-up Date, interest on the Floating Rate Notes denominated in Dollar (\$) for each Floating Rate Interest Period will accrue at a rate equal to the sum of the London Interbank Offered Rate for three months deposits in US Dollars (**Dollar Libor**) (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Dollar Libor for the relevant months deposits in euro, rounded, if

necessary, to the 5th decimal place with 0.00005, being rounded upwards) plus a margin as specified in the Final Terms.

If specified otherwise in the Final Terms, the rate of interest payable from time to time in respect of the Notes will be determined in the manner set out in the Final Terms.

4.2.4. Interest following the Step-up Date

Unless otherwise specified in the Final Terms, if on the Step-up Date of any Series and Class, or Sub-class, as the case may be, of Floating Rate Notes denominated in euro (€), such Notes have not been redeemed in full, a floating rate of interest will be applicable to each such Notes denominated in euro (€) equal to the sum of Euribor for three months deposits, payable by reference to Floating Rate Interest Periods on each succeeding relevant Note Payment Date, plus a margin as specified in the Final Terms.

Unless otherwise specified in the Final Terms, if on the relevant Step-up Date of any Series and Class, or Sub-class, as the case may be, of Floating Rate Notes denominated in Dollar (\$), such Notes have not been redeemed in full, a floating rate of interest will be applicable to such Notes denominated in Dollar (\$) equal to the sum of Dollar Libor for three months deposits, payable by reference to Floating Rate Interest Periods on each succeeding relevant Note Payment Date, plus a margin as specified in the Final Terms.

If specified otherwise in the Final Terms, the rate of interest payable from time to time in respect of the Notes will be determined in the manner set out in the Final Terms, plus a margin as specified in the Final Terms.

If the Floating Rate Notes of a Series and Class or Sub-class are not redeemed on the relevant Step-up Date, and the Issuer notifies all Noteholders of such Series and Class or Sub-class:

- (a) within one month after such Step-up Date that it will redeem the Notes on the immediately succeeding Note Payment Date, the margin applicable in respect of such Notes will be equal to the sum of two times the margin prior to the Step-up Date and the margin after the Step-up Date, divided by three; and
- (b) after one month but within the second month after such Step-up Date that it will redeem the Notes on the immediately succeeding Note Payment Date, the margin applicable in respect of such Notes will be equal to the sum of the margin prior to the Step-up Date and two times the margin after the Step-up Date, divided by three;

unless the Notes are not repaid on such Note Payment Date, in which case the margin after the Step-up Date applies.

4.2.5. Euribor

For the purpose of Conditions 4.2.3 (*Interest up to the Step-up Date*) and 4.2.4 (*Interest following the Step-up Date*) Euribor will be determined as follows:

- (A) The Reference Agent will obtain for each Floating Rate Interest Period the rate equal to the amount of Euribor for three months deposits in Euros. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on the Reuters Screen EURIBOR 01 Page (or its successor sources) (or, if not available, any

other display page on any screen service maintained by any registered information vendor (including, without limitation, the Reuters Monitor Money Rate Service, the Dow Jones Telerate Service and the Bloomberg Service) for the display of the Euribor rate selected by the Reference Agent) as at or about 11:00 a.m. (Central European time) on the day that is two Business Days preceding the first day of each Floating Rate Interest Period (each an **Euribor Interest Determination Date**).

- (B) If, on the relevant Euribor Interest Determination Date, such Euribor rate 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 (A) above, the Reference Agent will:
- (a) request the principal euro-zone office of each of four major banks in the euro-zone interbank market (Reference Banks) to provide a quotation for the rate at which three months euro deposits are offered by it in the euro-zone interbank market at approximately 11.00 a.m. (Central European time) on the relevant Euribor 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; and determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotation as is provided; and
 - (b) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the euro-zone, selected by the Reference Agent, at approximately 11.00 a.m. (Central European time) on the relevant Euribor Interest Determination Date for three months deposits to leading euro-zone banks in an amount that is representative for a single transaction in that market at that time.
- (C) Euribor for such Floating Rate Interest Period shall be the rate per annum equal to the euro interbank offered rate for euro deposits as determined in accordance with this Condition 4.2.5 (*Euribor*), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Floating Rate Interest Period, Euribor applicable to the relevant Class of Notes during such Floating Rate Interest Period will be Euribor last determined in relation thereto.

4.2.6. Dollar Libor

For the purpose of Conditions 4.2.3 (*Interest up to the Step-up Date*) and 4.2.4 (*Interest following the Step-up Date*) Dollar Libor will be determined as follows:

- (A) The Reference Agent will determine the rate sponsored by the British Bankers' Association for deposits in US Dollars (**Dollar Libor**) for a period equal to the relevant Floating Rate Interest Period which appears on the Reuters Screen LIBOR01 (or its successor sources) (or such other service as may be nominated as the information vendor, for the purpose of displaying British Bankers' Association settlement rates for US Dollars) as of 11.00 a.m. (London time) on the day that is two Business Days preceding the first day of

each Floating Rate Interest Period (each a **Dollar Libor Interest Determination Date**, and together with the Euribor Interest Determination Date, the **Interest Determination Date**).

- (B) If such rate does not appear on that page, or if it is not otherwise reasonably practicable to calculate the rate under (A) above, the Reference Agent will:
- (a) request the principal London office of each of four major banks in the London interbank market (Reference Banks) to provide a quotation for the rate at which it offers deposits in US Dollars at approximately 11.00 a.m. (London time) on the relevant Dollar Libor Interest Determination Date to prime banks in the London interbank market for a period equal to the relevant Floating Rate Interest Period and in an amount that is representative for a single transaction in that market at that time; and
 - (b) if at least two quotations are provided, determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotations; and
 - (c) if fewer than two such quotations are provided, the Reference Agent will determine the arithmetic mean (rounded if necessary as aforesaid) of the rates quoted by major banks in New York City, selected by the Reference Agent, at approximately 11.00 a.m. (New York City time) on the first day of the relevant Floating Rate Interest Period for deposits in US Dollars to leading European banks for a period equal to the relevant Floating Rate Interest Period and in an amount that is representative for a single transaction in that market at that time,
- (C) The Dollar Libor for such Floating Rate Interest Period shall be the rate per annum equal to the London Interbank Offered Rate for deposits in US Dollars as determined in accordance with this Condition 4.2.6 (*Dollar Libor*), provided, however, that if the Reference Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Floating Rate Interest Period, Dollar Libor applicable to the Notes during such Floating Rate Interest Period will be the rate, or as the case may be, the arithmetic mean last determined in relation to the Notes in respect of a preceding Floating Rate Interest Period.

4.2.7. Determination of Floating Rate of Interest and Calculation of the Floating Interest Amount

The Reference Agent will, as soon as practicable after 11.00 a.m. (Central European Time in respect of Euros (€) and London time or New York Time, as the case may be, in respect of dollars (\$)) on each relevant Interest Determination Date, determine the floating rates of interest referred to in Conditions 4.2.3 (*Interest up to the Step-up Date*) and 4.2.4 (*Interest following the Step-up Date*) above for each Series and Class, or Sub-class, as the case may be, of Notes (the **Floating Rate of Interest**) and calculate the amount of interest payable on such Notes for the following Floating Rate Interest Period (the **Floating Interest Amount**) by applying the relevant Floating Rate of Interest to the Principal Amount Outstanding of the relevant Series and Class, or Sub-class, as the case may be, of Notes. The determination of the relevant Floating Rate of Interest and the Floating Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

4.2.8. Notification of the Floating Rate of Interest and the Floating Interest Amount

The Reference Agent will cause the relevant Floating Rate of Interest and the relevant Floating Interest Amount and the relevant Note Payment Date applicable to each relevant Series and Class, or Sub-class, as the case may be, of Notes to be notified to the Issuer, the Security Agent, the Paying Agents, the Administrator, Euronext Brussels and to the holders of such Class of Notes by an advertisement in the English language in the Euronext Daily Official List (*Officiële Prijscourant*) of Euronext Brussels or in accordance with Condition 13.2. The Floating Interest Amount and relevant Note Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Rate Interest Period

4.2.9. Determination or Calculation by Security Agent

If the Reference Agent at any time for any reason does not determine the relevant Floating Rate of Interest or fails to calculate the relevant Floating Interest Amount in accordance with Condition 4.2.5 (*Euribor*) or 4.2.6 (*Dollar Libor*) above, as the case may be, the Security Agent shall determine the relevant Floating Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in Condition 4.2.7 (*Determination of Floating Rate of Interest and Calculation of the Floating Interest Amount*) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Agent shall calculate the Floating Interest Amount in accordance with Condition 4.2.7 (*Determination of Floating Rate of Interest and Calculation of the Floating Interest Amount*) above, and each such determination or calculation shall be final and binding on all parties.

4.2.10. Reference Banks and Reference Agent

The Issuer will procure that, as long as any of the Notes remains outstanding, there will at all times be four Reference Banks and a Reference Agent. The Issuer has, subject to prior written consent of the Security Agent, the right to terminate the appointment of the Reference Agent or of any Reference Bank by giving at least 90 days' notice in writing to that effect. Notice of any such termination will be given to the holders of the relevant Notes in accordance with Condition 13 (*Notices*). If any person shall be unable or unwilling to continue to act as a Reference Bank or the Reference Agent (as the case may be) or if the appointment of any Reference Bank or the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Agent, appoint a successor Reference Bank or Reference Agent (as the case may be) to act in its place, provided that neither the resignation nor removal of the Reference Agent shall take effect until a successor approved in writing by the Security Agent has been appointed.

4.3 Priority of Payments

All payments of interest and principal in respect of the Notes are subject to the applicable Priority of Payments and all other fiscal laws and regulations applicable in the place of payment.

5. PAYMENT

- 5.1 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.

- 5.2 No commissions or expenses shall be charged by the Domiciliary Agent to the Noteholders in respect of such payments.
- 5.3 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 7 (*Taxation*).
- 5.4 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.

6. REDEMPTION AND CANCELLATION

6.1 Final redemption

Unless previously redeemed as provided in this Condition 6 (*Redemption and Cancellation*), the Issuer will, in respect of the Class B Notes, Class C Notes, Class D Notes and Class E Notes, subject to (i) Condition 9.2 (*Principal*) (or, in case of the Class E Notes, subject to the amount standing to the credit of the Reserve Account after application of the Interest Priority of Payments on such date being at least equal to the Reserve Account Target Level) and (ii) fulfilment of the Repayment Test, redeem a Series and Class, or Sub-class, as the case may be, of Notes at their Principal Amount Outstanding on the relevant Final Maturity Date specified in respect of such Notes in the Final Terms.

6.2 Mandatory redemption

6.2.1. Provided that no Enforcement Notice has been served in accordance with Condition 10 (*Events of Default*) and no Trigger Event has occurred, if the Pro-rata Condition is satisfied, the Issuer will, in respect of the Class B Notes, Class C Notes and Class D Notes, subject to (i) Condition 9.2 (*Principal*) and (ii) fulfilment of the Repayment Test, be obliged to apply:

- (a) the Class A Pass-through Notes Redemption Available Amount to redeem (or partially redeem) on each Note Payment Date the Class A Pass-through Notes;
- (b) the Class B Pass-through Notes Redemption Available Amount to redeem (or partially redeem) on each Note Payment Date the Class B Pass-through Notes;
- (c) the Class C Pass-through Notes Redemption Available Amount to redeem (or partially redeem) on each Note Payment Date the Class C Pass-through Notes; and
- (d) the Class D Pass-through Notes Redemption Available Amount to redeem (or partially redeem) on each Note Payment Date the Class D Pass-through Notes.

The principal amount so redeemable in respect of:

- (a) each Class A Pass-through Note (the **Class A Pass-through Notes Principal Redemption Amount**) shall be the Class A Pass-through Notes Redemption Available Amount on the Note Calculation Date relating to that Note Payment Date divided by the Principal Amount Outstanding of Class A Pass-through Notes and multiplied by the Principal Amount Outstanding of such Note (rounded down to the nearest euro or any other currency indicated in the Final Terms), provided always that the Class A Pass-through Notes Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Class A Pass-through Note;

- (b) each Class B Pass-through Note (the **Class B Pass-through Notes Principal Redemption Amount**) shall be the Class B Pass-through Notes Redemption Available Amount on the Note Calculation Date relating to that Note Payment Date divided by the Principal Amount Outstanding of Class B Pass-through Notes and multiplied by the Principal Amount Outstanding of such Note (rounded down to the nearest euro or any other currency indicated in the Final Terms), provided always that the Class B Pass-through Notes Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Class B Pass-through Note;
 - (c) each Class C Pass-through Note (the **Class C Pass-through Notes Principal Redemption Amount**) shall be the Class C Pass-through Notes Redemption Available Amount on the Note Calculation Date relating to that Note Payment Date divided by the Principal Amount Outstanding of Class C Pass-through Notes and multiplied by the Principal Amount Outstanding of such Note (rounded down to the nearest euro or any other currency indicated in the Final Terms), provided always that the Class C Pass-through Notes Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Class C Pass-through Note; and
 - (d) each Class D Pass-through Note (the **Class D Pass-through Notes Principal Redemption Amount**) shall be the Class D Pass-through Notes Redemption Available Amount on the Note Calculation Date relating to that Note Payment Date divided by the Principal Amount Outstanding of Class D Pass-through Notes and multiplied by the Principal Amount Outstanding of such Note (rounded down to the nearest euro or any other currency indicated in the Final Terms), provided always that the Class D Pass-through Notes Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Class D Pass-through Note.
- 6.2.2. Provided that no Enforcement Notice has been served in accordance with Condition 10 (*Events of Default*) and no Trigger Event has occurred, if the Pro-rata Condition is not satisfied, the Issuer will, in respect of the Class B Notes, the Class C Notes and the Class D Notes, subject to (i) Condition 9.2 (*Principal*) and (ii) fulfilment of the Repayment Test, be obliged to apply the Pass-through Principal Available Amount to redeem (or partially redeem) on a *pro rata* basis on each Note Payment Date (a) firstly, the Class A Pass-through Notes until fully redeemed, and thereafter, (b), the Class B Pass-through Notes until fully redeemed, and thereafter, (c), the Class C Pass-through Notes until fully redeemed, and thereafter, (d) the Class D Pass-through Notes until fully redeemed.
- 6.2.3. Provided that no Enforcement Notice has been served in accordance with Condition 10 (*Events of Default*), but after the occurrence of a Trigger Event, the Issuer will, in respect of the Class B Notes, the Class C Notes and the Class D Notes, subject to (i) Condition 9.2 (*Principal*) and (ii) fulfilment of the Repayment Test, be obliged to apply the Principal Available Amount to redeem (or partially redeem) on a *pro rata* basis on each Note Payment Date (a) firstly, the Class A Notes until fully redeemed, and, thereafter, (b), the Class B Notes until fully redeemed, and, thereafter (c) the Class C Notes until fully redeemed, and, thereafter, (d) the Class D Notes until fully redeemed.
- 6.2.4. The principal amount so redeemable (each a **Principal Redemption Amount**), in respect of each Note, other than the Class E Notes, on the relevant Note Payment Date, shall be (a)(i) prior to a Trigger Event, if the Pro-rata Condition is satisfied the

Class A Pass-through Notes Principal Redemption Amount, the Class B Pass-through Notes Principal Redemption Amount, the Class C Pass-through Notes Principal Redemption Amount and the Class D Pass-through Notes Principal Redemption Amount and (ii) prior to a Trigger Event, if the Pro-rata Condition is not satisfied, the Pass-through Principal Available Amount, and (iii) on or after a Trigger Event the Principal Available Amount, on the Note Calculation Date relating to that Note Payment Date, divided in the case of (ii) and (iii) by (b) the Principal Amount Outstanding of Notes of the relevant Class subject to such redemption and multiplied by the Principal Amount Outstanding of such Note (rounded down to the nearest euro or any other currency indicated in the Final Terms), provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note of the relevant Class. Following application of the Principal Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note will be reduced accordingly.

6.3 Determination of Principal Redemption Amount and Principal Amount Outstanding

- 6.3.1. On each Note Calculation Date, the Issuer shall determine (or cause the Administrator to determine):
- (a) the Principal Redemption Amount;
 - (b) the Principal Amount Outstanding of the relevant Note on the first day following the relevant Note Payment Date (taking into account 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 Series and Class or Sub-class of Notes (as referred to in (b) above) and the denominator is the Principal Amount Outstanding of a Note of such Series and Class or Sub-class of Notes on the Programme Closing Date).

Each determination by or on behalf of the Issuer of any Principal Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.

- 6.3.2. The Issuer will cause each determination of a Principal Redemption Amount the Note Factor and the Principal Amount Outstanding of Notes to be notified no later than as in line with the rules of the Clearing System to the Security Agent, the Domiciliary Agent, the Reference Agent, if applicable, Euronext Brussels and to the holders of Notes in accordance with Condition 13 (*Notices*). If no Principal Redemption Amount is due to be paid on the Notes on the applicable Note Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 13 (*Notices*).
- 6.3.3. If the Issuer does not at any time for any reason determine (or cause the Administrator to determine) the Principal Redemption Amount or the Principal Amount Outstanding of a Note, such Principal Redemption Amount or such Principal Amount Outstanding shall be determined by the Security Agent in accordance with this Condition 6.3.3 and Condition 6.3.2 above (but based upon the information in its possession) as to the Principal Available Amount each such determination or calculation shall be deemed to have been made by the Issuer.

6.4 Optional Redemption

The Issuer may, at its option, redeem all of the Notes of a Series and Class, or all Notes of a Sub-class, if applicable, other than the Class E Notes of such Series, in whole but not in part, at their Principal Amount Outstanding together with any accrued interest, in respect of the Class B Notes, Class C Notes and Class D Notes, (i) subject to Condition 9.2 (*Principal*) and (ii) fulfilment of the Repayment Test, on the date specified as the Step-up Date for such Notes in the Final Terms and on any Note Payment Date for such Notes thereafter, provided that the Issuer has sufficient funds available to it for this purpose.

The Issuer shall notify the exercise of such option by giving not less than 30 days' notice to the Noteholders and the Security Agent prior to the relevant Note Payment Date in accordance with Condition 13 (*Notices*).

6.5 Notes clean-up call option

The Issuer may, at its option, redeem at their Principal Amount Outstanding together with any accrued interest, in respect of the Class B Notes, Class C Notes, Class D Notes and Class E Notes (i) subject to and in accordance with Condition 9.2 (*Principal*) and (ii) fulfilment of the Repayment Test, all of the Notes of any Series and Class or Sub-class, in whole but not in part on each Note Payment Date on which the aggregate Principal Amount Outstanding of the Notes of such Series and Class or Sub-class (other than the Class E Notes) is less than 10 per cent. of the aggregate Principal Amount Outstanding of such Series and Class or Sub-class of Notes as at the Issue Date of such Series and Class or Sub-class of Notes, provided that the Issuer has sufficient funds available to it for this purpose.

The Issuer shall notify the exercise of such option by giving not less than 30 days' notice to the Noteholders and the Security Agent prior to the relevant Note Payment Date in accordance with Condition 13 (*Notices*).

6.6 Programme Clean-up call option

The Issuer may, at its option, (in respect of the Class B Notes, Class C Notes, Class D Notes and Class E Notes subject to Condition 9.2 (*Principal*)), redeem all of the Notes, but not some only, at their aggregate Principal Amount Outstanding plus any accrued interest, if the percentage of the Outstanding Principal Amount of all Mortgage Receivables falls below 10 per cent. of the highest Outstanding Principal Amount of all Mortgage Receivables reached since the Programme Closing Date, provided that the Issuer has sufficient funds available to it for this purpose.

The Issuer shall notify the exercise of such option by giving not less than 30 days' notice to the Noteholders and the Security Agent prior to the relevant Note Payment Date in accordance with Condition 13 (*Notices*).

6.7 Redemption of Class E Notes

The Issuer may, at its option, redeem all of the Class E Notes of a Series and Class or, all Class E Notes of a Sub-class, if applicable, in whole but not in part, at their Principal Amount Outstanding plus any accrued interest, subject to (i) the amount standing to the credit of the Reserve Account after application of the Interest Priority of Payments on such date being at least equal to the Reserve Account Target Level; and (ii) fulfilment of the Repayment Test, on the date specified as the Step-up Date for such Class E Notes in the Final Terms and any Note Payment Date for such Notes thereafter, provided that the Issuer has sufficient funds available to it for this purpose.

6.8 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer, in whole, but not in part, at their Principal Amount Outstanding, (in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes subject to Condition 9.2 (*Principal*)), on any Note Payment Date if, immediately prior to giving such notice, the Issuer has satisfied the Security Agent that:

- (a) the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the application of the laws for regulations of the Kingdom of Belgium (including any guidelines issued by the tax authorities) or any other jurisdiction or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the relevant Issue Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and
- (b) the Issuer will have sufficient funds available as determined on the Note Calculation Date immediately preceding such Note Payment Date to discharge all amounts of principal (subject to Condition 9.2 (*Principal*)) and interest due in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Class of Notes in accordance with the Security Agent Agreement.

The Issuer shall notify the exercise of such option by giving not less than 30 days' notice to the Noteholders and the Security Agent prior to the relevant Note Payment Date.

6.9 Redemption for regulatory reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Note Payment Date at their Principal Amount Outstanding plus any accrued interest, in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes subject to Condition 9.2 (*Principal*), if the Seller exercises its option to repurchase the Mortgage Receivables from the Issuer upon the occurrence of a change published on or after Programme Closing Date:

- (a) 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 regulations of the National Bank of Belgium) (the **Bank Regulations**) applicable to the relevant 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 the European Central Bank, the National Bank of Belgium, or other competent international, European or national regulatory or supervisory authority) which, in the opinion of the relevant Seller, has the effect of adversely affecting the rate of return on capital of the Seller or increasing the cost or reducing the benefit to the Seller with respect to the transaction contemplated by the Notes; or
- (b) in the eligible collateral framework of the European Central Bank as a result of which the Class A Notes no longer qualify as eligible collateral for Eurosystem monetary policy purposes and intra-day credit operations by the Eurosystem,

(any such change a **Regulatory Change**), provided that the Issuer will have sufficient funds available on the Note Calculation Date immediately preceding such Note Payment Date to discharge all amounts of principal (subject to Condition 9.2 (*Principal*)) and interest due in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Series and Class or Sub-class of Notes in accordance with the Security Agent Agreement.

The Issuer shall notify the exercise of such option by giving not less than 30 days' notice to the Noteholders and the Security Agent prior to the relevant Note Payment Date.

6.10 Redemption for Change of Law

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Note Payment Date at their Principal Amount Outstanding plus any accrued interest, in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes subject to Condition 9.2 (*Principal*), if:

- (a) 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 Programme Closing Date which would or could affect the Issuer or the Noteholders in a materially adverse way, as certified by the Security Agent (an **Optional Redemption in case of Change of Law**).
- (b) the Issuer will have sufficient funds available on the Note Calculation Date immediately preceding such Note Payment Date to discharge all amounts of principal (subject to Condition 9.2 (*Principal*)) and interest due in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Series and Class or Sub-class of Notes in accordance with the Security Agent Agreement.

The Issuer shall notify the exercise of such option by giving not less than 30 days' notice to the Noteholders and the Security Agent prior to the relevant Note Payment Date.

6.11 Early redemption of Series-0 Notes

Provided that no Enforcement Notice has been served in accordance with Condition 10 (*Events of Default*), subject to the Repayment Test and no Trigger Event has occurred:

- (a) any holder of a Note of Series-0 (other than Class E Notes) may request the Issuer to redeem such Note and the Issuer shall following such request apply part of the Principal Available Amount, towards the redemption of those Series-0 Notes (other than the Class E Notes), subject to the Principal Priority of Payments, the Conditions and the Security Agent Agreement;
- (b) any holder of a Class E Note of Series-0 may request the Issuer to redeem such Note and the Issuer shall following such request apply amounts credited on the Reserve Account towards the redemption purchase of Class E Notes of Series-0.

The amount to be paid in redemption of such Notes will be equal to the aggregate Principal Amount Outstanding of such Notes less any Principal Shortfall attributed to such Note.

6.12 Cancellation

All Notes redeemed in full pursuant to the foregoing provisions, or in part (in the event that any claim on the Notes remains unsatisfied after the enforcement of the Security and the application of the proceeds in accordance with the Post-Enforcement Priority of Payments) or

otherwise surrendered, will be cancelled upon such redemption or surrender of rights or title to the Notes and may not be resold or re-issued.

6.13 Priority of Payments

All payments of interest and principal in respect of the Notes are subject to the applicable Priority of Payments and all other fiscal laws and regulations applicable in the place of payment.

7. TAXATION

7.1 All payments of, or in respect of, principal of and interest on, the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) of whatever nature imposed or levied by or on behalf of the Kingdom of Belgium, any authority therein or thereof having power to tax, unless the withholding or deduction for or on account of such taxes, duties, assessments or charges are required by law. In that event, the Issuer or the Domiciliary Agent (as the case may be) will make the required withholding or deduction for or on account of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders in respect of any such withholding or deduction. Neither the Issuer nor any Domiciliary Agent nor any other person will be obliged to gross up the payments in respect of the Notes of any Series, Class or Sub-class or to make any additional payments to any Noteholders.

7.2 The Issuer, the Clearing System Operator, the Domiciliary Agent or any other person being required to make a tax reduction shall not constitute an Event of Default.

8. PRESCRIPTION

Claims for principal or interest under the Notes shall become time barred ten or five years, respectively, after their relevant due date.

9. SUBORDINATION AND LIMITED RECOURSE

9.1 Interest

Interest on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes shall be payable in accordance with the provisions of Conditions 4 (*Interest*) and Condition 6 (*Redemption and Cancellation*), subject to the terms of this Condition.

In the event that on any relevant Note Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class B Notes on the next Note Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Note Payment Date to the holders of the Class B Notes. In the event of a shortfall, the Issuer shall credit the Class B Interest Deficiency Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on the Class B Notes, on any relevant Note Payment Date, in accordance with this Condition falls short of the aggregate amount of interest payable on the Class B Notes on that date pursuant to Condition 4 (*Interest*). Such shortfall shall not be treated as due on that date for the purposes of Condition 4 (*Interest*), but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Class B Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Class B Note on the next succeeding Note Payment Date.

In the event that on any relevant Note Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class C Notes on the next Note Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Note Payment Date to the holders of the Class C Notes. In the event of a shortfall, the Issuer shall credit the Class C Interest Deficiency Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on the Class C Notes, on any relevant Note Payment Date, in accordance with this Condition falls short of the aggregate amount of interest payable on the Class C Notes on that date pursuant to Condition 4 (*Interest*). Such shortfall shall not be treated as due on that date for the purposes of Condition 4 (*Interest*), but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Class C Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Class C Note on the next succeeding Note Payment Date.

In the event that on any relevant Note Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class D Notes on the next Note Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Note Payment Date to the holders of the Class D Notes. In the event of a shortfall, the Issuer shall credit the Class D Interest Deficiency Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on the Class D Notes, on any relevant Note Payment Date, in accordance with this Condition falls short of the aggregate amount of interest payable on the Class D Notes on that date pursuant to Condition 4 (*Interest*). Such shortfall shall not be treated as due on that date for the purposes of Condition 4 (*Interest*), but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Class D Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Class D Note on the next succeeding Note Payment Date.

In the event that on any relevant Note Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class E Notes on the next Note Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Note Payment Date to the holders of the Class E Notes. In the event of a shortfall, the Issuer shall credit the Class E Interest Deficiency Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on the Class E Notes, on any relevant Note Payment Date, in accordance with this Condition falls short of the aggregate amount of interest payable on the Class E Notes on that date pursuant to Condition 4 (*Interest*). Such shortfall shall not be treated as due on that date for the purposes of Condition 4 (*Interest*), but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Class E Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Class E Note on the next succeeding Note Payment Date.

9.2 Principal

Upon and after the occurrence of a Trigger Event or the service of an Enforcement Notice until the date on which the Principal Amount Outstanding of the Class A Notes is reduced to zero, the Class B Noteholders will not be entitled to any repayment of principal in respect of the Class B Notes. If, on any Note Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption, including mandatory redemption in accordance with and subject to Condition 6.2 (*Mandatory redemption*)), of each Class B Note on such Note

Payment Date shall not exceed its Principal Amount Outstanding less the Class B Principal Shortfall on such Note Payment Date. The **Class B Principal Shortfall** shall mean an amount equal to the quotient of the balance on the Class B Principal Deficiency Ledger divided by the Principal Amount Outstanding of Class B Notes on such Note Payment Date multiplied by the Principal Amount Outstanding of such Class B Note. The Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class B Notes after such redemption.

Upon and after the occurrence of a Trigger Event or the service of an Enforcement Notice until the date on which the Principal Amount Outstanding of the Class A Notes and the Class B Notes is reduced to zero, the Class C Noteholders will not be entitled to any repayment of principal in respect of the Class C Notes. If, on any Note Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption, including mandatory redemption in accordance with and subject to Condition 6.2 (*Mandatory redemption*), of each Class C Note on such Note Payment Date shall not exceed its Principal Amount Outstanding less the Class C Principal Shortfall. The **Class C Principal Shortfall** shall mean an amount equal to the quotient of the balance on the Class C Principal Deficiency Ledger, divided by the Principal Amount Outstanding of Class C Notes on such Note Payment Date multiplied by the Principal Amount Outstanding of such Class C Note. The Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class C Notes after such redemption.

Upon and after the occurrence of a Trigger Event or the service of an Enforcement Notice until the date on which the Principal Amount Outstanding of the Class A Notes, the Class B Notes and the Class C Notes is reduced to zero, the Class D Noteholders will not be entitled to any repayment of principal in respect of the Class D Notes. If, on any Note Payment Date, there is a balance on the Class D Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption, including mandatory redemption in accordance with and subject to Condition 6.2 (*Mandatory redemption*), of each Class D Note on such Note Payment Date shall not exceed its Principal Amount Outstanding less the Class D Principal Shortfall. The **Class D Principal Shortfall** shall mean an amount equal to the quotient of the balance on the Class D Principal Deficiency Ledger, divided by the Principal Amount Outstanding of Class D Notes outstanding on such Note Payment Date multiplied by the Principal Amount Outstanding of such Class D Note. The Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class D Notes after such redemption.

9.3 General

In the event that the Security in respect of the Notes and the Coupons appertaining thereto has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Security Agent Agreement in priority to a Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of the relevant Class of Notes shall have no further claim against the Issuer or the Security Agent in respect of any such unpaid amounts.

10. EVENTS OF DEFAULT

The Security Agent at its discretion may, and if so directed by an Extraordinary Resolution (in respect of all Series) of the Noteholders of the highest ranking Class of Notes outstanding (subject, in each case, to being indemnified to its satisfaction) (in each case, the **Relevant Class**) shall (but in the case of the occurrence of any of the events mentioned in (b) below, only if the Security Agent shall have certified in writing to the Issuer that such an event is, in

its opinion, materially prejudicial to the Noteholders of the Relevant Class) give notice (an **Enforcement Notice**) to the Issuer that the Notes are, and each Note shall become, immediately due and payable at their or its Principal Amount Outstanding, together with accrued interest, if any of the following shall occur:

- (a) default is made for a period of fifteen (15) days or more in the payment on the due date of any amount due in respect of the Notes; provided that, for the avoidance of doubt, the occurrence of any amounts of Interest Deficiency in respect of the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes (but not the Class A Notes) or amounts of Principal Shortfall or Principal Deficiency shall not constitute an Event of Default;
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes, the Security Agent Agreement, the Domiciliary Agency Agreement or the Pledge Agreement and, except where such failure, in the reasonable opinion of the Security Agent, is incapable of remedy, such default continues for a period of thirty (30) days after written notice by the Security Agent to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment (*conservatoir beslag/saisie conservatoire*) or an executory attachment (*executoriaal beslag/saisie exécutoire*) on any major part of the Issuer's assets is made and not discharged or released within a period of thirty (30) days; or
- (d) an order being made or an effective resolution being passed for the winding-up (*ontbinding/dissolution*) of the Issuer except a winding up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Security Agent in writing or by an Extraordinary Resolution of the Noteholders; or
- (e) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in sub-paragraph (d) 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
- (f) proceedings shall be initiated against or by the Issuer under any applicable liquidation, composition, insolvency or other similar law including the *Faillissementswet* (Law on Bankruptcy of 8 August 1997), the *Wet van 31 januari 2009 betreffende de Continuïteit van Ondernemingen* (Law of 31 January 2009 on Continuity of Enterprises) 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* (distrain) 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
- (g) any action is taken by any authority, court or tribunal, which results in the loss of the Issuer of its status as an "institutional V.B.S" 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 Programme,

provided that, if Notes of a higher ranking Class are outstanding, no Enforcement Notice may or shall be given by the Security Agent to the Issuer in respect of a lower ranking Class of Notes, irrespective of whether an Extraordinary Resolution is passed by the Noteholders of the lower Class(es) of Notes, unless an Enforcement Notice in respect of the highest ranking Class of Notes outstanding has been given by the Security Agent. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the highest ranking Class of Notes outstanding, the Security Agent shall not be required to have regard to the interests of the Noteholders of a lower ranking Class of Notes.

11. ENFORCEMENT

- 11.1 At any time after the Notes of any Class become due and payable, the Security Agent may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Security Agent Agreement, the Pledge Agreement and the Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the Noteholders of the highest ranking Class of Notes of all Series outstanding and (ii) it shall have been indemnified to its satisfaction.
- 11.2 No Noteholder may proceed directly against the Issuer unless the Security Agent, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- 11.3 The Noteholders and the Security Agent may not institute against, or join any person in instituting against, the Issuer any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one (1) year after the latest maturing Note is paid in full. The Noteholders accept and agree that the only remedy of the Security Agent against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 (*Events of Default*) above is to enforce the Security.

12. INDEMNIFICATION OF THE SECURITY AGENT

The Security Agent Agreement contains provisions for the indemnification of the Security Agent and for its relief from responsibility (see Condition 15 (*The Security Agent*)).

13. NOTICES

- 13.1 All notices, other than notices given in accordance with Condition 13.2, to Noteholders of any Series and Class or Sub-class shall be deemed to have been duly given if a notice in English, Dutch and French 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, this Condition 13 (*Notices*) and the relevant provisions contained in Schedule 1 (*Provisions for Meetings of Noteholders*) of the Security Agent 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.

- 13.2 Notices specifying a Note 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 Condition 13.2 then notice of the matters referred to in this Condition 13 (*Notices*) shall be given in accordance with the preceding paragraph. Such notices may also be distributed by the Dealer or the Security Agent to the extent the Noteholders have been identified.

14. MEETINGS OF NOTEHOLDERS

The Articles 568 to 580 of the Company Code shall only apply to the extent that the Conditions, the articles of association of the Issuer or the Relevant Documents do not contain provisions which differ from the provisions contained in such articles.

The Security Agent Agreement contains provisions for convening meetings of the Noteholders to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution of a change of any of these Conditions or any provisions of the Relevant Documents.

14.1 Meetings of Noteholders

A meeting of Noteholders may be convened by the Issuer, the Security Agent or by Noteholders of any Series and Class holding not less than 10 per cent. in Principal Amount Outstanding of the Notes of such Series and Class.

In respect of each Class of Notes the Security Agent Agreement provides that:

- (a) a resolution which, in the sole opinion of the Security Agent, affects the interests of the holders of a Class of Notes of one Series only, shall be deemed to have been duly passed, if passed at a meeting of the Noteholders of such Class of that Series;
- (b) a resolution which, in the sole opinion of the Security Agent, affects the interests of the holders of a Class of Notes of any two or more Series but does not give rise to a conflict of interest between the Noteholders of such Class of such two or more Series, shall be deemed to have been duly passed, if passed at a single meeting of the Noteholders of such Class of such two or more Series;
- (c) a resolution which, in the sole opinion of the Security Agent, affects the interests of the holders of a Class of Notes of any two or more Series and gives or may give rise to a conflict of interest between the Noteholders of such Class of such two or more Series, shall be deemed to have been duly passed only, instead of being passed in a single meeting of such Noteholders, if passed at separate meetings of the Noteholders of such Class of such two or more Series.

In respect of each Sub-class of Notes the Security Agent Agreement provides that:

- (a) a resolution which, in the sole opinion of the Security Agent, affects the interests of the holders of one Sub-class of a Class of Notes only, shall be deemed to have been duly passed, if passed at a meeting of the Noteholders of such Sub-class of that Class;
- (b) a resolution which, in the sole opinion of the Security Agent, affects the interests of the holders of more than one Sub-class of Notes of the same Class but does not give rise to a conflict of interest between the Noteholders of such Sub-classes of Notes, shall be deemed to have been duly passed, if passed at a single meeting of the Noteholders of such Sub-classes of Notes;
- (c) a resolution which, in the sole opinion of the Security Agent, affects the interests of the holders of more than one Sub-class of the same Class of Notes and gives or may give rise to a conflict of interest between the Noteholders of such Sub-classes, shall be deemed to have been duly passed only, instead of being passed in a single meeting of such Noteholders, if passed at separate meetings of the Noteholders of such Sub-classes of Notes.

14.2 Basic Terms Change

No change of certain terms by the Noteholders of any Class of any Series including the date of maturity of the Notes of the relevant Class of the relevant Series, or a change which would have the effect of postponing any day for payment of interest in respect of such Notes, reducing or cancelling the amount of principal payable in respect of such Notes or altering the majority required to pass an Extraordinary Resolution or any alteration of the date or priority of redemption of such Notes (any such change in respect of any such class of Notes referred to below as a **Basic Terms Change**) shall be effective unless such Basic Term Change is sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class and Series, except that, if the Security Agent is of the opinion that such a Basic Terms Change is being proposed by the Issuer as a result of, or in order to avoid, an Event of Default, no such Extraordinary Resolution is required.

14.3 Extraordinary Resolution

14.3.1. Quorum and majority

The quorum for any meeting convened to consider an Extraordinary Resolution for the Notes of any Series and Class or of any one or more Series of the same Class or of one or more Sub-classes, will be two-thirds of the Principal Amount Outstanding of the Notes of such Series and Class or of such one or more Series of the same Class, or of such one or more Sub-classes and at such a meeting an Extraordinary Resolution is adopted with not less than a two-third majority of the validly cast votes, except that the quorum required for an Extraordinary Resolution including the sanctioning of a Basic Terms Change shall be at least 75 per cent. of the amount of the Principal Amount Outstanding of the Notes of such Series and Class or of such one or more Series of the same Class, or of such one or more Sub-classes and the majority required shall be at least 75 per cent. of the validly cast votes at that Extraordinary Resolution. If at such meeting the aforesaid quorum is not represented, a second meeting of Noteholders will be held within one month, with due observance of the same formalities for convening the meeting which governed the convening of the first meeting; at such second meeting an Extraordinary Resolution is adopted with not less than a two-thirds majority of the validly cast votes, except that for an Extraordinary Resolution including a sanctioning of a Basic Terms Change the majority required shall be 75 per cent. of the validly cast votes, regardless of the Principal Amount Outstanding of the Notes of such Series and Class or of such one or more Series of the same Class, or of such one or more Sub-classes then represented.

Any Extraordinary Resolution duly passed shall be binding on all Noteholders of the relevant Class and relevant one or more Series, or of such one or more Sub-classes (whether or not they were present at the meeting at which such resolution was passed).

A resolution signed by or on behalf of all the Noteholders of the relevant one or more Series and Class or relevant one or more Sub-classes, who for the time being are entitled to receive notice of a meeting under the Security Agent Agreement shall for all purposes be as valid and effective as an Extraordinary Resolution passed by a meeting of such one or more Series and Class of Noteholders or such one or more Sub-classes of Noteholders.

14.3.2. Limitations

No Extraordinary Resolution to sanction a change which would have the effect of accelerating or increasing the maturity of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes of any one or more Series, as the case may be, or any date for payment of interest thereon, increasing the amount of principal or the rate of interest payable in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes of any one or more Series, as the case may be, shall take effect unless it shall have been sanctioned by an Extraordinary Resolution of the Noteholders of the other Classes of each Series of the Notes then outstanding or such change is in the opinion of the Security Agent not materially prejudicial to the interests of other Noteholders of each Series.

An Extraordinary Resolution of the Class B Noteholders of any Series or any Sub-class thereof and/or the Class C Noteholders of any Series or any Sub-class thereof and/or the Class D Noteholders of any Series or any Sub-class thereof and/or the Class E Noteholders of any Series or any Sub-class thereof shall only be effective when the Security Agent is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders of each Series and/or, as the case may be, the Class B Noteholders of each Series and/or, as the case may be, the Class C Noteholders of each Series and/or, as the case may be, the Class D Noteholders of each Series or it is sanctioned by an Extraordinary Resolution of the Class A Noteholders of each Series, the Class B Noteholders of each Series, or the Class C Noteholders of each Series, or the Class D Noteholders of each Series, as the case may be. The Security Agent Agreement imposes no such limitations on the powers of the Class A Noteholders of any Series, or Sub-class thereof (subject to this Condition 14 (*Meetings of Noteholders*)), the exercise of which will be binding on the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders (in any case of that Series or of any other Series), irrespective of the effect on their interests.

14.3.3. Programme Resolution

(A) Notwithstanding the preceding paragraphs of this Condition 14 (*Meetings of Noteholders*), any Extraordinary Resolution of the Noteholders of any Class of Notes to direct the Security Agent:

- (a) to take any enforcement action pursuant to Condition 10 (*Events of Default*) and Condition 11 (*Enforcement*); or
- (b) to remove or replace the Security Agent,

(each a **Programme Resolution**), shall only be capable of being passed at a single meeting of the Noteholders of all Series of such Class of Notes.

- (B) The quorum at any such meeting for passing a Programme Resolution shall be one or more persons holding or representing more than two-thirds of the aggregate Principal Amount Outstanding of the Notes of such Class or, at any adjourned and reconvened meeting, one or more persons being or representing Noteholders of such Class of Notes, whatever the aggregate principal Amount Outstanding of such Class of Notes so held or represented by them, provided that if such Programme Resolution relates to the removal and replacement of any or all of the managing directors of the Security Agent, at least thirty (30) per cent. of the Notes of the relevant Class of all Series should be represented on any second meeting.
- (C) Any such meeting to consider a Programme Resolution may be convened by the Issuer, the Security Agent or by Noteholders of such Class of Notes. A Programme Resolution passed at any meeting of the Noteholders of all Series of such Class of Notes shall be binding on all Noteholders of all Series of such Class of Notes, whether or not they are present at the meeting.

14.4 Other or further regulations

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. THE SECURITY AGENT

15.1 Appointment

The Security Agent has been appointed by the Issuer as representative of the Noteholders in accordance with article 29, §1, first to seventh indent and article 126 of the UCITS Act and as irrevocable agent and attorney (*mandataris/mandataire*) of the other Secured Parties upon the terms and conditions set out in the Security Agent Agreement and herein.

15.2 Powers

The Security Agent, acting on behalf of the Noteholders and the other Secured Parties, has 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 Relevant 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 Security Agent 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 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 borrow or raise monies and to grant security interests if required in accordance with any of the Relevant Documents for the purpose of administering the security granted

to it pursuant to the Pledge Agreement to which it is a party, entering into agreements which are conducive to the holding of the security and granted to it pursuant to the Pledge Agreement to which it is a party, and upon such terms and conditions as the Security Agent shall deem advisable;

- (g) to retain such cash balances as the Security Agent from time to time may deem to be in the best interest of the Secured Parties and to credit any monies received, recovered or realised by it under the Pledge Agreement, at its discretion, to the Security Account or to any other suspense account and to hold such monies in such account for so long as the Security Agent may think fit acting in the best interests of the Secured Parties (with interest accruing thereon at such rate, if any, as the Security Agent may deem fit) pending their application from time to time in accordance with the provisions of the Security Agent Agreement;
- (h) to make, execute, acknowledge and deliver any and all documents and instruments that may be necessary or appropriate to carry out the powers granted to it under the Security Agent Agreement and the Relevant Documents;
- (i) to settle, compromise or litigate any claims, debts or damages due or owing to the Security Agent and to commence or defend suits or legal or administrative proceedings;
- (j) to determine all questions and doubts arising in relation to any of the provisions of this Agreement and every such determination bona fide made (whether or not the same shall relate in whole or in part to the acts or proceedings of the Security Agent under the Security Agent Agreement) shall be conclusive and binding on the Secured Parties;
- (k) to exercise all other powers and rights and perform all duties given to the Security Agent under the Relevant Documents; and
- (l) generally, to do all things necessary in connection with or incidental to the performance of such powers and duties and to do all such acts, initiate all such proceedings and exercise all such rights and privileges although not specifically mentioned herein as the Security Agent may deem necessary for the purposes of carrying out its duties under the Security Agent Agreement.

All of the Secured Parties acknowledge that the Security Agent has entered into the Parallel Debt Agreement and that the Security Agent equally secures the Parallel Debt owing to the Security Agent in addition to the obligations of the Issuer owing to the other Secured Parties.

15.3 Modifications by the Security Agent

15.3.1. Provided that the conditions included in Condition 15.3.2 are met, the Security Agent may agree, without the consent of the Noteholders, to:

- (a) any modification of any of the provisions of the Relevant Documents which is of a formal, minor or technical nature or is made to correct a manifest error; and
- (b) any other modification (except if prohibited in the Relevant Documents), and any waiver or authorisation of an Event of Default and/or any breach or proposed breach, of any of the provisions of the Conditions of any Series and Class or any Sub-class of Notes and/or Relevant Documents which is in the opinion of the Security Agent not materially prejudicial to the interests of the

Noteholders of such Series and Class or such Sub-class of Notes or of any Series and Class of Notes,

15.3.2. The Security Agent shall notify the Rating Agencies in advance of any such modification, authorisation or waiver pursuant to this Condition 15.3 (*Modifications by the Security Agent*).

15.3.3. Any such modification, authorisation or waiver pursuant to this Condition 15.3 (*Modifications by the Security Agent*) shall be binding on the Noteholders and, if the Security Agent so requires, such modification shall be notified to the Noteholders of such Series and Class or such Sub-class of Notes or of any Series and Class of Notes in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

15.4 Liability

15.4.1. The Security Agent shall not be liable for any action taken or not taken by it or for any breach of its obligations under or in connection with the Security Agent Agreement or any other Relevant Document to which it is a party, except in the event of its wilful misconduct (*grove schuld / faute intentionelle*) or gross negligence (*grove fout / faute lourde*), and it shall not be responsible for any act or negligence of persons or institutions retained by it in good faith.

15.4.2. The Security Agent shall not be liable for acting upon any resolution purporting to have been passed at any meeting of any Series and Class of Noteholders in respect whereof minutes have been made and signed even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or passing of the resolution or that for any reason the resolution was not valid or binding upon such Noteholders.

If the Security Agent has acted upon such resolution, each Noteholder of such Series and Class of Notes shall forthwith on demand indemnify (*schadeloos stellen / indemniser*) the Security Agent for its pro rata share in any liability, loss or expense incurred or expected to be incurred by the Security Agent in any way relating to or arising out of its acting as Security Agent in respect of that of a particular Series and Class of Notes, except to the extent that the liability or loss arises directly from the Security Agent's wilful misconduct (*grove schuld / faute intentionelle*) or gross negligence (*grove fout / faute lourde*).

The liability shall be divided between the Noteholders of the relevant Series and Class or Sub-class of Notes pro rata according to the respective Principal Amounts Outstanding of the Notes held by each of them respectively.

15.5 Retirement and removal

15.5.1. Until all amounts payable by the Issuer to the Secured Parties have been paid in full, the Security Agent shall not retire and may be removed from its duties under the Security Agent Agreement only as set out in this Condition 15.5 (*Retirement and removal*).

15.5.2. If any of the following events (each a **Security Agent Termination Event**) occurs:

- (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 the Security Agent Agreement or any other Relevant 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 Security Agent 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 Security Agent Agreement and the Relevant 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 Relevant 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 clause.

15.5.3. The Noteholders shall be entitled to terminate the appointment of the Security Agent by a Programme 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 Security Agent Agreement and all other Transaction Documents in the same way as its predecessor.

15.5.4. The Security Agent shall not be discharged from its responsibilities under the Security Agent Agreement until a suitable substitute security agent which has been accepted by the Issuer and the Noteholders (such approval not being unreasonably withheld) has been appointed.

15.5.5. Such termination shall also terminate the appointment and power-of-attorney by the other Secured Parties. The other Secured Parties hereby irrevocably agree that the substitute security agent shall from the date of its appointment act as agent (*lasthebber / mandataire*) of the other Secured Parties on the terms of the Security Agent Agreement.

15.6 Exercise of the Security Agent's functions

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Agent shall have regard to the interests of the Noteholders of a Class, Series or Series and Class or Sub-class thereof, and shall not have regard to the consequences of such exercise for individual Noteholders and the Security Agent shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

16. GOVERNING LAW

The Notes are governed by, and will be construed in accordance with, the laws of Belgium. In relation to any legal action or proceedings arising out of or in connection with the Notes the Issuer irrevocably submits to the jurisdiction of the Courts of Brussels, Belgium. This submission is made for the exclusive benefit of the holders of the Notes and the Security Agent and shall not affect their right to take such action or bring such proceedings in any other courts of competent jurisdiction.

17. DEFINITIONS

Unless otherwise defined in these Conditions or unless the context otherwise requires, in these Conditions the following words shall have the following meanings. Any other capitalized terms used in these Conditions shall have the meanings ascribed to them in the Master Definitions Schedule to the Programme Agreement

Administrator means Intertrust (Netherlands) B.V. with its registered office at Prins Bernhardplein 200, 1000 AZ Amsterdam, The Netherlands, in its capacity as administrator of the Issuer under the Servicing Agreement, or its successor or successors;

Business Day means a day on which banks are open for business in Brussels and Luxembourg, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement European Transfer System ("TARGET System") or any successor thereto is operating credit or transfer instructions in respect of payments in euro;

Class A Noteholders means the several persons who are for the time being holders of any Class A Notes;

Class A Notes means the Class A Notes of all Series, or, if the context so requires, the Class A Notes of the relevant Series;

Class A Pass-through Notes means, on any date, the Class A Notes which are subject to mandatory repayment on the next Note Payment Date;

Class A Pass-through Notes Redemption Available Amount means, on any date, an amount calculated in accordance with the following formula, if the Pro-rata Condition is satisfied:

A x B/C, where:

A = the Pass-through Principal Available Amount;

B = the Principal Amount Outstanding of all Class A Pass-through Notes outstanding at such Note Payment Date;

C = the Principal Amount Outstanding of all Pass-through Notes, other than Class E Notes, outstanding at such Note Payment Date.

Class B Interest Deficiency Ledger means a ledger established for the purpose of recording any shortfall in funds available to it to satisfy its obligations in respect of amounts of interest due on the Class B Notes;

Class B Noteholders means the several persons who are for the time being holders of any Class B Notes;

Class B Notes means the Class B Notes of all Series, or, if the context so requires, the Class B Notes of the relevant Series;

Class B Pass-through Notes means, on any date, the Class B Notes which are subject to mandatory repayment on the next Note Payment Date;

Class B Pass-through Notes Redemption Available Amount means, on any date, an amount calculated in accordance with the following formula, if the Pro-rata Condition is satisfied:

$A \times B/C$, where:

A = the Pass-through Principal Available Amount;

B = the Principal Amount Outstanding of all Class B Pass-through Notes outstanding at such Note Payment Date;

C = the Principal Amount Outstanding of all Pass-through Notes, other than Class E Notes, outstanding at such Note Payment Date.

Class C Interest Deficiency Ledger means a ledger established for the purpose of recording any shortfall in funds available to it to satisfy its obligations in respect of amounts of interest due on the Class C Notes;

Class C Noteholders means the several persons who are for the time being holders of any Class C Notes;

Class C Notes means the Class C Notes of all Series, or, if the context so requires, the Class C Notes of the relevant Series;

Class C Pass-through Notes means, on any date, the Class C Notes which are subject to mandatory repayment on the next Note Payment Date;

Class C Pass-through Notes Redemption Available Amount means, on any date, an amount calculated in accordance with the following formula, if the Pro-rata Condition is satisfied:

$A \times B/C$, where:

A = the Pass-through Principal Available Amount;

B = the Principal Amount Outstanding of all Class C Pass-through Notes outstanding at such Note Payment Date;

C = the Principal Amount Outstanding of all Pass-through Notes, other than Class E Notes, outstanding at such Note Payment Date;

Class D Interest Deficiency Ledger means a ledger established for the purpose of recording any shortfall in funds available to it to satisfy its obligations in respect of amounts of interest due on the Class D Notes;

Class D Noteholders means the several persons who are for the time being holders of any Class D Notes;

Class D Notes means the Class D Notes of all Series, or, if the context so requires, the Class D Notes of the relevant Series;

Class D Pass-through Notes means, on any date, the Class D Notes which are subject to mandatory repayment on the next Note Payment Date;

Class D Pass-through Notes Redemption Available Amount means, on any date, an amount calculated in accordance with the following formula, if the Pro-rata Condition is satisfied:

$A \times B/C$, where:

A = the Pass-through Principal Available Amount;

B = the Principal Amount Outstanding of all Class D Pass-through Notes outstanding at such Note Payment Date;

C = the Principal Amount Outstanding of all Pass-through Notes, other than Class E Notes, outstanding at such Note Payment Date;

Class E Interest Deficiency Ledger means a ledger established for the purpose of recording any shortfall in funds available to it to satisfy its obligations in respect of amounts of interest due on the Class E Notes;

Class E Noteholders means the several persons who are for the time being holders of any Class E Notes;

Class E Notes means the Class E Notes of all Series, or, if the context so requires, the Class E Notes of the relevant Series;

Currency Swap Agreement means the relevant currency swap agreement consisting of an 1992 ISDA Master Agreement including its Annexes, a Schedule, a Confirmation (and, if applicable, a credit support annex) respectively to be entered into by the relevant Currency Swap Counterparty and the Issuer at or prior to the relevant Issue Date, as the same may be amended, restated, supplemented or otherwise modified from time to time;

Domiciliary Agency Agreement means the paying agency agreement to be entered into by the Issuer, the Domiciliary Agent, the Reference Agent and the Security Agent on or about the Programme Closing Date substantially in the Agreed Form as the same may be amended, restated, supplemented or otherwise modified from time to time;

Eligible Institution means any credit institution with a rating by the Rating Agencies equal or equivalent to a rating of (i) the long-term, unsecured and unsubordinated debt obligations of at least A by Fitch (and such rating not being put on rating watch negative by Fitch); and (ii) the short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least Prime 1 by Moody's and F1 by Fitch;

Extraordinary Resolution has the meaning ascribed to it in the Security Agent Agreement;

Final Maturity Date means in respect of the Notes of a Series and Class the final maturity date set out in the Final Terms;

Final Terms means, in respect of any Series of Notes, the duly completed final terms of which a form is set out in Section 21 (*Final Terms*) of the Base Prospectus, as the same may be amended, restated and/or supplemented from time to time;

Fitch means Fitch France S.A.;

Fixed Rate Notes means any and all Notes with a fixed rate of interest;

Floating Rate Notes means any and all Notes with a floating rate of interest;

FSMA means the Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten / Autorité des services et marchés financiers*), which is the Belgian competent authority for the purpose of the Prospectus Directive and relevant implementing measures in Belgium;

GIC Agreement means the guaranteed investment contract to be entered into by the Issuer, the GIC Provider and the Security Agent on or about the Programme Closing Date substantially in the Agreed Form as the same may be amended, restated, supplemented or otherwise modified from time to time;

GIC Provider means BNP Paribas Fortis in its capacity as GIC provider under the GIC Agreement and/or its successor or successors;

Holding means Stichting Holding Bass, organised as a foundation (*stichting/fondation*) under Belgian law, with its registered office at Louizalaan 486, 1050 Brussels, Belgium, registered with the Crossroads Bank for Enterprises under number 0898.075.884 (LPR Brussels);

Interest Deficiency means at any day, the amount standing to the credit of the Class A Interest Deficiency Ledger, the Class B Interest Deficiency Ledger, the Class C Interest Deficiency Ledger, the Class D Interest Deficiency Ledger and the Class E Interest Deficiency Ledger on such day;

Interest Swap Counterparty means any party who accedes to the Programme as Interest Swap Counterparty or their successor or successors;

Issue Date means the date in respect of the Notes of a Series issued on the same date, on which these Notes are issued;

Issuer Bass Master Issuer NV/SA, 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), incorporated under Belgian law, with its registered office at Louizalaan 486, 1050 Brussels, Belgium;

Listing Agent means BNP Paribas Fortis, or its successor or successors;

Loss Rate means on any Monthly Payment Date, the Realised Losses in the preceding Mortgage Collection Period, divided by the Outstanding Principal Amount of the Mortgage Receivables on the first day of the immediately preceding Mortgage Collection Period;

Master Definitions Schedule means the master definitions schedule attached to the Programme Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time;

Monthly Payment Date means each 15th day of each month, or, in either case, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the

next succeeding calendar month, in which event the Business Day immediately preceding such day;

Moody's means Moody's Investors Service Limited;

Mortgage Collection Period means each successive period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of the same calendar month, except for the first Mortgage Collection Period which will commence on (and include) the Programme Closing Date and end on (and include) the last day of the same calendar month;

Mortgage Loan means any loan (including any advance granted under a Credit Facility) entered into by the Seller or their predecessors and the relevant Borrowers that is secured by (i) a first ranking mortgage and/or (ii) a lower ranking mortgage or (iii) a Mortgage Mandate over Mortgaged Assets, and that is identified for the purpose of the purchase of the relevant Mortgage Receivables in a Sale and Assignment Agreement executed in accordance with Mortgage Receivables Purchase Agreement;

Mortgage Receivable means any right of the Seller against any Borrower under or in connection with any Mortgage Loans, as such right has been purchased or is to be purchased, as applicable, in accordance with the Mortgage Receivables Purchase Agreement;

Mortgage Receivables Purchase Agreement means the mortgage receivables purchase agreement entered into by the Seller, the Issuer and the Security Agent on or about the Programme Closing Date, as the same may be amended, restated, supplemented or otherwise modified from time to time;

Net Proceeds, means (a) the proceeds of a foreclosure on the Mortgaged Asset(s), (b) the proceeds of foreclosure on any other Related Security, (c) the proceeds of any other guarantees or sureties, and (d) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs;

Note Calculation Date means in relation to a Note Payment Date the third business day prior to the relevant Note Payment Date;

Note Collection Period means in relation to a Note Calculation Date the three successive Mortgage Collection Periods immediately preceding such Note Payment Date, except for the first Note Collection Period, which will mean the Mortgage Collection Periods preceding the first Note Payment Date;

Noteholders means the several persons who are for the time being holders of any Notes;

Notes Purchase Agreement means the relevant purchase agreement relating to the purchase of one or more Series and Class of Notes, on the relevant issue date between the Issuer, the Seller (or Sellers, as the case may be) and the Dealer as the same may be amended, restated, supplemented or otherwise modified from time to time;

Parallel Debt has the meaning ascribed to it in Clause 2.1 of the Parallel Debt Agreement;

Parallel Debt Agreement means the parallel debt agreement to be entered into by the Issuer, the Security Agent and the Secured Parties (other than the Noteholders) on or about the Programme Closing Date substantially in the Agreed Form as the same may be amended, restated, supplemented or otherwise modified from time to time;

Pass-through Payable Amount means on any Monthly Payment Date the sum of items (i), (ii), (iii), (iv), (v), (vii) and (x) of Principal Available Amount in relation to the immediately

preceding Mortgage Collection Period less any amounts received under item (v) to the extent such amounts result from the sale of Mortgage Receivables pursuant to the best efforts obligation of the Issuer to repay principal under the Notes upon exercise of a call-option as set out in the Security Agent Agreement, multiplied with the Pass-Through Percentage on such date plus if on such Monthly Payment Date, after application of the Principal Priority of Payments, the amount standing to the credit of the Issuer Collection Account is higher than 5 per cent. of the Principal Amount Outstanding of the Pass-Through Notes on such date, an amount equal to the balance of the Issuer Collection Account (to the extent not related to the Pass-through Payable Amount calculated on previous Monthly Calculation Dates) multiplied with the following product: (i) the sum of the Principal Payment Rate and the Loss Rate on this Monthly Payment Date, and (ii) the Pass-Through Percentage.

Pass-through Percentage means on any Monthly Payment Date the Principal Amount Outstanding of all Pass-through Notes on such date, less any amount remaining on the Principal Deficiency Ledger to the extent attributable to the Pass-through Notes on the previous Note Payment Date or, if such Monthly Payment Date is a Note Payment Date, on this date, to the extent attributable to the Pass-through Notes, divided by the Principal Amount Outstanding of all Notes (excluding the Class E Notes) on such date, less any amount remaining on the Principal Deficiency Ledger on the previous Note Payment Date or, if such Monthly Payment Date is a Note Payment Date, on this date (for the avoidance of doubt, prior to giving effect to any issuance or repayment on such date, but after the application of the Interest Priority of Payments);

Pass-through Principal Available Amount means on any Note Payment Date, the sum of the Pass-through Payable Amounts on the 2 previous Monthly Payment Dates and on this Note Payment Date;

Pledge Agreement means the pledge agreement governed by Belgian law to be entered into on or about the Programme Closing Date between the Issuer, and the other Secured Parties pursuant to which the Issuer will pledge the Pledged Assets;

Pool Servicer means BNP Paribas Fortis with respect to Mortgage Receivables, in its capacity of pool servicer under the Servicing Agreement, or, as the case may be, any party who accedes to the Programme as Pool Servicer or their successor or successors;

Principal Amount Outstanding means, in respect of any Note and on any date, the principal amount of that Note upon issue less the aggregate amount of all Principal Payments in respect of such Note that have become due and payable since the Programme Closing Date and on or prior to such date;

Principal Available Amount means the sum of the following amounts received or held by the Issuer in relation to the immediately preceding Mortgage Collection Period (items (i) up to and including (ix)):

- (i) as repayment and prepayment of principal under the Mortgage Receivables;
- (ii) on a Note Calculation Date, any amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Note Payment Date;
- (iii) as Net Proceeds on any Mortgage Receivable, to the extent such proceeds relate to principal;
- (iv) as amounts received in connection with a repurchase of Mortgage Receivables by the Seller and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal;

- (v) as amounts received in connection with a sale of Mortgage Receivables to the extent such amounts relate to principal;
- (vi) any part of the Principal Available Amount calculated on the preceding Monthly Calculation Date which has not been applied towards payment of the relevant Notes (other than Class E Notes) or purchase of New Mortgage Receivables on the immediately preceding Monthly Payment Date;
- (vii) as amounts to be received from the Construction Account on the Issuer Collection Account on the immediately succeeding Monthly Payment Date;
- (viii) for the period between the previous Monthly Payment Date (excluding) up to the next Monthly Payment Date (including), the net proceeds from an issuance of Notes (other than Class E Notes) less net proceeds used to purchase Mortgage Receivables on another day than a Monthly Payment Date, and other than amounts referred to under item (x) of the Interest Available Amount;
- (ix) amounts to be received from the Currency Swap Counterparty under the Currency Swap Agreement, to the extent relating to principal; and
- (x) any amounts (as indemnity for losses of scheduled principal payments in respect of the Mortgage Receivables as a result of Commingling Risk, Set-Off Risk or Liquidity Shortfall Risk) to be applied from the Deposit Account on the immediately succeeding Monthly Payment Date or Notes Payment Date, as the case may be;

Principal Deficiency means, at any day, the amount standing to the credit of the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger and the Class D Principal Deficiency Ledger on such day;

Principal Payment Rate means on any Monthly Payment Date, items (i), (iii), (iv), (v) and (vii) of the Principal Available Amount in relation to the immediately preceding Mortgage Collection Period, less any amounts received under item (v) to the extent such amounts result from the sale of Mortgage Receivables pursuant to the best efforts obligation of the Issuer to repay principal under the Notes upon exercise of a call-option as set out in the Security Agent Agreement, divided by the Outstanding Principal Amount of the Mortgage Receivables on the first day of the immediately preceding Mortgage Collection Period;

Principal Redemption Amount means the amount redeemable in respect of each Note on the relevant Note Payment Date;

Principal Shortfall means, in respect of a Note of a certain Class, the Class A Principal Shortfall, the Class B Principal Shortfall, the Class C Principal Shortfall or the Class D Principal Shortfall, as the case may be;

Priority of Payments means the Post-enforcement Priority of Payments together with the Interest Priority of Payments and the Principal Priority of Payments, as applicable;

Programme means this € 30,000,000,000 Residential Mortgage Backed Note Programme of the Issuer;

Programme Agreement means the programme agreement to be entered into by the Issuer, the Security Agent, the Administrator, any Currency Swap Counterparty, the GIC Provider, the Seller and the Dealers on or about the Programme Closing Date substantially in the Agreed Form as the same may be amended, restated, supplemented or otherwise modified from time to time;

Pro-rata Condition shall mean, in respect of a Note Payment Date, that:

- (a) no amount is recorded on the Principal Deficiency Ledger on such date after giving effect to payments to be made on the relevant Note Payment Date in accordance with the Interest Priority of Payments; and
- (b) not more than 2.5 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Loans is in arrears for more than 90 days;
- (c) on the previous Note Payment Date, the balance on the Reserve Account was at least equal to the Class D Required Subordination Amount; and
- (d) the aggregate Outstanding Principal Amount of all Mortgage Receivables is not less than 10 per cent. of the highest Outstanding Principal Amount of all Mortgage Receivables at any time since the Programme Closing Date.

Rating Agencies means Fitch and Moody's;

Reference Agent means BNP Paribas Fortis or its successor or successors;

Reference Banks means in respect of Euribor the principal euro-zone office of each of four major banks in the euro-zone interbank market and in respect of Dollar Libor, the principal London office of each of four major banks in the London interbank market;

Relevant Documents means the Programme Agreement, the Pledge Agreement, the Cooperation Agreement, the Currency Swap Agreements, the Security Agent Agreement, the Parallel Debt Agreement, the Clearing Agreement, the Notes Purchase Agreements, the Domiciliary Agency Agreement, the Holding Management Agreement, the Security Agent Management Agreement, the Issuer Management Agreement, the GIC Agreement, the Mortgage Receivables Purchase Agreement, the Servicing Agreement, the Interest Swap Agreement and the Deposit Agreement;

Repayment Test means the conditions and tests (including the required levels of subordination) necessary to repay a Series and Class or Subclass of Subordinated Notes on a Note Payment Date. The conditions and tests are the following:

- (a) for any Class B Note, the amount of principal due (or any part thereof) in respect of the Class B Notes may only be paid if and to the extent that, after giving effect to (i) such payment and other payments of principal on the Notes and (ii) the issuance of Notes on such date, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount on such Note Payment Date or, if the Class A Available Subordinated Amount is lower than the Class A Required Subordinated Amount, the Class A Available Subordinated Amount is at least equal to the Class A Available Subordinated Amount before giving effect to such payments and issuances;
- (b) for any Class C Note, the amount of principal due (or any part thereof) in respect of the Class C Notes may only be paid if and to the extent that, after giving effect to (i) such payment and other payments of principal on the Notes and (ii) the issuance of Notes on such date, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount and the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount on such Note Payment Date or, if the Class A Available Subordinated Amount and/or the Class B Available Subordinated Amount are, or as the case may be, is lower than the Class A Required Subordinated Amount and/or the Class B Required Subordinated Amount respectively, the Class A Available Subordinated Amount and/or the Class B

Available Subordinated Amount are or, as the case may be, is at least equal to the Class A Available Subordinated Amount and/or the Class B Available Subordinated Amount respectively before giving effect to such payments and issuances;

- (c) for any Class D Note, the amount of principal due (or any part thereof) in respect of the Class D Notes may only be paid if and to the extent that, after giving effect to (i) such payment and other payments of principal on the Notes and (ii) the issuance of Notes on such date, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount and the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount on such Note Payment Date or, if the Class A Available Subordinated Amount, the Class B Available Subordinated Amount and/or the Class C Available Subordinated Amount are or, as the case may be, is lower than the Class A Required Subordinated Amount, the Class B Required Subordinated Amount and/or the Class C Required Subordinated Amount respectively, the Class A Available Subordinated Amount, the Class B Available Subordinated Amount and/or the Class C Available Subordinated Amount is at least equal to the Class A Available Subordinated Amount, the Class B Available Subordinated Amount and/or the Class C Available Subordinated Amount respectively, before giving effect to such payments and issuances;
- (d) for any Class E Note, the amount of principal due (or any part thereof) in respect of the Class E Notes may only be paid if and to the extent that, after giving effect to (i) such payment and other payments of principal on the Notes and (ii) the issuance of Notes on such date, the Class A Available Subordinated Amount is at least equal to the Class A Required Subordinated Amount, the Class B Available Subordinated Amount is at least equal to the Class B Required Subordinated Amount, the Class C Available Subordinated Amount is at least equal to the Class C Required Subordinated Amount and the Class D Available Subordinated Amount is at least equal to the Class D Required Subordinated Amount on such Note Payment Date or, if the Class A Available Subordinated Amount, the Class B Available Subordinated Amount, the Class C Available Subordinated Amount and/or the Class D Available Subordinated Amount are or, as the case may be, is lower than the Class A Required Subordinated Amount, the Class B Required Subordinated Amount, the Class C Required Subordinated Amount and/or the Class D Required Subordinated Amount respectively, the Class A Available Subordinated Amount, the Class B Available Subordinated Amount, the Class C Available Subordinated Amount and/or the Class D Available Subordinated Amount are or, as the case may be, is at least equal to the Class A Available Subordinated Amount, the Class B Available Subordinated Amount, the Class C Available Subordinated Amount and/or the Class D Available Subordinated Amount respectively, before giving effect to such payments and issuances; and
- (e) the amount of principal due (or any part thereof) in respect of a Class E Notes of a Series and Class or Subclass can only be repaid on a Note Payment Date if, following the application of the Interest Priority of Payments on such date, the amount standing to the credit of the Reserve Account is at least equal to the Reserve Account Target Level.

Secured Parties means (a) the Noteholders, (b) the Issuer Directors, (c) the Administrator, (d) the Domiciliary Agent, (e) the Seller, (f) the Reference Agent, (g) any Currency Swap Counterparties, (h) the Holding Directors, (i) the Security Agent Directors, (j) the Pool Servicer, (k) Interest Swap Counterparty and (l) the GIC Provider;

Security Agent means Stichting Security Agent Bass, organised as a foundation (*stichting*) under the laws of the Netherlands, with its registered office at Olympic Plaza, Fred Roeskestraat 123, 1076 EE Amsterdam, the Netherlands;

Security Agent Agreement means the security agent agreement to be entered into by *inter alios* the Security Agent and the Issuer on or about the Programme Closing Date substantially in the Agreed Form as the same may be amended, restated, supplemented or otherwise modified from time to time;

Seller means BNP Paribas Fortis (and its successor or successors) and any other seller who has acceded to the Programme as Seller (and its successor or successors);

Servicing Agreement means the servicing agreement to be entered into by the Administrator, the Pool Servicer, the Issuer and the Security Agent on or about the Programme Closing Date, as the same may be amended, restated, supplemented or otherwise modified from time to time;

Step-up Date means in respect of the Notes of a Series and Class the step-up date set out in the Final Terms;

Trigger Event means any of the following events:

- (a) an amount is debited to the Class A Principal Deficiency Ledger; or
- (b) the Seller takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution and liquidation or any of its assets are placed under administration; or
- (c) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been commenced against it for the entering into suspension of payments, or if applicable, emergency regulations or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets.

SECTION 23

MAIN TRANSACTION EXPENSES

1. THE ADMINISTRATOR

An annual fee of Euro 30.000,- exclusive of VAT (if any), which starting on the first Note Payment Date falling in 2009, is increased with a percentage equal to the Consumer Price Index (*Geharmoniseerd indexcijfer der consumptieprijzen*) (see Section 19 (*Related Party Transactions – Material Contracts*), 3 (*The Administrator*)).

2. SECURITY AGENT

An annual fee of Euro 5.000,- exclusive of VAT (if any) (see Section 19 (*Related Party Transactions – Material Contracts*), 4 (*The Security Agent*)).

3. THE POOL SERVICER

A servicing fee of 0.03 per cent per annum calculated over the aggregate Outstanding Principal Amount of all Mortgage Receivables (see Section 19 (*Related Party Transactions – Material Contracts*), 2 (*The Pool Servicer*)).

4. OTHER SENIOR EXPENSES PAYABLE BY THE ISSUER

The Issuer shall in addition pay the following ongoing expenses:

- (a) to the Auditors;
- (b) to the National Bank of Belgium, fees as provided under the Clearing Agreement, which will be payable as long as any of the Notes are outstanding;
- (c) to the FSMA, annual fees calculated in accordance with Belgian law and regulations;
- (d) to the Escrow Agent, an upfront fee of Euro 2.500, - exclusive of VAT (if any);
- (e) and others, provided that they are justified and duly documented.

SECTION 24

USE OF PROCEEDS

The net proceeds from the issue of the Notes, other than the Class E Notes, will be applied to purchase Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement from time to time.

The Issuer will credit the net proceeds from the Class E Notes to the Reserve Account.

SECTION 25

DESCRIPTION OF SECURITY

As security for the performance by the Issuer of its obligations under the Relevant Documents, the Issuer has granted rights of pledge on its assets in favour of the Security Agent and the other Secured Parties. As part of creation of these pledges, the Issuer has undertaken as a separate and independent obligation, by way of parallel debt, to pay to the Security Agent amounts due to the Secured Parties.

The Issuer has entered into an Parallel Debt Agreement. In the Parallel Debt Agreement the Issuer has irrevocably and unconditionally undertaken to pay to the Security Agent (the **Parallel Debt**) amounts which will be equal to the aggregate amount due (*verschuldigd/dû*) by the Issuer:

- (a) as fees or other remuneration to the Issuer Director, the Security Agent Director and the Holding Director under the Issuer Management Agreement, the Security Agent Management Agreement and the Holding Management Agreement;
- (b) as fees and expenses to the Pool Servicer and the Administrator under the Servicing Agreement;
- (c) as fees and expenses to the Domiciliary Agent and the Reference Agent under the Domiciliary Agency Agreement;
- (d) after accession of a Currency Swap Counterparty, to each such Currency Swap Counterparty under the relevant Currency Swap Agreement;
- (e) to the Seller under the Mortgage Receivables Purchase Agreement;
- (f) to the Interest Swap Counterparty under the Interest Swap Agreement;
- (g) to the GIC Provider under the GIC Agreement; and
- (h) to the Noteholders under the Notes

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 29, §1, first to seventh indent and article 126 of the UCITS Act which states that the representative (the Security Agent) may bind all Noteholders and represent them vis-à-vis third parties or in court, in accordance with the terms of its mission. The Security Agent has 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.

In order to secure its obligations under the Relevant Documents, including the Parallel Debt, to the Security Agent and the other Secured Parties, on terms set out in a pledge agreement (the **Pledge Agreement**) the Issuer has granted on the Programme Closing Date a first ranking pledge over:

- (a) the Mortgage Receivables, including the New Mortgage Receivables and all rights and Related Security relating thereto, as acquired by the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (b) all rights title and interest and benefit, present and future, actual and contingent in respect of the Issuer Accounts, including without limitation, all amounts of money that may from time to time be credited to any of such accounts;
- (c) all rights, title, interest and benefit of the Issuer under or pursuant to the Relevant Documents to which the Issuer is a party.

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

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

The Pledge Agreement is governed by Belgian law. Under Belgian law, upon enforcement of the security for the Notes, the Security Agent acting on its own behalf and on behalf of the other Secured Parties, will be permitted to collect any moneys payable in respect of the Mortgage Receivables, any moneys payable under the Relevant Documents pledged to it and any moneys standing to the credit of the Issuer Accounts and to apply such moneys in satisfaction of obligations of the Issuer which are secured by the Pledge Agreement. The Security Agent will also be permitted to sell the Mortgage Receivables and the Issuer Rights relating to the Issuer Accounts. In case the Security Agent wishes to sell any of the other pledged assets upon enforcement of the security, it will have to apply to the president of the commercial court (*rechtbank van koophandel/tribunal de commerce*) for the authorisation to do so.

In addition to other methods of enforcement permitted by law, article 29 §2 of the UCITS Act also permits the Noteholders (acting together) to request the president of the commercial court to attribute to them the Pledged Assets in payment of an amount estimated by an expert. In accordance with the terms of the Security Agent Agreement only the Security Agent is permitted to exercise such rights.

The security rights described above serve as security for the benefit of the Secured Parties, including each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, but, inter alia, amounts owing to Noteholders of a lower ranking Class of Notes will rank in priority of payment after amounts owing to the Noteholders of a higher ranking Class of Notes (see Section 10 (*Credit Structure*)).

SECTION 26

THE SECURITY AGENT

Stichting Security Agent Bass is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 4 June 2008. It has its registered office at Olympic Plaza, Fred Roeskestraat 123, 1076 EE Amsterdam, the Netherlands.

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

The sole director of the Security Agent is Amsterdamsch Trustee's Kantoor B.V., having its statutory seat and registered office in Amsterdam at Frederik Roeskestraat 123, 1076 EE in Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are D.P. Stolp and M. Pereboom. Amsterdamsch Trustee's Kantoor B.V. belongs to the same group of companies as ATC Management B.V., which provides corporate services to the Issuer and the Holding.

For more information on the role and liabilities of the Security Agent, see Section 19 (*Related Party Transactions – Material Contracts*), 4 (*The Security Agent*).

SECTION 27

TAXATION IN BELGIUM

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

The summary provided below is based on the information provided in this Base Prospectus and on the Belgian 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 Base Prospectus and with the exception of subsequent amendments with retroactive effect.

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 or such Domiciliary Agent or any 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 relevant Notes.

2. BELGIAN TAX

2.1 Belgian withholding tax

The interest component of the payments on the Notes will, as a rule, be subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 25 per cent. Both Belgian domestic tax law and applicable tax treaties may provide for a lower or zero 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 retenue et 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 (**BITC 1992**);

- (b) without prejudice to Article 262, 1° and 5° of BITC 1992, institutions, associations and companies provided for in Article 2, paragraph 3 of the Belgian law of 9 July 1975 on the control of insurance companies (other than those referred to in (1°) and (3°) of that Article);
- (c) state regulated institutions for social security, or institutions assimilated therewith, provided for in Article 105, 2° of the Royal Decree implementing BITC 1992;
- (d) non-resident investors provided for in Article 105, 5° of the same decree;
- (e) investment funds provided for in Article 115 of the same decree;
- (f) companies, associations and other tax payers provided for in article 227, 2° of BITC 1992, whose Notes are held for the exercise of their professional activities in Belgium and which are subject to non-resident income tax in Belgium pursuant to Article 233 BITC 1992;
- (g) the Belgian State with respect to its investments which are exempt from withholding tax in accordance with Article 265 of BITC 1992;
- (h) investment funds organized under foreign law which are an undivided estate managed by a management company on behalf of the participants, when their participation rights are not publicly issued in Belgium and are not traded in Belgium; and
- (i) Belgian resident companies, not provided for under (a), whose sole or principal activity consists in the granting of credits and loans.

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. Participants to the Clearing System must keep the Notes they hold for non-Eligible Investors in a non-exempt securities account. All payments of interest on such Notes will be made subject to deduction of withholding at the rate of 25 per cent. In addition, the transfer of Notes by holders of such a non-exempt securities account is subject to withholding tax at the rate of 25% on the *pro rata* interest accrued since the last preceding Note Payment Date.

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.

An X-Account may be opened with a Participant by an intermediary in respect of the Notes that such intermediary holds for the account of its clients, provided that such clients are Eligible Investors. In such case, the intermediary must certify to the Clearing System Participant on a form approved by the Minister of Finance that (a) the intermediary itself is an Eligible Investor and (b) the relevant client holding its Notes through the intermediary is also an Eligible Investor.

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 identity of 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 payments in the event that the Issuer, the Clearing System or its Clearing System Participants, the Domiciliary Agent or any other person are 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 relevant Notes.

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

2.2 Belgian income tax

2.2.1. 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.

2.2.2. 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 25 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.

2.2.3. 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.

2.3 Miscellaneous Taxes

- 2.3.1. The sale of the Notes on the secondary market executed in Belgium through a financial intermediary will trigger a tax on stock exchange transactions of 0.09% (due on each sale and acquisition separately) with a maximum of EUR 650 per party and per transaction. An exemption is available for non-residents and certain Belgian institutional investors acting for their own account provided that certain formalities are respected.
- 2.3.2. The *reportverrichtingen / opérations de reports* through the intervention of a financial intermediary are subject to a tax of 0.085% (due per party and per transaction) with a maximum of EUR 500 per party and per transaction. An exemption is available for non-residents and certain Belgian institutional investors provided that certain formalities are respected.

SECTION 28

SUBSCRIPTION AND SALE

1. INTRODUCTION

Subject to the terms and conditions set out in the Programme Agreement the Issuer may appoint one or more dealers (each a **Dealer**) in connection with the issuance of a Series of Notes. In the Programme Agreement BNP Paribas Fortis SA/NV has been appointed as initial Dealer for the Programme (the **Initial Dealer**). The Issuer, the Security Agent, the Dealers thus appointed will enter into a notes purchase agreement per issue of Notes substantially in the form set out in a schedule to the Programme Agreement. Any such agreement will extend to those matters stated under Final Terms and Terms and Conditions of the Notes above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the redocumentation of the Programme and the issue of Notes under the Programme.

The names of Dealers thus appointed will be specified in the Final Terms.

2. GENERAL

This Base 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 Base Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. 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 Base Prospectus in accordance with applicable laws and regulations. Neither this Base Prospectus nor any other information supplied constitutes an offer or invitation by or on behalf of the Issuer or any Dealer to any person to subscribe for or to purchase any Notes.

Each Dealer will agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Dealer shall have any responsibility therefore.

Neither the Issuer nor any Dealer shall represent, that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available there under, or assumes any responsibility for facilitating such sale.

3. GENERAL SALE, HOLDING AND TRANSFER RESTRICTIONS APPLICABLE IN ANY JURISDICTION - ONLY PERMITTED TO ELIGIBLE HOLDERS

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

- (a) institutional or professional investors within the meaning of Article 5 § 3 of the Belgian Act of 20 July 2004 on certain forms of collective management of investment portfolios (*Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles/Loi relative à certaines formes de gestion collective de*

portefeuilles d'investissement, as amended from time to time (the **UCITS Act (Institutional Investors)**) that are acting for their own account; 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.

A list of the types of persons that for the time being qualify as institutional or professional investors is attached as Annex 1 to this Base Prospectus.

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. Any transfers of Notes effected in breach of the above requirement will be unenforceable vis-à-vis the Issuer.

The Initial Dealer has represented and agreed and any Dealers will be represented and agree that in respect of the initial distribution, it has not and will not sell any Notes to parties who are not Eligible Holders.

4. ADDITIONAL REGIONAL SALE AND PURCHASE RESTRICTIONS

Subject to the general restriction to Eligible Holders, the following restrictions will in addition apply.

5. EUROPEAN ECONOMIC AREA

In relation to each Relevant Member State, as defined as "Contracting Parties" and "New Contracting Parties" in the Agreement on the European Economic Area and the European Economic Area Enlargement Agreement respectively, each Dealer will represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes, which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in that Relevant Member State at any time: (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

6. FRANCE

The Notes may only be offered or sold to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), provided such investors act for their own account, and/or to persons providing portfolio management financial services (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), in the Republic of France, within the meaning of Article L.411-2 of the French Code Monétaire et Financier (Monetary and Financial Code) and the Decree 98-880 dated 1st October 1998; neither this Base Prospectus, which has not been submitted to the Autorité des

Marchés Financiers, nor any information contained therein or any offering material relating to the Notes, may be distributed or caused to be distributed to the public in France.

7. ITALY

No action has or will be taken by the Dealer, nor any further Dealer appointed, which would allow an offering (or a *sollecitazione all'investimento*) of the Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations; and no application has been filed to obtain an authorisation from the Commissione Nazionale per le Società e la Borsa (*Consob*) for the public offering of the Notes in the Republic of Italy (*Italy*).

Accordingly, the Notes cannot be offered, sold or delivered in Italy nor may any copy of this Base Prospectus or any other document relating to the Notes be distributed in Italy other than:

- (a) to professional investors (*investitori professionali*) as defined in article 30, second paragraph, of Legislative Decree No. 58 of 24 February 1998 (the **Consolidated Financial Act**), which refers to the definition of “*operatori qualificati*” as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July, 1998, as subsequently amended; or
- (b) in circumstances which are exempted from the rules on solicitation of investments pursuant to article 100 of the Consolidated Financial Act and article 33, first paragraph, of Consob Regulation No. 11971 of 14 May, 1999.

Any offer, sale or delivery of the Notes to professional investors or distribution to the latter of copies of this Base Prospectus or any other document relating to the Notes in Italy must be made:

- (a) by an investment firm, bank or financial intermediary enrolled in the special register provided for in Article 107 of the Consolidated Banking Act, to the extent duly authorised to engage in the placement and/or underwriting of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Consolidated Financial Act;
- (b) in compliance with any other applicable laws and regulations and other possible requirements or limitations which may be imposed by Italian authorities.

The Notes cannot be offered, sold or delivered on a retail basis, either in the primary or in the secondary market, to any individuals residing in Italy.

8. UNITED KINGDOM

Each Dealer will represent and agree that:

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

9. 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 Programme 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.

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

The Issuer and the Initial Dealer agree that, pursuant to section 1.163-5(c)(2)(i)(C) of the U.S. Treasury Regulations (the “C Rules”), Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. The Issuer and the Initial Dealer represent and agree severally but not jointly, and each Dealer appointed under the Programme will be required to represent and agree, that each of them has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of any Notes that are in bearer form, the Issuer and the Initial Dealer represent and agree severally but not jointly, and each Dealer appointed under the Programme will be required to represent and agree, that each of them (i) has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if (A) such prospective purchaser is a U.S. Person or (B) any of the Issuer, the Initial Dealer, such Dealer or the prospective purchaser is within the United States or its possessions, and (ii) has not involved and will not involve a U.S. office of the Issuer, the Initial Dealer or such Dealer in the offer and sale of any Notes in bearer form. Terms used in this paragraph and the immediately preceding paragraph have the respective meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury Regulations issued thereunder, including the C Rules.

10. JAPAN

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the **Financial Instruments and Exchange Law** and the Dealer will agree and each further Dealer appointed will be required to agree, that it will not offer or sell Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which terms as used herein means any person resident in Japan, including any corporation or other entity organised under the Laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws and regulations of Japan.

11. EXCLUDED HOLDERS

Notes may not be acquired by a Belgian or foreign transferee who is not subject to income tax or who is, as far as interest income is concerned, subject to a tax regime that is deemed by the Belgian tax authorities to be significantly more advantageous than the common Belgian tax

regime applicable to interest income (within the meaning of Articles 54 and 198, 11° of the BITC 1992).

Furthermore, no Notes may be acquired by a Belgian or foreign transferee that qualifies as an “affiliated company” (within the meaning of Article 11 of the Company Code) of the Issuer, save where such transferee also qualifies as a “financial institution” referred to in Article 56, §2, 2° of the BITC 1992 and provided that the Issuer’s obligations under the Notes are not guaranteed by any company – other than a financial institution – that is affiliated to the Issuer.

Finally, notes may not be acquired by a foreign transferee being a resident of or having an establishment in, or acting, for the purposes of the Notes, through a bank account held in a tax haven jurisdiction as referred to in Article 307, §1, fourth indent of the Belgian Income Tax Code 1992.

SECTION 29

GENERAL INFORMATION

1. The establishment of the Programme and the issue of Notes under the Programme from time to time have been duly authorised by a resolution of the Board of Directors of the Issuer (the **Board**) dated 19 June 2008. The most recent updates and amendments to the Programme as described in this Base Prospectus have been duly authorised by a resolution of the Board on or about 28 June 2013. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of Belgium have been given for the issue of Notes and for the Issuer to undertake and perform its obligations under the Relevant Documents.
2. Application may be made for Notes issued under the Programme to be admitted to listing on the regulated market of Euronext Brussels during the period of 12 months from the date of this Base Prospectus. Notice of any terms and conditions not contained herein which are applicable to the Notes will be set out in the Final Terms which, with respect to such Notes to be listed on the regulated market of Euronext Brussels, will be delivered to Euronext Brussels, filed with the FSMA on or before the date of issue and published on <https://www.intertrustgroup-fgreporting.com>. Notes issued under the Programme may also be listed on any other stock exchange specified in the Final Terms or be unlisted.
3. Copies of the following documents may be inspected at the specified offices of the Domiciliary Agent during normal business hours:
 - (a) the Articles of Association of the Issuer;
 - (b) the Domiciliary Agency Agreement;
 - (c) the Programme Agreement (including the Master Definitions Schedule);
 - (d) the Servicing Agreement;
 - (e) the Pledge Agreement;
 - (f) the Parallel Debt Agreement;
 - (g) the Security Agent Agreement;
 - (h) the GIC Agreement;
 - (i) any Currency Swap Agreement;
 - (j) the Mortgage Receivables Purchase Agreement;
 - (k) the Servicing Agreement;
 - (l) the Interest Swap Agreement;
 - (m) the articles of association of the Security Agent;
 - (n) any Notes Purchase Agreements;
 - (o) any future Base Prospectuses, supplemental prospectuses hereto and the Final Terms in respect of listed Notes to this Base Prospectus.

4. The audited annual financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Domiciliary Agent.
5. A copy of the Issuer's Articles of Association is available, free of charge, at the office of the Issuer and at the offices of the Domiciliary Agent.
6. Application will be made for the Notes to be accepted for clearance through the Clearing System operated by the National Bank of Belgium and through Euroclear and Clearstream, Luxembourg or Euroclear Belgium, or any other agreed clearing system, as the case may be. The appropriate common code, ISIN and security code allocated by Euroclear and Clearstream, Luxembourg or Euroclear Belgium, or any other agreed clearing system, as the case may be, will be specified in the Final Terms.
7. The Quarterly Investor Report on the performance, including the arrears and losses, of the transaction, together with current stratification tables and information on new issues of Notes, interest waterfall and Swap calculations under this Programme will be published on and can be obtained at: <https://www.intertrustgroup-fgreporting.com> (the **Quarterly Investor Report**). In addition to the latter, a **Monthly Investor Report** will be sent to the investors on the third Business Day following the Monthly Payment Date.
8. 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).

SECTION 30

DEFINED TERMS

In addition to the terms defined in this Base Prospectus, the following terms have the following meaning:

Additional Security means with regard to any Mortgage 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 Mortgage Loans or the related Mortgaged Assets or Loan Security or in connection with the Seller's decision to grant such Mortgage 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 Mortgage Loan;

Agreed Form means, in relation to any document, the form of the document which has been agreed between the parties thereto;

Business Day means a day on which banks are open for business in Brussels and Luxembourg, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement European Transfer System (**TARGET System**) or any successor thereto is operating credit or transfer instructions in respect of payments in euro;

CDV means the former Belgian insurance supervisor (*Controledienst voor de Verzekeringen/Office de contrôle des Assurances*) until 1 January 2004;

Clearing Agreement means the agreement following which the Clearing System Operator will provide clearing system services to the Issuer;

Collateral Law means the Law of 15 December 2004 on financial collateral (*Wet van 15 december 2004 betreffende financiële zekerheden en houdende diverse fiscale bepalingen inzake zakelijkezekerheidsovereenkomsten en leningen met betrekking tot financiële instrumenten/Loi du 15 décembre 2004 relative aux sûretés financières et portant des dispositions fiscales diverses en matière de conventions constitutives de sûreté réelle et de prêts portant sur des instruments financiers*), as amended from time to time;

Conditions means the Terms and Conditions of the Notes (and in respect of each Note, as these may be amended by the Final Terms);

Contract Records means the file or files, books, magnetic tapes, disks, cassettes or such other method of recording or storing information from time to time relating to each Mortgage Loan and Related Security, containing, *inter alia*, (i) the Mortgage Deeds and all material records and correspondence relating to the Mortgage Loans, the Loan Security and Additional Security and/or the Borrower, (ii) the completed Standard Loan Documentation applicable to the Mortgage Loan and (iii) any payment, arrears and status reports maintained by the Pool Servicer;

Credit Institutions Supervision Act means the Belgian Act of 22 March 1993 on the status and supervision of credit institutions;

Credit Policies means the procedures, policies and practices applied by the Seller from time to time with regard to the origination, credit collection and administration and underwriting criteria of its Mortgage Loans;

Death Insurance Policy means a life insurance which provides for payment of a fixed amount for repayment of the outstanding balance of the relevant Mortgage Loan upon the death of the Borrower ;

Deferred Purchase Price Instalment means, on any Note Payment Date, the amount equal to:

- (a) prior to delivery of an Enforcement Notice the positive difference, if any, between the Interest Available Amount as calculated on each Note Calculation Date and the sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under (a) up to and including (o); or, as the case may be,
- (b) following delivery of an Enforcement Notice, the amount remaining after all the payments as set forth in the Priority of Payments upon Enforcement under (a) up to and including (m) on such date have been made;

Disputed Mortgage Receivables means any Mortgage Receivable in respect of which payment is disputed (in whole or in part, with or without justification) by the Borrower or such Mortgage Loan, or in respect of which a set-off or counterclaim is being claimed by such Borrower; for the avoidance of doubt, a Mortgage Receivable shall not be a Disputed Mortgage Receivable by reason merely of the fact that any payment thereunder is not made, that the Borrower is in default, insolvent or subject to a *collectieve schuldenregeling/règlement collectif de dettes*, 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 Mortgage Loan under article 59 of the Mortgage Credit Act;

Extraordinary Resolution means a resolution passed at a meeting of Noteholders convened and held in accordance with the Security Agent Agreement by a majority of not less than seventy five per cent (75 per cent) of the votes cast, whether on a show of hands or a poll;

Final Maturity Date means in respect of a Series and Class of Notes, the Final Maturity Date set out in the Final Terms;

Foreclosure Procedures means the procedures for the enforcement of, or the making of claims in respect of, Mortgage Loans and Mortgages set out in the foreclosure procedures of the Seller current from time to time and subject to the provisions of Clause 14 of the Servicing Agreement;

Hazard Insurance means an insurance covering fire and/or kindred perils in respect of any Mortgaged Asset;

Hazard Insurance Policy means, in relation to a Mortgage Receivable, an insurance policy covering fire and/or kindred perils in respect of a Mortgaged Asset;

Instalment means in respect of any Mortgage Loan, the aggregate amount of principal and interests which is scheduled to be payable on a particular date or after a particular period in accordance with the contractual terms of such Mortgage Loan (as amended from time to time);

Insurance Act means the Belgian law of 25 June 1992 on terrestrial insurance contracts (*Wet van 25 juni 1992 op de Landverzekeringsovereenkomst/Loi du 25 juin 1992 sur le contrat d'assurance terrestre*), as amended from time to time;

Insurance Company means AG Insurance (formerly Fortis Insurance Belgium NV/SA) or any other insurance company with whom any of the Insurance Policies have been taken out;

Insurance Policy means any Life Insurance Policy or any Hazard Insurance Policy;

Investor Reports means the Monthly Investor Report and the Quarterly Investor Report;

Life Insurance Policy means any insurance policy covering the risk of death of a Borrower, under which the Borrower is the insured (*verzekerde/assuré*) and in respect of which the insurance taker (*verzekeringnemer/preneur d'assurance*) has transferred or pledged rights to the Seller or has appointed the Seller as beneficiary for the purpose of securing the repayment of the Mortgage Receivables;

Loan Security means in respect of a Mortgage Loan, any Mortgage and/or Mortgage Mandate and all rights, title, interest and benefit relating to any Insurance Policies, any guarantee provided for such Mortgage Loan, any assignment of salaries (*loonsoverdracht/cession de salaire*) that the Borrower may earn and any other type of any mortgage (*hypotheek/hypothèque*), privilege (*voorrecht/privilege*), pledge, encumbrance, assignment, right of retention, subordination, right of set-off or any security interest whatsoever, however so created or arising whether relating to existing or future assets, each to the extent expressly referred to in the loan documentation governing the Mortgage Loan and, with respect to a Mortgage and/or Mortgage Mandate, except with respect to a Mortgage created in favour of the Issuer pursuant to an exercise of a Mortgage Mandate or as a result of an exchange of Mortgage (*pandwissel/échange d'hypothèque*);

LTV Ratio means, in relation to a Borrower, the sum of the Outstanding Principal Amount of all Mortgage Receivables owed by such Borrower, divided by the market value of the relevant Mortgaged Asset(s);

Member State means a member state of the European Union;

Mortgage means, in relation to each Mortgage Loan and to the extent part of the Loan Security, a mortgage (*hypotheek / hypothèque*) as such term is construed under Belgian law securing the Mortgage Loan, together with the benefit of all rights relating thereto, including, for the avoidance of doubt, a mortgage created for the benefit of its Issuer pursuant to the exercise of a Mortgage Mandate or as a result of an exchange of Mortgage (*pandwissel/échange d'hypothèque*);

Mortgage Coverage Ratio means in relation to a Borrower, the amount for which the Mortgage covering the relevant Mortgaged Asset(s) has been registered, divided by the Outstanding Principal Amount of all Mortgage Receivables owed by such Borrower;

Mortgage Deed means notarially certified copies of the notarial deeds constituting the mortgage loans;

Mortgage Mandate means, in relation to each Mortgage Loan and to the extent part of the Loan Security, an irrevocable power of attorney granted by a Borrower or a third party provider of Related Security to certain attorneys to create a mortgage as security for the Mortgage Loan and, as the case may be, all other amounts which the Borrower owes or in the future may owe to the Seller;

Mortgage Registrar means the office (*hypotheekkantoor/bureau des hypothèques*) where mortgages are or are to be registered in accordance with the Mortgage Law;

Negative Database has the meaning ascribed to it in 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;

Non-Securitized Advance means any advance outstanding under a Credit Facility on the Mortgage Purchase date of a Mortgage Receivable originated under the same Credit Facility which is secured by the same Mortgage or Mortgage Mandate, as the case may be;

Notification Event means any Assignment Notification Event and/or Pledge Notification Event;

Post Foreclosure Proceeds means any amounts received, recovered or collected from a Borrower in respect of a Mortgage Receivable in addition to Net Proceeds, whether in relation to interest, principal or otherwise, following completion of foreclosure on the Mortgage and other collateral securing the Mortgage Receivable;

Principal Amount Outstanding means, in respect of any Note and on any date, the principal amount of that Note upon issue less the aggregate amount of all Principal Payments in respect of such Note that have become due and payable since the Programme Closing Date and on or prior to such date;

Principal Ledger means the ledger on which payments received in respect of the Loans and identified as “principal” receipts, are recorded as credit amounts;

Real Estate means a real property or soil destined for real property construction located in Belgium;

Related Security means the Loan Security and the Additional Security;

Relevant Documents means the Programme Agreement, the Pledge Agreement, the Currency Swap Agreements, the Clearing Agreement, the Security Agent Agreement, the Parallel Debt Agreement, the Notes Purchase Agreements, the Domiciliary Agency Agreement, the Holding Management Agreement, the Security Agent Management Agreement, the Issuer Management Agreement, the GIC Agreement, the Mortgage Receivables Purchase Agreement, the Servicing Agreement, the Interest Swap Agreement, the Deposit Agreement and the Cooperation Agreement;

Revenue Ledger means the ledger on which payments received in respect of the Loans and identified as “revenue” receipts, are recorded as credit amounts;

Royal Decree 225 means the Royal Decree n° 225 of 7 January 1936 on mortgage loans and the supervision of mortgage undertakings (*Koninklijk Besluit nr. 225 tot reglementering van de hypothecaire leningen en tot inrichting van de controle op de ondernemingen van hypothecaire leningen/Arrêté Royal n° 225 réglementant les prêts hypothécaires et organisant le contrôle des entreprises de prêts hypothécaires*);

Securities and Exchange Law means the Japanese Securities and Exchange Law (Law No. 25 of 1948), as amended from time to time;

Standard Loan Documentation means the standard documents and forms used for originating Mortgage Loans through the network and according to the procedures of the Seller;

Swap Agreement means a Currency Swap Agreement or an Interest Swap Agreement;

Tax Event means (i) any action taken by a relevant taxing authority or brought in a court of competent jurisdiction, or (ii) any change in tax law, in both cases after the date of a Swap Agreement, following which the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax;

Total Coverage Ratio means in relation to a Borrower, the amount for which the Mortgages covering the relevant Asset(s) have been registered plus the sum of the Mortgages that can be registered in application of relevant Mortgage Mandates, divided by the Outstanding Principal Amount of all Mortgage Receivables owed by such Borrower;

SECTION 31

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SECTION 32

INSTITUTIONAL OR PROFESSIONAL INVESTORS UNDER THE UCITS ACT

Article 5, §3 of the UCITS Act lists for the time being the following institutional or professional investors:

1. National, regional and community governments;
2. the European Central Bank, the National Bank of Belgium, the other national central banks, the national and supra national institutions, the Interest Fund (*het Rentefonds/le Fonds des Rentes*), the Fund for the Protection of Deposits and Financial Instruments (*het Beschermingsfonds voor Deposito's en Financiële Instrumenten/le Fonds de Protection des Dépôts et des Instruments financiers*) and the Deposit and Consignment Fund (*Deposito- en Consignatiekas/Caisse de Dépôt et Consignation*);
3. the Belgian and foreign legal entities that have a license or are regulated in order to be active on the financial markets, including, in particular:
 - (a) Belgian and foreign credit institutions contemplated in Article 1, paragraph 2 of the Credit Institutions Supervision Act;
 - (b) the Belgian and foreign investment firms of which the usual activity consists in the provision of investment services on a professional basis under Article 46, 1° of the Law of 6 April 1995;
 - (c) the following insurance companies:
 - (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 or foreign institutions for occupational pensions contemplated in Article 2, 1° of the Law of 27 October 2006 regarding the supervision on the institutions for occupational pensions;
 - (e) the Belgian and foreign collective investments undertakings;
 - (f) the Belgian and foreign management companies of collective investment undertakings;
 - (g) the Belgian and foreign traders in commodities futures (*grondstoffen termijnhandelaren/intermediaries en instruments de placement à terme portant sur des matières premières*) as contemplated in Article 4 of the Prospectus Implementation Law ;
 - (h) the other Belgian and foreign financial institutions that have a license or are regulated;
4. the Belgian and foreign entities other than those envisaged in paragraph 5 below that do not have a license or are not regulated in order to be active on the financial markets and of which the only purpose is to invest in investment securities as contemplated in Article 4 of the Prospectus Implementation Law;

5. the company, funds or other similar entities established under a foreign law who mainly invest in securities of collective investment undertakings or in securitization structures, or in collective investment undertakings or to finance collective investment undertaking or securitization structures, provided that these companies, funds or similar entities under foreign law finance these activities in Belgium exclusively with institutional or professional investors, recognized by or pursuant to this paragraph, or finance themselves abroad;
6. Coordination Centres (*coördinatiecentra/centres de coordination*) contemplated in Royal Decree n° 187 of 30 December 1982 on the establishment of coordination centres ;
7. The other Belgian and foreign legal entities than those contemplated in paragraphs 1° through 6° who, according to their most recent annual accounts or consolidated annual accounts, satisfy at least two of the following three criteria:
 - (a) an average number of employees of at least 250 during the financial year;
 - (b) total assets of more than EUR 43 million; and
 - (c) a net annual turnover of more than EUR 50 million;
8. 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
9. 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 7 above, but which are registered with the FSMA as institutional or professional investor in accordance with the Royal Decree of 26 September 2006 on the extension of the term “qualified investor” and of the term “institutional or professional investor”.

SECTION 33
REGISTERED OFFICES

ISSUER

Bass Master Issuer NV/SA
*(Institutionele V.B.S. naar Belgisch recht /
S.I.C. institutionnelle de droit belge)*
Louizalaan 486
1050 Brussels
Belgium

ADMINISTRATOR

Intertrust (Netherlands) B.V.
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P.O. BOX 990
1000 AZ Amsterdam
The Netherlands

SELLER

BNP Paribas Fortis SA/NV
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B-1000 Brussels
Belgium

POOL SERVICER

BNP Paribas Fortis SA/NV
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B-1000 Brussels
Belgium

SECURITY AGENT

Stichting Security Agent Bass
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1076 EE, Amsterdam
the Netherlands

LEGAL ADVISERS

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Belgium

DOMICILIARY AGENT

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B-1000 Brussels
Belgium

ARRANGER AND REFERENCE AGENT

BNP Paribas Fortis SA/NV
Montagne du Parc 3
B-1000 Brussels
Belgium

LISTING AGENT

BNP Paribas Fortis SA/NV
Montagne du Parc 3
B-1000 Brussels
Belgium

AUDITORS

Deloitte Bedrijfsrevisoren
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B-1831 Diegem
Belgium

GIC PROVIDER

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B-1000 Brussels
Belgium

INTEREST SWAP COUNTERPARTY

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B-1000 Brussels
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