PROSPECTUS
FOR ADMISSION TO TRADING
ON EURONEXT BRUSSELS

EUR 350,000,000 Class A1 Mortgage-Backed Floating Rate Notes due 2049
Issue Price 100 per cent.
EUR 450,000,000 Class A2 Mortgage-Backed Floating Rate Notes due 2049
Issue Price 100 per cent.

issued by

PENATES FUNDING NV/ SA
(*Institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge*)
Acting through its Compartment PENATES-5

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

The date of this Prospectus is 10 November 2015 (the ***Prospectus***).

Penates Funding NV / SA, *Institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge*, acting through its Compartment Penates – 5 (the ***Issuer***) will issue the Notes, comprising the EUR 350,000,000 Class A1 Mortgage-Backed Floating Rate Notes due 2049 (the ***Class A1 Notes***), the EUR 450,000,000 Class A2 Mortgage-Backed Floating Rate Notes due 2049 (the ***Class A2 Notes***) (the Class A1 Notes and the Class A2 Notes together the ***Class A Notes*** and each a ***Sub-Class of Class A Notes***), the EUR 200,000,000 Subordinated Class B Floating Rate Notes due 2049 (the ***Subordinated Class B Notes*** or the ***Class B Notes***), the EUR 30,000,000 Subordinated Class C Floating Rate Notes due 2049 (the ***Subordinated Class C Notes*** or the ***Class C Notes*** and together with the Class A Notes and the Class B Notes, the ***Notes***, and ***Class*** or ***Class of Notes*** means, in respect of the Notes, the class of Notes being identified as the Class A1 Notes, the Class A2 Notes, the Class B Notes or the Class C Notes of the Issuer). The Class A1 Notes, the Class A2 Notes and the Class B Notes shall collectively be referred to as the ***Collateralized Notes***. The Notes will be issued on or about 16 November 2015 (the ***Closing Date***).

Application has been made to Euronext Brussels to admit the Class A1 Notes and the Class A2 Notes to trading on Euronext Brussels (***Euronext Brussels***). Prior to admission to trading of the Class A Notes, there has been no public market for the Notes.

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

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

The Notes will be solely the obligations of Compartment Penates-5 and have been allocated to Compartment Penates-5. 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 Managers, the Servicer, the Back-up Servicer Facilitator, the Administrator, the Cap Provider, the Standby Cap Provider, the Account Bank, the Domiciliary Agent, the Calculation Agent, the Listing Agent, the Accounting Services Provider and the Corporate Services Provider (each as defined herein).

Furthermore, the Seller, the Arranger, the Security Agent, the Managers, the Servicer, the Back-up Servicer Facilitator, the Administrator, the Cap Provider, the Standby Cap Provider, the Account Bank, the Domiciliary Agent, the Calculation Agent, the Listing Agent, the Accounting Services Provider, the Corporate Services Provider or any other person in whatever capacity acting, will not accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

None of the Seller, the Arranger, the Security Agent, the Managers, the Servicer, the Back-up Servicer Facilitator, the Administrator, the Cap Provider, the Standby Cap Provider, the Account Bank, the Domiciliary Agent, the Calculation Agent, the Listing Agent, the Accounting Services Provider or the Corporate Services Provider will be under any obligation whatsoever to provide additional funds to the Issuer (save expressly otherwise set out in this Prospectus).

None of the Issuer, the Seller, the Arranger or the Managers makes any respresentation to any prospective investor in or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable investment or similar laws or regulations.

Each of the Notes shall bear interest on its Principal Amount Outstanding from (and including) the Closing Date. Interest on the Notes is payable by reference to successive quarterly Interest Periods. Each successive quarterly interest period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next following Quarterly Payment Date (each an ***Interest Period***) *except* for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the first Quarterly Payment Date.

Interest on each of the Notes shall be payable quarterly in arrears in euro, in each case on the 22nd day of February, May, August and November in each year (or, if such day is not a Business Day, the next following Business Day) (each a ***Quarterly Payment Date***) commencing on the Quarterly Payment Date falling on 22 February 2016, in respect of its Principal Amount Outstanding. Interest in respect of any Interest Period (or any other period) will be calculated on the basis of the actual number of days elapsed in the Interest Period and a year of 360 days.

Unless previously redeemed, the Issuer shall redeem the Notes in full on 22 November 2049 (or, if such day would at that time not be a Business Day, the next following Business Day) (the ***Final Redemption Date***).

On the Quarterly Payment Date falling on 22 November 2020 (or, if such day would at that time not be a Business Day, the next following Business Day) (the ***First Optional Redemption Date***) and on the Quarterly Payment Date falling on 22 February 2021 (or, if such day would at that time not be a Business Day, the next following Business Day) (the ***Second Optional Redemption Date***), the Issuer will have the option to redeem all of the Notes of all Classes at their Principal Amount Outstanding provided that it has sufficient funds available to redeem all the Collateralized Notes in full on such date, subject to and in

accordance with the terms and conditions of the Notes as described in Annex 1 (the ***Conditions***).

As from the Quarterly Payment Date falling on 22 May 2021 (or, if such day would at that time not be a Business Day, the next following Business Day) (the ***Third Optional Redemption Date***) and on each Quarterly Payment Date thereafter, the Issuer will have the option to redeem all of the Notes of all the Classes at their Principal Amount Outstanding provided that it has sufficient funds available to redeem the Class A Notes in full on such date, subject to and in accordance with the Conditions.

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

The ***Class A Noteholders*** are the holders of the Class A Notes. The ***Class B Noteholders*** are the holders of the Class B Notes. The ***Class C Noteholders*** are the holders of the Class C Notes.

The Class A1 Notes and the Class A2 Notes, on issue, are expected to be assigned a rating of AAAsf by Fitch Ratings Limited France (***Fitch***) and a rating of Aaasf by Moody's Investors Limited (***Moody's***).

Each of the Rating Agencies is established in the European Union and is registered in accordance with Regulation (EC) No 1060/2009 on credit rating agencies (the ***CRA Regulation***) published on the European Securities and Markets Authority's (***ESMA***) website (http://www.esma.europa.eu).

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

The Class A Notes will be issued in the form of dematerialised notes under the Belgian Company Code (*Wetboek van Vennootschappen / Code des Sociétés*) (the ***Belgian Company Code***). The Class A Notes will be represented exclusively by book entries in the records of the securities and settlement system operated by the National Bank of Belgium (the ***NBB-SSS*** or the ***Securities Settlement System***) or any successor thereto.

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

Pursuant to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (the ***Capital Requirements Regulation*** or ***CRR***) and the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU (the ***AIFM Regulation***), the Seller undertakes to retain a material net economic interest of not less than 5 per cent. in the securitisation transaction contemplated in this Prospectus and in the Transaction Documents (the ***Transaction***) for as long as the Class A Notes have not been redeemed in full. As at the Closing Date, such interest will in accordance with Article 405 paragraph (1) sub-paragraph (d) of the CRR and Article 51 paragraph (1) sub-paragraph (d) of the AIFM Regulation be comprised of an interest in all the Class B Notes and all the Class C Notes. Any change in the manner in which this interest is held shall be notified to investors as set out below. The Seller has provided a

corresponding undertaking with respect to the interest to be retained by it during the period when the Class A Notes are outstanding to the Issuer and the Security Agent in the Mortgage Loan Sale Agreement, and to the Arranger, the Managers and the Issuer in the Class A Subscription Agreement, and to Belfius Bank and the Issuer in the Class B and C Subscription Agreement. The Subscription Agreements include a representation and warranty of the Seller as to its compliance with the requirements set forth in Article 52 (a) up to including (d) of the AIFM Regulation. In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to make available materially relevant data with a view to complying with Article 409 of the CRR and Article 51 and 52 of the AIFM Regulation, which can be obtained from the Seller upon request. After the Closing Date, the Issuer will prepare Quarterly Investor Reports wherein relevant information with regard to the Loans will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller. These Quarterly Investor Reports will contain a glossary of the defined terms used in such report. Such information can be obtained from the website www.belfius.com. For the avoidance of doubt, none of the Issuer, the Seller, the Arranger, the Administrator or the Managers makes any representation as to the accuracy or suitability of any financial model which may be used by a prospective investor in connection with its investment decision. Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with Article 405 and none of the Issuer, the Seller, the Servicer, the Administrator, the Arranger or the Managers makes any representation that the information described above is sufficient in all circumstances for such purposes. In addition, each prospective Noteholder should ensure that it complies with the implementing provisions in respect of Article 405 of the CRR and Articles 51 and 52 of the AIFM Regulation in its relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator.

Unless otherwise stated, capitalised terms used in this Prospectus have the meanings set out in this Prospectus. The section entitled *Annex 3: Index of Defined Terms* at the back of this Prospectus specifies on which page a capitalised word or phrase used in this Prospectus is defined.

This Prospectus is a listing prospectus and has been approved by the Financial Services and Markets Authority (***FSMA***) on 10 November 2015 in accordance with the procedure set out in article 32 of the Prospectus Act. This approval cannot be considered a judgement as to the quality of the Transaction, or on the situation or prospects of the Issuer.

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

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

Arranger

Belfius Bank

Managers
With respect to the Class A Notes

ABN AMRO

Belfius Bank

BNP PARIBAS

The Royal Bank of Scotland

Santander

IMPORTANT INFORMATION

Selling and holding restrictions – Only Eligible Holders

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

(a) they qualify as qualifying investors (*in aanmerking komende beleggers/investisseurs éligibles*) within the meaning of Article 5, §3/1 of the Belgian Act of 3 August 2012 on institutions for collective investment that satisfy the criteria of directive 2009/65/EC and on institutions for investment in receivables (*Wet betreffende de instellingen voor collectieve belegging die voldoen aan de criteria van richtlijn 2009/65/EG en de instellingen voor belegging in schuldvorderingen / Loi relative aux organismes de placement collectif qui répondent aux conditions de la Directive 2009/65/CE et aux organismes de placement en créances*), as amended from time to time (the ***UCITS Act***) (***Qualifying Investors***). A list of Qualifying Investors is attached as Annex 2 (*Qualifying Investors under the UCITS Act*);

(b) they do not constitute investors that, in accordance with annex A, (I), second indent, of the Royal Decree of 3 June 2007 concerning further rules for implementation of the directive on markets in financial instruments (***MIFID***), have registered to be treated as non-professional investors; and

(c) (i) in respect of the Class A Notes, they are holders of an exempt securities account (***X-Account***) with the Securities Settlement System or (directly or indirectly) with a participant in such system; or

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

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

Selling restrictions

General

This Prospectus does not constitute an offer or an invitation to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A fuller description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in *Section 16.1*. No one is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in this Prospectus in accordance with applicable laws and regulations. Neither this Prospectus nor any other information supplied constitutes an

offer or invitation by or on behalf of the Issuer or the Managers to any person to subscribe for or to purchase any Notes.

This Prospectus has been prepared on the basis that any offer of Notes in each Member State of the European Economic Area which has implemented the Directive 2003/71/EC (as amended from time to time, the ***Prospectus Directive***) (each, a ***Relevant Member State***), in any Relevant Member State will be made pursuant to an exemption from the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for the offer of Notes.

In relation to each Relevant Member State, Managers have therefore represented and agreed that they have not made and will not make an offer of the Notes to the public in that Relevant Member State, except that they may make an offer of the Notes to the public in that Relevant Member State at any time:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the Directive 2010/73 (amending the Prospectus Directive), 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 (2) of the Prospectus Directive,

provided always that such offering shall be restricted to Qualifying Investors only and that no such offer shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of the Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. This expression “offer of the Notes to the public” in respect of a given Member State should therefore not necessarily be understood as defined in the Prospectus Directive.

United States

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

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

Excluded holders

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

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) 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 on a tax haven jurisdiction as referred to in Article 307, §1, fifth indent of the Belgian Income Tax Code of 1992.

Responsibility Statements

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

The Seller accepts responsibility solely for the paragraphs relating to the retention of a material economic interest of not less than 5 per cent. in the Transaction (as in Article 405 of the CRR and Article 51 of the AIFM Regulation, as on page 3 and 4 of this Prospectus) and for the information contained in Sections 12 (*Overview of the Mortgage and Housing Market in Belgium*), 13 (*the Seller*), 14 (*Servicing*), 15 (*Description of the Portfolio*), 16 (*Subscription and Sale*) and Sections 19.1, 19.2, 19.5, 19.7 and 19.9 of this Prospectus. To the best of the knowledge and belief of the Seller (having taken all reasonable care to ensure that such is the case), the information contained in Sections 12 (*Overview of the Mortgage and Housing Market in Belgium*), 13 (*the Seller*), 14 (*Servicing*), 15 (*Description of the Portfolio*), 16 (*Subscription and Sale*) and Sections 19.1, 19.2, 19.5, 19.7 and 19.9 of this Prospectus is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information. Any information in these sections and any other information from third-parties identified as such in these sections has been accurately reproduced and as far as the Seller is aware and is able to ascertain from information published by that third-party, does not omit any facts which would render the reproduced information inaccurate or misleading.

The Servicer is responsible solely for the information contained in Section 14 (*Servicing*) and 19.2 of this Prospectus. To the best of the knowledge and belief of the Servicer (having taken all reasonable care to ensure that such is the case) the information contained in these sections is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information. Any information in these sections and any other information from third-parties identified as such in these sections has been accurately reproduced and as far as the Servicer is aware and is able to ascertain from

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

The Security Agent is responsible solely for the information contained in Section 19.4 of this Prospectus. To the best of the knowledge and belief of the Security Agent (having taken all reasonable care to ensure that such is the case) the information contained in this section is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information. Any information in this section and any other information from third-parties identified as such in this section has been accurately reproduced and as far as the Security Agent is aware and is able to ascertain from information published by that third-party, does not omit any facts which would render the reproduced information inaccurate or misleading.

Representations about the Notes

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

Financial Condition of the Issuer

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

The Managers have not independently verified the information contained herein. Accordingly, the Managers make no representation, warranty or undertaking, express or implied, or accept any responsibility or liability, with respect to the accuracy and completeness of any of the information in the Prospectus or part thereof or any information presented by the Issuer in connection with the Notes.

The Arranger, the Managers and the Seller expressly do not undertake to review the financial conditions or affairs of the Issuer during the life of the Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial conditions and affairs of the Issuer and should review, amongst other things, the most recent financial statements of the Issuer for the purposes of making its own appraisal of the creditworthiness of the Issuer and when deciding whether or not to purchase any Notes or to hold any Notes during the life of the Notes.

Related or additional information

The deed of incorporation and the by-laws (*statuten/statuts*) of Penates Funding NV/SA will be available (i) at the specified offices of the Domiciliary Agent and the registered office of the Issuer and (ii) on the website: www.belfius.com.

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

Such a supplement, if any, shall be approved in the same way and published in accordance with at least the same arrangements as of the publication of this Prospectus.

Stabilisation

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

Cancellation of subscription

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

Contents of the Prospectus

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

Currency

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

Compartments

Penates Funding NV/SA *institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge* consists of several subdivisions (each subdivision a ***Compartment***) (see *Sections 4 (Risk Factors) and 6.7 (Compartments)* below). In this Prospectus the term "Issuer" should refer only to Penates Funding NV/SA *institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge* acting through and for the account of its Compartment Penates-5, unless where the context requires, such term may refer to the entire company as such, but in each case without prejudice to the limitation of recourse set out in *Section 5.5.5 (Limited Recourse-Compartments)* below.

CONTENTS

SECTION 1 - OVERVIEW OF THE FEATURES OF THE NOTES 14

SECTION 2 - TRANSACTION STRUCTURE DIAGRAM 18

SECTION 3 - OVERVIEW OF THE TRANSACTION AND THE TRANSACTION PARTIES 19

SECTION 4 - RISK FACTORS 42

SECTION 5 - CREDIT STRUCTURE 79

SECTION 6 - THE ISSUER 109

SECTION 7 –THE NOTES 124

SECTION 8 - ISSUER SECURITY 126

SECTION 9 - SECURITY AGENT 129

SECTION 10 – TAX 130

SECTION 11 - MORTGAGE LOAN SALE AGREEMENT 135

SECTION 12 - OVERVIEW OF THE MORTGAGE AND HOUSING MARKET IN BELGIUM 154

SECTION 13 - THE SELLER 160

SECTION 14 - SERVICING 164

SECTION 15 - DESCRIPTION OF THE PORTFOLIO 165

SECTION 16 - SUBSCRIPTION AND SALE 172

SECTION 17 - USE OF PROCEEDS 177

SECTION 18- GENERAL INFORMATION 178

SECTION 19 - RELATED PARTY TRANSACTIONS – MATERIAL CONTRACTS 180

SECTION 20- MAIN TRANSACTION EXPENSES 185

ANNEX 1: TERMS AND CONDITIONS OF THE NOTES 187

PART 1 DESCRIPTION OF THE NOTES 188

PART 2 TERMS AND CONDITIONS OF THE NOTES 191

1. FORM, DENOMINATION, TITLE, TRANSFER AND SELLING RESTRICTIONS - ELIGIBLE HOLDERS 191

2. STATUS, SECURITY AND PRIORITY 193
3. COVENANTS 210
4. INTEREST 215
5. REDEMPTION AND CANCELLATION 223
6. PAYMENTS 231
7. PRESCRIPTION ("VERJARING / PRESCRIPTION") 232
8. TAXATION – NO GROSSING-UP 232
9. EVENTS OF DEFAULT 232
10. SUBORDINATION 234
11. ENFORCEMENT OF SECURITY AND/OR NOTES – LIMITED RECOURSE, WAIVER AND NON-PETITION 237
12. THE SECURITY AGENT 238
13. MEETINGS OF NOTEHOLDERS, MODIFICATIONS AND WAIVERS 246
14. NOTICES 253
15. GOVERNING LAW 255

ANNEX 2: QUALIFYING INVESTORS UNDER THE UCITS ACT 256

ANNEX 3: INDEX OF DEFINED TERMS 258

REGISTERED OFFICES 265

SECTION 1 - OVERVIEW OF THE FEATURES OF THE NOTES

This overview and summary of the features of the Notes should be read as an introduction to and in conjunction with, and is qualified in its entirety by reference, to the detailed information appearing elsewhere in this Prospectus and does not purport to be complete. Prospective Noteholders are advised to read carefully, and to rely solely on, the detailed information appearing elsewhere in this Prospectus including the Conditions and Transaction Documents referred to therein in making any decision whether or not to invest in any Notes.

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

Certain features of the Notes are summarised below (see further Annex 1 (*Terms and Conditions of the Notes*) below):

	Class A1 Notes	**Class A2 Notes**	**Class B Notes**	**Class C Notes**
Principal amount at Closing	EUR 350,000,000	EUR 450,000,000	EUR 200,000,000	EUR 30,000,000
Issue Price	100%	100%	100%	100%
Closing Date	16 November 2015			
Interest Rate **<u>until</u> First Optional Redemption Date**	3 month EURIBOR + 0.30 per cent. p.a., whereby the Interest Rate is floored at zero	3 month EURIBOR + 0.48 per cent. p.a., whereby the Interest Rate is floored at zero	3 month EURIBOR + 1.50 per cent. p.a., with a maximum Interest Rate of 5.00 per cent. p.a. and the Interest Rate being floored at zero	3 month EURIBOR + 2.50 per cent. p.a., with a maximum Interest Rate of 6.00 per cent. p.a. and the Interest Rate being floored at zero
Interest Rate **<u>as from the</u> First Optional Redemption Date**	3 month EURIBOR + 0.60 per cent. p.a. (the ***Coupon Rate***) with a maximum interest rate of 6.00 per cent. p.a. (the ***Maximum Rate***) and the Interest Rate	3 month EURIBOR + 0.96 per cent. p.a. (the ***Coupon Rate***) with a maximum interest rate of 6.00 per cent. p.a. (the ***Maximum Rate***) and the Interest Rate	0%	0%

	Class A1 Notes	Class A2 Notes	Class B Notes	Class C Notes
	being floored at zero *Formula*[1]: Interest Rate = Max (0% p.a., Min (Coupon Rate, Maximum Rate))	being floored at zero *Formula*[2]: Interest Rate = Max (0% p.a., Min (Coupon Rate, Maximum Rate))		
Coupon Excess Consideration **as from the First Optional Redemption Date**	On each Quarterly Payment Date as from (but excluding) the First Optional Redemption Date, and if the Coupon Rate exceeds the Maximum Rate, the Class A Noteholders may, in addition to Accrued Interest in respect of the Class A Notes, be entitled to a Coupon Excess Consideration on a *pro rata* and *pari passu* basis according to the amounts of Coupon Excess Consideration due among them, if sufficient amounts remain available for such purpose in accordance with the application of the Post- FORD Interest Priority of Payments. For this purpose, the coupon excess consideration for each relevant Sub-Class will be equal to the amount obtained by the product of, in respect of any Quarterly Calculation Date as from the First Optional Redemption Date, (i) the Principal Amount Outstanding of the relevant Class A1 Notes and Class A2 Notes respectively and (ii) the positive difference (excess) between the relevant Coupon Rate and the relevant Maximum Rate, multiplied by the actual number of days elapsed in the then current Interest Period divided by 360 days (the ***Coupon Excess Consideration***). *Formula*[3]: Coupon Excess Consideration = Principal Amount Outstanding * (Max [0, (Coupon Rate –		NA	NA

[1]The formula should be read in conjunction with the above definition of Interest Rate and is merely added for clarification purposes.

[2] The formula should be read in conjunction with the above definition of Interest Rate and is merely added for clarification purposes.

[3] The formula should be read in conjunction with the above definition of Coupon Excess Consideration and is merely added for clarification purposes.

	Class A1 Notes	Class A2 Notes	Class B Notes	Class C Notes
	Maximum Rate)]) * Act/360 The Coupon Excess Consideration will only be paid after (i) all Accrued Interest due and payable in respect of the Class A Notes has been satisfied in full; (ii) any shortfall reflected in the Class A Principal Deficiency Ledger has been made good until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero; (iii) the Reserve Fund has been replenished up to the amount of the Reserve Fund Required Amount in accordance with the application of the Post- FORD Interest Priority of Payments; and (iv) all payments that are senior to Coupon Excess Consideration in accordance with the relevant Priorty of Payments.			
Class A Additional Amounts **as from the First Optional Redemption Date**	In accordance with the Post-FORD Interest Priority of Payments and until the Class A Notes have been redeemed in full, the Class A Additional Amounts will be equal to the positive amount (if any) of the Interest Available Amount remaining after amounts payable under items (i) to (viii) (inclusive) of the Post-FORD Interest Priority of Payments have been fully satisfied on such Quarterly Payment Date (the ***Class A Additional Amounts***). Any Class A Additional Amounts will be added to the Principal Available Amount.		NA	NA
Interest Accrual	Act/360	Act/360	Act/360	Act/360
Quarterly Payment Dates	Interest and principal will be payable quarterly in arrears on the twenty-second (22nd) day of February, May, August and November of each year (or the first following Business Day if such day is not a Business Day), for the first time on the Quarterly Payment Date falling on 22 February 2016.			
Principal payments	No scheduled amortisation. Provided that no **Enforcement Notice** has been served, there is a full sequential amortisation of the Collateralized Notes (in order of seniority, whereby, as far as Class A Notes are concerned, any Principal Available Amount remaining after item (a) of the Principal Priority of Payments will be used (i) first to redeem the Class A1 Notes, until fully redeemed; and (ii) second to redeem the Class A2 Notes, until fully redeemed). The Notes within each of the Class A1 Notes, the Class A2 Notes and the Class B Notes rank *pari passu* and will be repaid *pro rata* and without priority or preference among themselves, on each Quarterly Payment Date			Class C Notes: No scheduled amortisation. No amortisation before the Class A Notes have been redeemed in full.

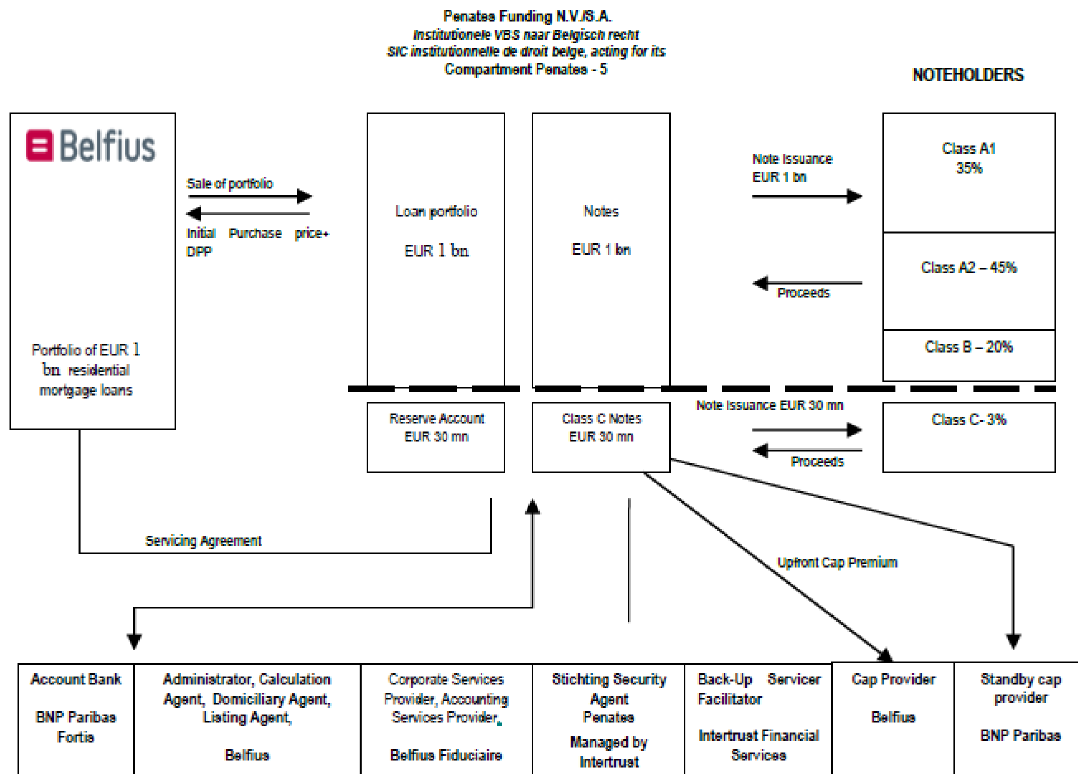
	Class A1 Notes	**Class A2 Notes**	**Class B Notes**	**Class C Notes**
	based on the Principal Available Amount.			
	Provided that an **Enforcement Notice** has been served, there is a full sequential amortisation of all Classes of Notes (in order of seniority) meaning that Class C Notes are subordinated to Class B Notes and Class B Notes are subordinated to Class A Notes (without preference among the Sub-Classes of Class A Notes). The Notes within each of the Class of Notes rank *pari passu* and will be repaid *pro rata* and without priority or preference among themselves.			
Subordination	The right to payment of the Coupon Excess Consideration in respect of the Class A Notes and of principal and interest on the Class B Notes and the Class C Notes will be subordinated and may be limited as more fully described in Condition 2 (*Status, Security and Priority*).			
Credit enhancement	Subordination of Class B Notes		Nil	Nil
Optional Redemption Date	The Quarterly Payment Date falling in November 2020 (the First Optional Redemption Date) and any Quarterly Payment Date thereafter (***Optional Redemption Date***) (for the avoidance of doubt including the Second Optional Redemption Date and the Third Optional Redemption Date).			
Denomination	EUR 250,000	EUR 250,000	EUR 250,000	EUR 250,000
Form	The Notes will be issued in the form of dematerialised notes under the Belgian Company Code and will be represented exclusively by book entries in the records of the securities settlement system operated by the National Bank of Belgium.		The Notes will be issued in the form of registered notes under the Belgian Company Code and will be represented exclusively by entries in the notes register of the Issuer.	
Listing	Application has been made to Euronext Brussels for the Class A Notes to be admitted to the official list for trading on its regulated market.		Not listed.	Not listed.
Expected Rating	Fitch AAAsf Moody's Aaasf	Fitch AAAsf Moody's Aaasf	NR	NR
ISIN	BE0002492677	BE0002493683	BE6281798783	BE6281799799
Common Code	130998143	130998062	N/A	N/A

SECTION 2 - TRANSACTION STRUCTURE DIAGRAM

The information on this page should be read as an introduction to and in conjunction with, and is qualified in its entirety by reference, to the detailed information appearing elsewhere in this Prospectus and does not purport to be complete. Prospective Noteholders are advised to read carefully, and to rely solely on, the detailed information appearing elsewhere in this Prospectus, the Conditions and Transaction Documents referred to therein in making any decision whether or not to invest in any Notes.

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

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



SECTION 3 - OVERVIEW OF THE TRANSACTION AND THE TRANSACTION PARTIES

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

Any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including any supplement thereto. Prospective Noteholders are advised to read carefully, and to rely solely on, the detailed information appearing elsewhere in this Prospectus, the Terms & Conditions and Transaction Documents referred to therein in making any decision whether or not to invest in any Notes.

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

Capitalised terms used but not defined herein have the meaning given thereto elsewhere in the Prospectus. The Section entitled "Index of Defined Terms" at the back of this Prospectus specifies on which page a capitalised word or phrase used in this Prospectus is defined.

THE PARTIES

Issuer:	Penates Funding NV/SA, *Institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge* organised as a Belgian limited liability company (*naamloze vennootschap / société anonyme*), registered with the Belgian Federal Public Service for Finance (*Federale Overheidsdienst Financiën / Service Public Fédéral Finances*) as an institutional company for investment in receivables (*institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge*) (an ***Institutional VBS***) since 26 August 2008 and acting through its Compartment Penates-5 (registered with the Belgian Federal Public Service for Finance (*Federale Overheidsdienst Financiën / Service Public Fédéral Finances*) as a compartment of an Institutional VBS since 5 October 2015) is the Issuer of the Notes. Such registration cannot be considered as a judgement as to the quality of the Transaction or on the situation or prospects of the Issuer. The Issuer has been incorporated under Belgian law and has its registered office at 1000 Brussels, Koningsstraat 97 (4th floor), Belgium. It is registered with the Crossroad Bank for Enterprises under n° 0899.763.684. The Issuer is a special purpose vehicle. Since 5 September 2008, the Issuer was licensed as a mortgage institution by the FSMA (i.e. the department that was previously known as the Belgian Insurance Control Authority

(*Controledienst voor de Verzekeringen/Office de Contrôle des Assurances*) in accordance with Article 43 of the law of 4 August 1992 on mortgage credit (*Wet op het hypothecair krediet/Loi relative au crédit hypothécaire*), as amended from time to time (the ***Belgian Mortgage Credit Act***). As from 1 November 2015, the Issuer has automatically been granted a temporary license as a provider of mortgage credit under Book VII of the Code of Economic Law.

The Issuer is, as an Institutional VBS, subject to the rules set out in the UCITS Act.

Seller: Belfius Bank NV/SA (***Belfius*** or the ***Seller***) is organised as a limited liability company (*naamloze vennootschap / société anonyme*) under Belgian law with its registered office at 1000 Brussels, Pachecolaan 44, Belgium, registered with the Crossroad Bank for enterprises under number RPM 0403.201.185.

Belfius is licensed as a credit institution in accordance with the act dated 25 April 2014 on the supervision of the credit institutions (*wet op het statuut en het toezicht op kredietinstellingen / loi relative au statut et au contrôle des établissements de crédit*) (as may be amended from time to time, the ***Credit Institutions Supervision Law***).

Furthermore, Belfius was licensed as a mortgage institution by the FSMA under the Belgian Mortgage Credit Act and has as from 1 November 2015 automatically been granted a temporary license as a provider of mortgage credit under Book VII of the Code of Economic Law.

Belfius will act as Seller of the Loans pursuant to the Mortgage Loan Sale Agreement to be entered into on or before the Closing Date. See *Section 11 (Mortgage Loan Sale Agreement)*, below.

Originator: Belfius and its legal predecessors Bacob Bank C.V. (***BACOB***) and Gemeentekrediet van België NV (***Gemeentekrediet***) (the ***Originators***).

Managers: The following parties will act as manager with respect to the Class A Notes:

- ABN AMRO Bank NV (***ABN AMRO***), acting through its office at 1082 PP Amsterdam, Gustav Mahlerlaan 10, the Netherlands, will act as a manager pursuant to the Class A Subscription Agreement to be entered into on or before the Closing Date.

- Belfius, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, will act as a manager pursuant to the Class A Subscription Agreement to be entered into on or before the Closing Date.

- BNP Paribas, London Branch (***BNP Paribas***), acting

through its office at 10 Harewood Avenue, NW1 6AA London, UK, will act as a manager pursuant to the Class A Subscription Agreement to be entered into on or before the Closing Date.

- The Royal Bank of Scotland plc (***Royal Bank of Scotland***), acting through its office at EC2M 3UR London, 135 Bishopsgate, UK, will act as a manager pursuant to the Class A Subscription Agreement to be entered into on or before the Closing Date.

- Banco Santander S.A. (***Santander***), acting through its office at Paseo de Pereda 9-12, Santander, Spain, will act as a manager pursuant to the Class A Subscription Agreement to be entered into on or before the Closing Date.

Each of these parties a ***Manager*** and together the ***Managers***.

See *Section 16* (*Subscription and Sale*) below.

Servicer: Belfius Bank NV/SA, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, will act as servicer pursuant to the Servicing Agreement to be entered into on or before the Closing Date (acting in its capacity as the ***Servicer***). See *Section 14.1 (The Servicer)* below.

Back-up Servicer Facilitator Intertrust Financial Services B.V. (the ***Back-up Servicer Facilitator***), organised as a private limited liability company (*besloten vennootschap*) under the laws of the Netherlands, and established in Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, registered with the Dutch trade register of the Chambers of Commerce under number 33210270. See *Section 19.3 (The Back-up Servicer Facilitator)* below.

Security Agent: Stichting Security Agent Penates (the ***Security Agent***), organised as a foundation (*stichting*) under the laws of the Netherlands, and established in Prins Bernhardplein 200**,** 1097 JB Amsterdam, the Netherlands, registered with the Dutch trade register of the Chambers of Commerce under number 54734525. The Security Agent represents the interests of the Noteholders, holds the security granted under the Pledge Agreement in its own name, as creditor of the Parallel Debt, and as representative of the Noteholders and Secured Parties and will be entitled to enforce the security granted in its favour and in favour of the Noteholders and the other Secured Parties under the Pledge Agreement. See *Section 9 (The Security Agent)* below.

Administrator: Belfius, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, will act as administrator of the Issuer pursuant to the Administration, Corporate and Accounting Services Agreement to be entered into on or before the Closing Date (the ***Administrator***). See *Section 19.5 (The Administrator, the Corporate Services*

Provider and the Accounting Services Provider).

Cap Provider

Belfius, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, will act as cap provider pursuant to the Cap Agreement to be entered into on or before the Closing Date (the ***Cap Provider***). See *Section 19.7 (the Cap Provider).*

Standby Cap Provider

BNP Paribas, with its registered seat at 16 Boulevard des Italiens, 75009 PARIS, France, will act as standby cap provider pursuant to the Standby Cap Agreement to be entered into on or before the Closing Date (the ***Standby Cap Provider***).

Upon entrance into force of the Standby Cap Agreement, as from such date any reference to the Cap Provider in this Prospectus and in the Transaction Documents (where relevant) generally shall be deemed to be a reference to the Standby Cap Provider. See *Section 19.8 (the Standby Cap Provider).*

Domiciliary Agent:

Belfius, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, will act as domiciliary agent pursuant to the Domiciliary Agency Agreement to be entered into on or before the Closing Date (the ***Domiciliary Agent***). See *Section 19.9 (the Domiciliary Agent, the Listing Agent and the Calculation Agent).*

Calculation Agent:

Belfius, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, will act as the calculation agent pursuant to the Domiciliary Agency Agreement to be entered into on or before the Closing Date (the ***Calculation Agent***). See *Section 19.9 (the Domiciliary Agent, the Listing Agent and the Calculation Agent).*

Listing Agent:

Belfius, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, will act as listing agent pursuant to the Domiciliary Agency Agreement to be entered into on or before the Closing Date (the ***Listing Agent***). See *Section 19.9 (the Domiciliary Agent, the Listing Agent and the Calculation Agent).*

Account Bank

BNP Paribas Fortis SA/NV, acting through its office at Montagne du Parc 3, 1000 Brussels, Belgium, will act as account bank pursuant to the Account Bank Agreement to be entered into on or before the Closing Date (the ***Account Bank***). See *Section 19.6 (the Account Bank).*

Rating Agencies:

FITCH RATINGS LIMITED FRANCE, with its registered office at 60 rue de Monceau, 75008 Paris, France (***Fitch***), and

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

(together the ***Rating Agencies***).

Auditor:

Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, with its registered office at Berkenlaan 8B, 1831 Diegem, Belgium has been appointed as statutory auditor of the Issuer (the ***Auditor***). See

Section 6.5 (Auditor's Report), below.

Corporate Services Provider:	Belfius Fiduciaire NV/SA, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, will provide general corporate services to support the Issuer in terms of the corporate management of the Issuer, pursuant to the Administration, Corporate and Accounting Services Agreement to be entered into on or before the Closing Date (the ***Corporate Services Provider***). See *Section 19.5 (The Administrator, the Corporate Services Provider and the Accounting Services Provider).*
Accounting Services Provider	Belfius Fiduciaire NV/SA, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, will provide certain accounting and bookkeeping services to the Issuer, pursuant to the Administration, Corporate and Accounting Services Agreement to be entered into on or before the Closing Date (the ***Accounting Services Provider***). See *Section 19.5 (The Administrator, the Corporate Services Provider and the Accounting Services Provider).*
Transaction Parties	The Issuer, the Seller, the Servicer, the Back-up Servicer Facilitator, the Security Agent, the Administrator, the Listing Agent, the Domiciliary Agent, the Account Bank, the Cap Provider, the Standby Cap Provider, the Auditor, the Calculation Agent, the Corporate Services Provider, the Accounting Services Provider, the Managers, and the Issuer Directors, together the ***Transaction Parties,*** which term, where the context permits, shall include their permitted assigns and successors.

THE NOTES

The Notes:	The Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes will be issued by the Issuer on the Closing Date. The aggregate Principal Amount Outstanding of the Class A1 Notes on the Closing Date will be EUR 350,000,000. The aggregate Principal Amount Outstanding of the Class A2 Notes on the Closing Date will be EUR 450,000,000. The aggregate Principal Amount Outstanding of the Class B Notes on the Closing Date will be EUR 200,000,000. The aggregate Principal Amount Outstanding of the Class C Notes on the Closing Date will be EUR 30,000,000. See *Sections 5 (Credit Structure)* and *Annex 1 (Terms and Conditions of the Notes)* below.
Selling Restrictions	Eligible Holders only, United States, United Kingdom, European Economic Area, Republic of Italy and France. See *Section 16 (Subscription and Sale)*, below.

Eligible Holders

The Notes offered by the Issuer may only be subscribed to, or purchased by, investors that satisfy the following criteria:

(a) they qualify as qualifying investors (*in aanmerking komende beleggers/investisseurs éligibles*) within the meaning of Article 5, §3/1 of the UCITS Act.

(b) they do not constitute investors that, in accordance with annex A, (I), second indent, of the Royal Decree of 3 June 2007 concerning further rules for implementation of MIFID, have registered to be treated as non-professional investors; and

(c) (i) in respect of the Class A Notes, they are holders of X-Account with the Securities Settlement System or (directly or indirectly) with a participant in such system; or

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

Excluded Holders

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

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) 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 on a tax haven jurisdiction as referred to in Article 307, §1, fifth indent of the Belgian Income Tax Code of 1992.

Closing Date:

The date on which the Notes will be issued, being 16 November 2015, or such later date as may be agreed between the Issuer and the Managers. See *Section 16 (Subscription and Sales)*, below.

Status and

The Notes of each Class rank *pari passu* without preference or

subordination: priority among Notes of the same Class, provided that prior to an Enforcement Notice being served, the Sub-Classes of Class A Notes will be repaid sequentially (in order of seniority), meaning that, within the Class A Notes, the Class A Notes will be redeemed in the following order: first the Class A1 Notes until redeemed in full and thereafter the Class A2 Notes until redeemed in full. Following the service of an Enforcement Notice, the Sub-Classes of Class A Notes rank *pari passu* and will be repaid without preference or priority among the Notes of the Sub-Classes of Class A Notes.

Redemption of the Class B Notes will be subordinated to redemption of the Class A Notes. Interest payment on the Class B Notes will be subordinated to interest payment of the Class A Notes. Prior to an Enforcement Notice being served, interest and principal on the Class C Notes will only be paid in accordance with the Interest Priority of Payments whereby interest payments on and redemption of the Class C Notes will be subordinated to interest payments on the Class A Notes and the Class B Notes (and payments of Coupon Excess Consideration and Class A Additional Amounts). Following the service of an Enforcement Notice, interest and principal on the Class C Notes will only be paid in accordance with the Post-Enforcement Priority of Payments whereby interest payments on and redemption of the Class C Notes will be subordinated to interest payments on and redemption of the Class A Notes and the Class B Notes. See *Section 5.5* (*Subordination*) below.

Denomination: The Notes will be issued in denominations of EUR 250,000. See Condition 1.4 below.

Issue Price: The issue price of each Note shall be 100 per cent. of the denomination of the Note (the ***Issue Price***).

Listing Application has been made to Euronext Brussels for the Class A Notes to be admitted to the official list and for trading on its regulated market.

Dematerialised Notes: The Class A Notes will be issued in the form of dematerialised notes under the Belgian Company Code and will be represented exclusively by book entries in the records of the Securities Settlement System (as defined above).

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

Transfers of Class A Notes will be effected between the Securities Settlement System Participants in accordance with the rules and operating procedures of the Securities Settlement System.

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

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

Investors will only be able to hold the Class A Notes through an X-account with Euroclear or Clearstream or with a Securities Settlement System Participant. The investors will therefore need to confirm their status as Eligible Investor (as defined in Article 4 of the Royal Decree of 26 May 1994 on the deduction and indemnification of withholding tax (*Koninklijk Besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/Arrêté Royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*)) (See *Section 10 – Tax*) in the account agreement to be entered into with Euroclear or Clearstream or with a Securities Settlement System Participant.

Registered Notes:

The Class B Notes and the Class C Notes will be issued in the form of registered notes under the Belgian Company Code and will be represented exclusively by book entries in the notes register held by the Issuer or by a registrar on behalf of the Issuer (the ***Registrar***).

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

Conditions:

The Conditions of the Notes are set out in full in *Annex 1* to this Prospectus. Capitalised terms that are not defined in the body of the Prospectus shall have the meaning given to them in the Conditions of the Notes attached as *Annex 1* (*Terms and Conditions of the Notes*).

Interest Rate until the First Optional Redemption Date :

Each Note shall bear interest on its Principal Amount Outstanding from (and including) the Closing Date. Interest on the Notes will accrue by reference to successive Interest Periods. Interest on the Notes will be payable quarterly in arrears in Euros on the 22nd calendar day of February, May, August and November (or, if such day is not a Business Day, the next succeeding Business Day) in each year commencing on 22 February 2016. Interest on the Notes will be calculated on the basis of the actual number of days elapsed in an Interest Period and a year of 360 days.

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

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

(b) the Trans-European Automated Real-Time Gross Settlement Express Transfer System (***TARGET2 System***) or any successor TARGET System is operating credit or transfer instructions in respect of payments in Euros.

Until but excluding the First Optional Redemption Date, interest on the Class A Notes will accrue at an annual rate equal to the sum of:

(a) the Euro Reference Rate, as determined in accordance with Condition 4.11; plus

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

(i) in respect of the Class A1 Notes: 0.30% per annum;

(ii) in respect of the Class A2 Notes: 0.48% per annum;

Until but excluding the First Optional Redemption Date, interest on the Class B Notes will accrue at an annual rate equal to the lower of:

(a) 5.00% per annum; and

(b) the sum of:

(i) the Euro Reference Rate, as determined in accordance with Condition 4.11; plus

(ii) a margin: 1.50% per annum.

Until but excluding the First Optional Redemption Date, interest on the Class C Notes will accrue at an annual rate equal to the lower of:

(a) 6.00% per annum; and

(b) the sum of:

(i) the Euro Reference Rate, as determined in accordance with Condition 4.11; plus

(ii) a margin: 2.50% per annum.

The margin on the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes each being a ***Margin***.

Accrued Interest means, in respect of any Quarterly Calculation Date and in respect of any Class of the Notes then outstanding, the amount obtained by applying the relevant Interest Rate to the Principal Amount Outstanding of the relevant Class of the Notes on the first (1st) day of the relevant Interest Period, multiplied by the actual number of days elapsed in the then current Interest

Period (or such other period) divided by 360.

Interest Rate as from the First Optional Redemption Date

If on the First Optional Redemption Date, the Issuer has not exercised the Optional Redemption Call, interest on the Class A Notes will accrue at an annual rate equal to the lower of :

(A) the sum of

(a) the Euro Reference Rate, as determined in accordance with Condition 4.11; plus

(b) a step-up margin (the ***Step-Up Margin***) on the Class A Notes which will be:

(i) in respect of the Class A1 Notes: 0.60% per annum; and

(ii) in respect of the Class A2 Notes: 0.96% per annum,

(the ***Coupon Rate***)

and

(B) 6.00 per cent. per annum (the ***Maximum Rate***).

As from the First Optional Redemption Date, the Interest Rate on the Class B Notes and on the Class C Notes will be zero.

Minimum Interest Rate

There shall be no minimum Interest Rate in respect of any Class of Notes, the Interest Rate never being in any event less than zero on each Note respectively.

Coupon Excess Consideration as from the First Optional Redemption Date

On each Quarterly Payment Date as from (but excluding) the First Optional Redemption Date, and if the Coupon Rate exceeds the Maximum Rate, the Class A Noteholders may, in addition to Accrued Interest in respect of the Class A Notes, be entitled to a Coupon Excess Consideration on a *pro rata* and *pari passu* basis according to the amounts of Coupon Excess Consideration due among them, if sufficient amounts remain available for such purpose in accordance with the application of the Post- FORD Interest Priority of Payments.

For this purpose, the Coupon Excess Consideration for each relevant Sub-Class will be equal to the amount obtained by the product of, in respect of any Quarterly Calculation Date as from the First Optional Redemption Date, (i) the Principal Amount Outstanding of the relevant Class A1 Notes and Class A2 Notes respectively and (ii) the positive difference (excess) between the relevant Coupon Rate and the relevant Maximum Rate, multiplied by the actual number of days elapsed in the then current Interest Period divided by 360 days.

The Coupon Excess Consideration will only be paid after (i) all Accrued Interest due and payable in respect of the Class A Notes has been satisfied in full; (ii) any shortfall reflected in the Class A Principal Deficiency Ledger has been made good until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero; (iii) the Reserve Fund has been replenished up to the amount of the Reserve Fund Required Amount in accordance with the application of the Post- FORD Interest Priority of Payments; and (iv) all payments that are senior to Coupon Excess Consideration in accordance with the relevant Priorty of Payments.

Class A Additional Amounts as from First Optional Redemption Date

On each Quarterly Payment Date as from the First Optional Redemption Date and for as long as the Class A Notes have not been redeemed in full, the Class A Additional Amounts will be the positive amount (if any) of the Interest Available Amount, remaining after amounts payable under the items (i) to (viii) (inclusive) of the Post-FORD Interest Priority of Payments have been fully satisfied on such Quarterly Payment Date.

Until Class A Notes have been fully redeemed, and provided amounts are available as described in the preceding paragraph, any Class A Additional Amounts will be added to the Principal Available Amount.

Interest Payments:

Interest on the Notes will be paid on each Quarterly Payment Date in accordance with the Interest Priority of Payments under *Section 5.7.3 (Interest Priority of Payments before the First Optional Redemption Date)* and *5.7.5 (Interest Priority of Payments as from the First Optional Redemption Date)* below.

To the extent that the Interest Available Amount is insufficient on any Quarterly Payment Date to pay the interest due on any Class of Notes, with the exception of the Class A Notes, the payment of the amount of such shortfall shall be deferred and such amount shall be debited to the relevant Interest Deficiency Ledger in order to record the interest deficiency incurred.

Mandatory Redemption:

Prior to an Enforcement Notice being served and subject to, and in accordance with, the Principal Priority of Payments, the Issuer will be obliged to apply the Principal Available Amount on the first Quarterly Payment Date falling on 22 February 2016 and on each Quarterly Payment Date thereafter in or towards satisfaction of:

(a) *first*, on a *pari passu* and *pro rata* basis, any amount of interest shortfall in relation to the immediately preceding Interest Period on the Class A Notes and any other amount as referred to in item (i) and (ii) of the Interest Priority of Payments;

(b) *second*, all amounts of principal on the Class A1 Notes;

(c) *third*, if, and to the extent the Class A1 Notes have been fully redeemed, in or towards satisfaction of all amounts of principal on the Class A2 Notes;

(d) *fourth*, if, and to the extent the Class A2 Notes have been fully redeemed, as from the First Optional Redemption Date, in or towards satisfaction *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts of Coupon Excess Consideration due or accrued but unpaid in respect of the Class A1 Notes and the Class A2 Notes which payment has been reflected by crediting any shortfall in the Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero;

(e) *fifth*, if, and to the extent the Coupon Excess Consideration Deficiency Ledgers have been reduced to zero, in or towards satisfaction of all amounts of principal on the Class B Notes;

The Class C Notes will, on each Quarterly Payment Date, be repaid for an amount up to the Class C Redemption Amount from the amount (if any) of the Interest Available Amount available to the Issuer after satisfaction of the amounts due in respect of all items listed at items (i) to (and including) (x) of the Pre-FORD Interest Priority of Payments or items (i) to (and including) (xi) of the Post-FORD Interest Priority of Payments and available prior to the Deferred Purchase Price in accordance with the Interest Priority of Payments set out under *5.7.3 (Interest Priority of Payments before the First Optional Redemption Date)* and *5.7.5 (Interest Priority of Payments as from the First Optional Redemption Date)* below (the ***Excess Cash***).

Events of Default

As fully set out in Condition 9.2, the following events, among others, constitute each an Event of Default:

(i) Non-payment by the Issuer of principal or interest in respect of the Class A Notes (excluding Coupon Excess Consideration) within ten (10) Business Days as from the date such amounts are due and payable;

(ii) the Issuer fails to perform or observe any of its other obligations or is in breach under any of the representations and warranties under or in respect of the Notes or the other Transaction Documents and, except where such failure or breach, in the reasonable opinion of the Security Agent, is incapable of remedy, such default or breach is (i) is materially prejudicial to the interests of the then most senior Class of Notes and (ii) continues for a period of thirty (30) Business Days (or such longer period as the Security Agent may agree) after written notice by the Security Agent to the Issuer

requiring the same to be remedied (save that if the Issuer fails to comply with the order of the Priority of Payments prior to the service of an Enforcement Notice), in case of any technical errors such period being reduced to fifteen (15) calendar days to rectify any technical errors); and

(iii) Bankruptcy of or (preliminary) suspension of payments by the Issuer in the meaning of the Law on Bankruptcies of 8 August 1997 (*Faillissementswet / Loi sur les faillites*).

Non-payment of Coupon Excess Consideration will not cause an Event of Default.

Optional Redemption Call:

Unless previously redeemed in full, the Issuer shall, upon giving not more than sixty (60) calendar days' notice and not less than thirty (30) calendar days' notice prior to the relevant Quarterly Payment Date, have the right (but not the obligation) to redeem all the Notes:

(i) on the First Optional Redemption Date and on the Second Optional Redemption Date in accordance with Condition 5.12, provided that it has sufficient funds available to redeem all the Collateralized Notes in full on such date. In such circumstances, the redemption of the Collateralized Notes will be for an amount equal to the aggregate Principal Amount Outstanding of such Collateralized Notes plus accrued but unpaid interest thereon (including, for the avoidance of doubt Coupon Excess Consideration), after payment of all amounts that are due and payable in priority to such Collateralized Notes; and

(ii) as from the Third Optional Redemption Date and on each Quarterly Payment Date thereafter in accordance with Condition 5.13, provided that it has sufficient funds available to redeem the Class A Notes in full on such date. In such circumstances, the redemption of the Class A Notes will be for an amount equal to the aggregate Principal Amount Outstanding of such Class A Notes plus accrued but unpaid interest thereon (including, for the avoidance of doubt Coupon Excess Consideration), after payment of all amounts that are due and payable in priority to such Class A Notes.

(the ***Optional Redemption Call***).

Principal Amount Outstanding of a Note on any date shall be the principal amount of that Note upon issue less the aggregate amount of all payments of principal in respect of such Note that have been paid by the Issuer since the Closing Date and on or prior to such date.

Clean-Up Call:

The Issuer shall, upon giving not more than sixty (60) calendar days' notice and not less than thirty (30) calendar days' notice in accordance with Condition 5.14 prior to the relevant Quarterly Payment Date, have the right (but not the obligation) to redeem all the Notes on each Quarterly Payment Date if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Principal Amount Outstanding of the Collateralized Notes is less than 10 per cent of the aggregate Principal Amount Outstanding of the Collateralized Notes on the Closing Date (being the ***Clean-Up Date***), and if all amounts that are due and payable in priority to the Collateralized Notes have been paid and provided that it has sufficient funds available to redeem all the Collateralized Notes on such date (the ***Clean-Up Call***). See the detailed provisions contained in Conditions 5.14 to 5.16.

Optional Redemption for Tax Reasons:

The Issuer shall have the right (but not the obligation) to redeem all of the Notes at the Optional Redemption Amount, on any Quarterly Payment Date, subject to and in accordance with the Conditions, upon the occurrence of one or more of the following circumstances:

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

(b) if, on the next Quarterly Payment Date, the Issuer, the Securities Settlement System Operator, the Domiciliary Agent or any other person is or would become required to deduct or withhold any amounts for or on account of FATCA in respect of any payment of principal or interest in respect of Notes of any Class held by or on behalf of any Noteholder; or

(c) if, on the next Quarterly Payment Date, the Issuer, the Cap Provider, the Standby Cap Provider or any other person would be required to deduct or withhold any amounts for or on account of FATCA and/or of any present or future taxes, duties assessments or

governmental charges of whatever nature imposed by the Kingdom of Belgium (or any sub-division thereof or therein) or of any authority therein or thereof having power to tax or any other sovereign authority having the power to tax, in respect of any payment under the Cap Agreement or under the Standby Cap Agreement; or

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

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

after payment of all amounts that are due and payable in priority to the Collateralized Notes subject to and in accordance with the Conditions and provided that it has sufficient funds available to redeem all the Collateralized Notes on such date (an ***Optional Redemption for Tax Reasons***), by giving not more than sixty (60) calendar days' nor less than thirty (30) calendar days notice in accordance with Condition 14 (*Notices*) prior to the relevant Quarterly Payment Date. See the detailed provisions contained in Conditions 5.19 and 5.20.

Change of Law

A ***Change of Law*** is a change in, or any amendment to the laws, regulations, decrees or guidelines of the Kingdom of Belgium or of any authority therein or thereof having legislative or regulatory powers or in the interpretation by a relevant authority or a court of, or in the administration of, such laws, regulations, decrees or guidelines after the Closing Date which would or could affect participation of the Issuer or the Seller under the Transaction in a materially adverse way, including, but without limitation, the regulatory requirements (other than the regulatory requirements referred to in connection with the Regulatory Call Option) to be adhered to by the Issuer or the Seller in order to be able to lawfully perform their obligations under the Transaction and the laws and regulations governing the validity, enforceability and effectiveness of the rights and obligations of the Issuer, Seller and Secured Parties under the Transaction Documents.

Optional Redemption in case of Change of Law:

On each Quarterly Payment Date, the Issuer may (but is not obliged to) redeem all (but not some only) of the Notes at the Optional Redemption Amount subject to and in accordance with the Conditions upon the occurrence of a Change of Law (an ***Optional Redemption in case of Change of Law***), provided that it

has sufficient funds available to redeem all the Collateralized Notes on such date, by giving not more than sixty (60) calendar days' nor less than thirty (30) calendar days notice in accordance with Condition 14 (*Notices*) prior to the relevant Quarterly Payment Date. See the detailed provisions contained in Conditions 5.21 and 5.22.

Regulatory Change: On each Quarterly Payment Date, the Seller has the option to repurchase the Loans from the Issuer upon the occurrence of a change published after the Closing Date in the Basel Capital Accords promulgated by the Basel Committee on Banking Supervision (the ***Basel Accords***) or in the international, European or Belgian regulations, rules and instructions (which includes the solvency regulation of the NBB or the ECB as applicable) (the ***Bank Regulations***) applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basel Accord) or a change in the manner in which the Basel Accords or such Bank Regulations are interpreted or applied by the Basel Committee on Banking Supervision or by any relevant competent international, European or national body (including the NBB or any relevant international, European or other competent regulatory or supervisory authority) which, in the opinion of the Seller, has the effect of adversely affecting the rate of return on capital of the Seller or increasing its cost or reducing its benefit with respect to the Transaction (a **Regulatory Change**). The Seller shall only be entitled to exercise its option to repurchase the Loans in case of a Regulatory Change to the extent, *inter alia,* the repurchase price paid for the Loans is sufficient to allow the Issuer to exercise its Regulatory Call Option. See the detailed provisions contained in Condition 5.23.

Regulatory Call Option: If the Seller exercises its option to repurchase the Loans from the Issuer upon the occurrence of a Regulatory Change in accordance with the Conditions, the Issuer shall redeem all (but not some only) of the Notes (the ***Regulatory Call Option***) provided the Issuer has sufficient funds to redeem all Classes of Collateralized Notes (or such of them as are then outstanding) in full at the same time as well as any amounts required to be paid in priority to the Collateralized Notes in accordance with the Conditions. See the detailed provisions contained in Condition 5.23.

Withholding Tax

No grossing-up: All payments of, or in respect of, principal of and interest on, the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) of whatever nature, unless the withholding or deduction for or on account of such taxes, duties, assessments or charges are required by law. In that event, the Issuer, the Securities Settlement System Operator, the Domiciliary Agent or any other person (as the case may be) will make the required withholding or deduction for or on account of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay

any additional amounts to such Noteholders in respect of any such withholding or deduction. Neither the Issuer, the Securities Settlement System Operator, the Domiciliary Agent nor any other person will be obliged to gross up the payments in respect of the Notes of any Class or to make any additional payments to any Noteholders. Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto, without prejudice to Condition 8 (*Taxation – No Grossing-up*). The Issuer, the Securities Settlement System Operator, the Domiciliary Agent or any other person being required to make a withholding or deduction shall not constitute an Event of Default. See *Sections 10.2.1* and *10.3*, below.

Final Redemption Date: Unless previously redeemed in full, the Issuer will redeem the Notes at their respective Principal Amount Outstanding, together with accrued interest thereon on the Quarterly Payment Date falling on 22 November 2049 (or, if such day would at that time not a Business Day, the next following Business Day).

Use of Proceeds: The Issuer will use the proceeds from the issue of the Collateralized Notes to pay to the Seller the principal component of the Initial Purchase Price for the Loans transferred to the Issuer by the Seller pursuant to the MLSA. See *Section 17 (Use of Proceeds)*, below. The proceeds from the issue of the Class C Notes will be used to pay for the accrued interest on the loans (the interest component of the Initial Purchase Price), to pay the upfront premium to the Cap Provider and the remaining amount will be credited to the Reserve Fund on the Closing Date. See *Section 5.4 (Reserve Fund)*, below.

TRANSACTION STRUCTURE AND DOCUMENTS

Mortgage Loan Sale Agreement (or the MLSA): On or before the Closing Date, the Seller, the Security Agent and the Issuer will enter into the Mortgage Loan Sale Agreement (the ***Mortgage Loan Sale Agreement*** or the ***MLSA***) pursuant to which the Issuer purchases the Loans from the Seller. See *Section 11 (Mortgage Loan Sale Agreement)*, below.

Mandatory Repurchase under the MLSA: If, at any time after the Closing Date any of the representations, warranties and Eligibility Criteria relating to the Loan(s) as set out in the MLSA proves to be untrue, incorrect or incomplete and the Seller has not remedied this within five (5) Business Days after being notified thereof in writing or it cannot be remedied, the Seller shall (at the direction of the Issuer or the Security Agent) on the first (1th) Busines Day of the next Monthly Collection Period following expiry of the five (5) Business Days period mentioned above:

(a) indemnify the Issuer for all damages, costs, expenses and losses; and

(b) repurchase the relevant Loan(s), the Loan(s) Security, Additional Security (together with other Loans covered by the same Mortgage, if any) at a price equal to the aggregate of the then Current Balance of the repurchased Loan(s) plus accrued interest thereon and reasonable *pro rata* costs up to (but excluding) the date of completion of the repurchase.

In addition, if a variation proposed by a borrower under any Loan (a ***Borrower***) to the Servicer is not a Permitted Variation (a ***Non-Permitted Variation***), then the Seller shall if, and to the extent the Servicer, together with the Seller, were to decide to accept such Non-Permitted Variation, no later than forty-five (45) calendar days after the date that the Non-Permitted Variation was accepted and implemented (or, in case such day would not fall on a Business Day, the immediately succeeding Business Day), repurchase and accept re-assignment of the relevant Loan, together with other Loans covered by the same Mortgage at a price equal to the aggregate of:

(a) the then Current Balance of such Loan(s);

(b) *plus* accrued interest thereon and reasonable *pro rata* costs up to (but excluding) the date of completion of the repurchase. See *Section 11.3.3*, below.

Servicing Agreement: On or before the Closing Date, *inter alios*, the Issuer, the Servicer and the Security Agent will enter into the Servicing Agreement pursuant to which the Servicer will be responsible for the performance of administration and management services to the Issuer with respect to the Loans on a day-to-day basis, including, without limitation, the collection of payments of interest, principal and all other amounts by Borrowers in respect of the Loans (the ***Servicing Agreement***). See *Section 14 (Servicing)*, below.

Back-up Servicer Facilitator Appointment Agreement On or before the Closing Date, *inter alios*, the Issuer, the Servicer, the Seller, the Security Agent and the Back-up Servicer Facilitator will enter into the Back-up Servicer Facilitator Appointment Agreement pursuant to which the Back-up Servicer Facilitator undertakes to assist the Issuer in appointing a third party back-up servicer (a ***Back-up Servicer***) in the event the Servicer needs to be replaced upon termination of its appointment by the Issuer following the occurrence of one of the servicing termination events (the ***Servicing Termination Events***) defined in the Servicing Agreement (the ***Back-up Servicer Facilitator Appointment Agreement***). See *Section 14 (Servicing)*, below.

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

Reserve Fund On the Closing Date, the Issuer will partially use the proceeds of the issue of the Class C Notes to establish and maintain a reserve

fund held at the Account Bank in a reserve account (the ***Reserve Account***), initially in the amount of EUR 30,000,000 (the ***Reserve Fund***).

The purpose of the Reserve Fund will be to enable the Issuer to meet the Issuer's payment obligations: (a) under items (i) up to and including (iii) in the Pre-FORD Interest Priority of Payments and under items (i) up to and including (iii) in the Post-FORD Interest Priority of Payments in the event of a shortfall of the Interest Available Amount on a Quarterly Payment Date.

If on any Quarterly Calculation Date the amount standing to the credit of the Reserve Fund (subject to Condition 5.7) exceeds the Reserve Fund Required Amount, the excess will be drawn from the Reserve Fund and will form part of the Interest Available Amount to be allocated in accordance with the Interest Priority of Payments on the immediately succeeding Quarterly Payment Date. For the Reserve Fund Required Amount, see *Section 5.4.3* below.

The Reserve Fund will be replenished up to the Reserve Fund Required Amount in accordance with the Interest Priority of Payments.

Save for any amounts reasonably determined by the Administrator, all amounts standing to the credit of the Reserve Fund may be released and thus the Reserve Fund Required Amount will be reduced to zero on any Quarterly Payment Date if the Class A Notes have been redeemed in full and all other obligations in respect of the Class A Notes have been satisfied on the previous Quarterly Payment Date. In such circumstances, all amounts standing to the credit of the Reserve Fund will be added to and form part of the Interest Available Amount and will be available towards the satisfaction of the Issuer’s obligations under the Interest Priority of Payments.

See *Section 5.4 (Reserve Fund)* below.

Cap Agreement

On or before the Closing Date, the Issuer and the Security Agent will enter into a 2002 ISDA Master Agreement (including a schedule, credit support annex and a confirmation documenting the transaction entered into thereunder; together the ***Cap Agreement***) governed by English law with the Cap Provider, effective from, and including, the Closing Date to, and including, the First Optional Redemption Date, which requires the Cap Provider, against receipt of the Initial Cap Payment on the Closing Date, to make payments to the Issuer on a quarterly basis to the extent three-month EURIBOR for any Interest Period exceeds the Cap Strike Rate in accordance with the Cap Notional Amount as set out in the Cap Agreement. *See Section 5.8 (Interest Rate Hedging)* below.

Any payments received by the Issuer from the Cap Provider (excluding, for the avoidance of doubt, any Cap Collateral) will

be part of the Interest Available Amount.

Standby Cap Agreement

On or before the Closing Date, the Issuer and the Security Agent will also enter into a 2002 ISDA Master Agreement (including a schedule, credit support annex and a confirmation documenting the transaction entered into thereunder; together the ***Standby Cap Agreement***) governed by English law with the Standby Cap Provider effective from, and including, the Closing Date to, and including, the First Optional Redemption Date, whereby in the event of an early termination of the Cap Agreement following certain specified events of default or certain early termination events triggering the activation of the Standby Cap Agreement, the Standby Cap Provider is required, against payment by the Issuer of an upfront payment based on the lower of the close-out amount under the Cap Agreement and collateral postings standing to the credit of the Cap Collateral Account under the Cap Agreement, to make payments to the Issuer on a quarterly basis to the extent three-month EURIBOR for any Interest Period exceeds the Cap Strike Rate in accordance with the Cap Notional Amount as set out in the Standby Cap Agreement. *See Section 5.8 (Interest Rate Hedging) below.*

THE SECURITY

Parallel Debt Agreement:

On or before the Closing Date, the Issuer, the Security Agent and the other Secured Parties (other than the Noteholders) will enter into a parallel debt agreement (the ***Parallel Debt Agreement***) pursuant to which the Issuer shall undertake to pay to the Security Agent amounts (equal to the amounts, from time to time, payable by the Issuer to the Secured Parties.

Secured Parties

The Issuer Directors, the Servicer, the Back-up Servicer, the Administrator, the Corporate Services Provider, the Accounting Services Provider, the Domiciliary Agent, the Calculation Agent, the Back-up Servicer Facilitator, the Cap Provider, the Standby Cap Provider, the Seller, the Account Bank, the Noteholders and the Security Agent. See *Section 8 (Issuer Security)*.

Collateral:

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

(a) the Loans, all Loan Security and all Additional Security;

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

(c) the Issuer's rights and title in and to any Issuer Accounts, the Daily Collection Account and the Share Capital Account; and

(d) any other assets of the Issuer (including, without limitation, the Loan Documents and the Contract Records).

Notification Events: The Borrowers will not be notified of the sale and the assignment of the Loans to the Issuer and the pledge over the Loans and the relevant Loan Security in favour of the Secured Parties. Upon the occurrence of certain events (including the service of an Enforcement Notice), the Seller, unless otherwise instructed by the Security Agent, will be required (and, failing which, the Issuer and the Security Agent shall be entitled) to notify the Borrowers of such sale and assignment (a ***Notification Event***) and/or the pledge (a ***Pledge Notification Event***) of the Loans and the relevant Loan Security in favour of the Secured Parties. See *Section 11.3.5 (Notification Events)*, below.

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

Obligations of the Issuer to the Noteholders and all other Secured Parties are allocated exclusively to Compartment Penates-5 and the recourse for such obligations is limited so that only the assets of Compartment Penates-5 will be available to meet the claims of the Noteholders and the other Secured Parties. Any claim remaining unsatisfied after the realisation of the Security and the application of the proceeds thereof in accordance with the Post-enforcement Priority of Payments shall be extinguished and all unpaid liabilities and obligations of the Issuer acting through its Compartment Penates-5 will cease to be payable by the Issuer.

Except as otherwise provided by Conditions 11 (*Enforcement of Security and/or Notes – Limited Recourse, Waiver and Non-petition*) and 12 (*The Security Agent*), none of the Noteholders or any other Secured Party shall be entitled to initiate proceedings or take any steps to enforce any relevant Security. See *Section 5.5.5* and *Condition 12* (*Enforcement of Security and/or Notes – Limited Recourse, Waiver and Non-petition*), below.

THE LOANS

The Loans: The Loans to be sold by the Seller to the Issuer under the MLSA are all receivables resulting from loans that:

(a) were originated by the Seller or its legal predecessors Gemeentekrediet and Bacob in their capacity as

Originators; and

(b) on 1 September 2015 (the ***Cut-Off Date***), meet the Eligibility Criteria.

Representations, Warranties and Eligibility Criteria:

A Loan transferred pursuant to the MLSA will satisfy all of the representations, warranties and Eligibility Criteria. See *Section 11.2*, below.

CORPORATE AND ADMINISTRATIVE

Administration, Corporate and Accounting Services Agreement:

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

Master Definitions Agreement:

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

Domiciliary Agency Agreement:

On or before the Closing Date, the Issuer, the Security Agent, the Calculation Agent, the Listing Agent and the Domiciliary Agent will enter into the Domiciliary Agency Agreement pursuant to which (i) the Domiciliary Agent will act as domiciliary agent in respect of the Notes, provide certain payment services in respect of the Notes on behalf of the Issuer, (ii) the Calculation Agent will provide interest rate determination services to the Issuer and (iii) the Listing Agent will assist the Issuer with the application for the admission to trading of the Class A Notes on Euronext Brussels (the ***Domiciliary Agency Agreement***).

Account Bank Agreement:

On or before the Closing Date, the Account Bank, the Issuer, the Administrator and the Security Agent will enter into the Account Bank Agreement relating to, *inter alia*, the duties of the Account Bank in relation to the Issuer Accounts on the terms and subject to the conditions set out in the Account Bank Agreement (the ***Account Bank Agreement***).

GENERAL INFORMATION

Clearing:

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

The Class A Notes will be cleared through the Securities Settlement System and accepted by certain Belgian credit institutions, stockbrokers (*beursvennootschappen/sociétés de*

bourse), Euroclear and Clearstream each of them in their capacity as Securities Settlement System Participants.

Expected Rating: It is expected that the Class A Notes will be assigned a rating of AAAsf by Fitch and Aaasf by Moody's.

The Class B and the Class C Notes will not be rated.

Ratings Credit ratings will be assigned to the Class A Notes as set out above, on or before the Closing Date.

The credit ratings assigned by Fitch address the likelihood of (a) timely payment of interest, but for the avoidance of doubt, not the Coupon Excess Consideration, due to the Class A Noteholders on each Quarterly Payment Date and (b) full payment of principal by a date that is not later than the Final Redemption Date.

The credit ratings assigned by Moody's address the likelihood of a default on contractually promised payments, but for the avoidance of doubt, not the Coupon Excess Consideration, and the expected financial loss suffered in the event of default.

Each of Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the Regulation (EC) No. 1060/2009, as amended (the ***CRA Regulation***). The Issuer has considered the appointment of one or more credit rating agencies (other than Moody's and Fitch) with no more than 10% of the total market share. The Issuer is of the opinion that Moody's and Fitch will facilitate an efficient execution of the Transaction Documents and will ensure accessing of the investor base in respect of the Notes in a prudent manner. Therefore, the Issuer has to date decided not to appoint one or more other credit rating agencies with no more than 10% of the total market share.

Governing Law: The Notes will be governed by, and construed in accordance with, Belgian law. The Transaction Documents will also be governed by Belgian law, save for the Cap Agreement and the Standby Cap Agreement that will be governed by English law.

SECTION 4 - RISK FACTORS

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

4.1 Risks related to the Issuer

4.1.1 Belgian regulatory framework for securitisation vehicles

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

To date, the legislation provides for a single type of VBS: the so-called "institutional VBS". In order to qualify as an "institutional VBS" (***Institutional VBS***), the VBS/SIC must, *inter alia*, attract its funding exclusively from Qualifying Investors.

4.1.2 Status of the Issuing Company as an Institutional VBS and tax regime

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

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

4.1.3 Measures to safeguard the Issuing Company's status as an Institutional VBS

Article 271/6, §2 of the UCITS Act provides expressly that a listing on a regulated market accessible to the public (such as Euronext Brussels) and/or the acquisition of securities (including shares) of an institutional VBS by investors that are not Qualifying Investors, through third parties and outside the control of the VBS, would not adversely affect the status of an investment vehicle as an Institutional VBS, provided that:

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

(b) the VBS does not contribute to, nor promote, the holding of its securities by investors that are not Qualifying Investors acting for their own account.

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

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

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

(a) in respect of the shares of the Issuing Company:

  (i) the shares of the Issuing Company will be registered shares; and

  (ii) the by-laws of the Issuing Company contain transfer restrictions stating that its shares can only be transferred to Qualifying Investors acting for their own account, with the sole exception, if the case arises, of shares which in accordance with Article 271/6, §2 of the UCITS Act, would be held by the Seller as credit enhancement; and

  (iii) the by-laws of the Issuing Company provide that the Issuing Company will refuse the registration (in its share register) of the prospective purchase of shares, if it becomes aware that the prospective purchaser is not a Qualifying Investor acting for its own account (with the sole exception, if the case arises, of shares which in accordance with Article 271/6, §2 of the UCITS Act, would be held by the Seller as credit enhancement); and

  (iv) the by-laws of the Issuing Company provide that the Issuing Company 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 a Qualifying Investor acting for its own account (with the sole exception, if the case arises, of shares which in accordance with Article 271/6, §2 of the UCITS Act, would be held by the Seller as credit enhancement); and

(b) in respect of the Notes:

(i) the Notes will have the selling and holding restrictions described in *Section 16* (*Subscription and Sale)*; and

(ii) the Managers will undertake pursuant to the Class A Subscription Agreement in respect of primary sales of the Class A Notes, to sell the Class A Notes solely to Qualifying Investors acting on their own account and the Seller will pursuant to the Class B and C Subscription Agreement subscribe the Class B Notes and the Class C Notes; and

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

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

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

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

(vii) the Conditions of the Notes, the by-laws of the Issuing Company, 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 Qualifying Investors acting for their own account; and

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

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

By implementing these measures, the Issuing Company has complied with the conditions set out in the 2006 Royal Decree VBS. Without prejudice to the obligation of the Issuing Company not to contribute or to promote the holding of the Notes by investors other than Qualifying Investors, the measures guarantee to the Issuing Company, provided that it complies with these measures, that its status as Institutional VBS will not be challenged as a result of the admission to trading of the Class A Notes on Euronext Brussels or if it would appear that Notes are held by investors other than Qualifying Investors. The Issuer has undertaken in the Transaction Documents to comply at all times with the requirements set out in the 2006 Royal Decree VBS in order to qualify and remain qualified as an Institutional VBS.

4.1.4 Liabilities under the Notes

The Notes will be solely obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including (without limitation), any of the Transaction Parties (other than the Issuer). Furthermore, none of the Transaction Parties (other than the Issuer) or any other person, in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes or is or will be under any obligation whatsoever to provide additional funds to the Issuer (except in limited circumstances described herein). Therefore the recourse of the Noteholders is limited to assets of the Issuer.

4.1.5 Compartments - Limited recourse nature of the Notes

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

The Notes are issued by the Issuing Company, acting through its Compartment Penates-5. This is the fifth Compartment that has been created by the Issuing Company.

Article 271/11, §4 of the UCITS Act has the effect that:

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

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

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

All obligations of the Issuer to the Noteholders and the other Secured Parties have been allocated exclusively to Compartment Penates-5 of the Issuing Company and the Noteholders and the other Secured Parties only have recourse to the assets of Compartment Penates-5.

Article 271/11, §2 of the UCITS Act provides that the articles of association of the VBS determine the allocation of costs to the VBS and each compartment.

However, when no clear allocation of liabilities (including costs and expenses) to compartments of the Issuing Company has been made in a particular contract entered into by the VBS, it is unclear under Belgian law whether in such case the relevant creditor would

have recourse to all compartments of the Issuing Company. A similar uncertainty exists in relation to creditors whose claims are not based on a contractual relationship (e.g. social security authorities or creditors with claims in tort) and cannot be clearly allocated to a particular compartment. However, the parliamentary works to the predecessor of the UCITS Act (whose provisions have been incorporated in the UCITS Act) and legal writers suggest that, in the absence of clear allocation, the relevant creditor may claim against all compartments and the investors of these compartments would only have a liability claim against the directors of the VBS. Consequently and from that perspective, the liabilities of one compartment of the Issuing Company may affect the liabilities of its other compartments.

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

The obligations of the Issuer under the Notes are limited recourse obligations and the ability of the Issuer to meet its obligations to pay principal of, and interest on, the Notes, and for the Noteholders to receive payment thereof, will be dependent on the receipt by it of funds under the Loans, the proceeds of the sale of any Loans, the receipt by the Issuer of payments under the Cap Agreement or (upon activation thereof following a Standby Cap Trigger Event) under the Standby Cap Agreement, the receipt by it of interest in respect of the balances standing to the credit of the Issuer Accounts (other than the Cap Collateral Account, the Standby Cap Collateral Account and the Deposit Account) and the availability of amounts standing to the credit of the Reserve Fund and Deposit Account. See further under *Section 5* (*Credit Structure)* below.

Security for the payment of principal and interest on the Notes will be given by the Issuer to the Secured Parties, including the Security Agent acting in its own name, as creditor of the Parallel Debt, and as representative of the Noteholders pursuant to the Pledge Agreement. If the Security granted pursuant to the Pledge Agreement is enforced and the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to amounts due under the Notes, to repay in full all principal and to pay in full all interest and other amounts due in respect of the Notes, then, as the Issuing Company acting through Compartment Penates-5 has no other assets, it may be unable to satisfy claims in respect of any such unpaid amounts. Enforcement of the Security (based on assets belonging to Compartment Penates-5) by the Security Agent pursuant to the terms of the Pledge Agreement and the Notes is the only remedy available to Noteholders for the purpose of recovering amounts owed in respect of the Collateralized Notes and might be insufficient.

4.1.6 Insolvency of the Issuer

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

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

Pursuant to the Pledge Agreement, none of Secured Parties, including the Security Agent, (or any person acting on their behalf) shall until the date falling one year after the latest maturing Note is paid in full, initiate or join any person in initiating any insolvency proceeding or the appointment of any insolvency official in relation to the Issuer or any of its compartments.

4.1.7 Limited capitalisation of the Issuing Company

The Issuing Company is incorporated under Belgian law as a limited liability company (*naamloze vennootschap* / *société anonyme*) with a share capital of EUR 62,000 (of which EUR 1,000 is allocated to the Compartment Penates-5). In addition, the main shareholder is a Belgian *stichting / fondation* which has been capitalised for the purpose of its shareholding in the Issuing Company. There is no assurance that the shareholder will be in a position to recapitalise the Issuing Company, if the Issuing Company's share capital falls below the minimum legal share capital.

The Secured Parties will have no recourse to the Issuing Company's or the Issuer's issued and paid-up share capital.

4.1.8 Reliance on third parties

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

Noteholders should note that the Issuer will in particular be dependent on Belfius Bank NV/SA given its various roles under the Transaction respectively as Seller, Servicer, Administrator, the Cap Provider, Calculation Agent, Listing Agent and Domiciliary Agent. Due to the dependency on the performance of the relevant counterparties of their obligations in connection with the Transaction, a deterioration of the credit quality of any of these counterparties may also have an adverse effect on the rating of the Class A Notes.

4.1.9 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. Upon receipt by the Security Agent of any amount in payment of the paralled debt created under the Parallel Debt Agreement, the payment obligations of the Issuer towards the Secured Parties shall be reduced by an amount equal to the amount so received.

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 271/12, §1, first to seventh indent 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 Article 271/12, §1 of the UCITS Act to confirm this, the Issuer has been advised that such a parallel debt creates a claim of the Security Agent thereunder which can be validly secured by a pledge such as the pledge created by the Pledge Agreement and that, even if that were not the case, the pledges created pursuant to the Pledge Agreement should be valid and enforceable in favour of the Security Agent and the other Secured Parties.

4.1.10 Enforcement of Security

The Pledge Agreement is governed by Belgian law. Under Belgian law, upon the service of an Enforcement Notice, the Security Agent, acting in its own name, as creditor of the Parallel Debt, as representative of the Noteholders and as agent of the other Secured Parties, will be permitted to collect any moneys payable in respect of the Loans, any moneys payable under the Transaction Documents pledged to it and any moneys standing to the credit of the Issuer Accounts and to apply such moneys in satisfaction of obligations of the Issuer which are secured by the Pledge Agreement in accordance with the relevant Post-Enforcement Priority of Payment.

Based on the UCITS Act, the Security Agent will also be permitted to apply to the president of the commercial court (*rechtbank van koophandel*/*tribunal de commerce*) for authorisation to sell the pledged assets. The Secured Parties will have a first ranking claim over the proceeds of any such sale. Other than claims under the MLSA 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.

In addition to the other methods for enforcement permitted by law, Article 271/12, §2 of the UCITS Act also permits all Noteholders (acting together) to request the president of the commercial court (*rechtbank van koophandel*/*tribunal de commerce*) to attribute to them the pledged assets in payment of an amount estimated by an expert. In accordance with the terms of the Pledge Agreement, only the Security Agent shall be permitted to exercise these rights.

The terms on which the Security will be held will provide that upon enforcement, certain payments (including *inter alia* all amounts payable to the Security Agent, the Servicer, the Back-Up Servicer Facilitator, the Account Bank, the Cap Provider, the Stand-by Cap Provider, the Administrator, the Corporate Services Provider, the Accounting Services Provider and the Issuer Directors by way of fees, costs and expenses) will be made in priority to payments of interest and principal on the Notes. All such payments which rank in priority to the Notes and all payments of interest and principal on the Notes will rank ahead of all amounts then owing to the Seller under the MLSA.

The ability of the Issuer to redeem all the Notes in full (including after the occurrence of an Event of Default in relation to the Notes) while any of the Loans are still outstanding, may depend upon whether the Loans can be sold, otherwise realised or refinanced so as to obtain an amount sufficient to redeem the Notes. There is not an active and liquid secondary market for residential mortgage loans in Belgium. Accordingly, there is a risk that neither the Issuer

nor the Security Agent will be able to sell or refinance the Loans on appropriate terms should either of them be required to do so.

The enforcement rights of creditors are stayed during insolvency proceedings, including bankruptcy proceedings and judicial reorganisation proceedings. With respect to bankruptcy proceedings, the Secured Parties will be entitled to enforce their security, but only after the verification of claims submitted in the bankrupt estate has been completed and the liquidator (*curator/curateur*) and the supervising judge have drawn up a record of all liabilities. This normally implies a stay of enforcement of about two (2) months, but the liquidator may ask the court to suspend individual enforcement for a maximum period of one year from the date of the bankruptcy judgement.

This stay of enforcement does not apply, however, to the enforcement of a pledge over a bank account and over bank receivables (*bankvorderingen/créances bancaires*) and would not be applicable to the Issuer Accounts and the Loans in accordance with the provision of the law of 15 December 2004 on financial collateral (*Wet betreffende financiële zekerheden / Loi relative aux sûretés financières*)(as amended from time to time, the ***Financial Collateral Law***).

4.1.11 Foreclosure of the Loan Security

Without prejudice to the information set out in *Section 13 (The Seller)* below, in case of the procedures set out in Schedule 1 to the Servicing Agreement (***Foreclosure Procedures***), the sale proceeds of the sale of the Loan Security may not entirely cover the outstanding amount under such Loan. Subject to the availability of credit enhancement, there is a risk that a shortfall will affect the Issuer's ability to make the payments due to the Noteholders. Moreover, if action is taken by a third party creditor against a Borrower prior to Belfius acting as Servicer following the sale of the Loans to the Issuer, the Seller will not control the Foreclosure Procedures but rather will become subjected to any prior foreclosure procedures initiated by a third party creditor prior to the institution of Foreclosure Procedures by Belfius.

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

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

4.1.13 Mortgage Credit License

As from 1 November 2015, the status of credit providers of mortgage credit, including the requirements to be satisfied in order to be licensed and perform activities as a credit provider of mortgage credit, will be governed by Book VII of the Code of Economic Law replacing the regime of the mortgage institution governed by the Belgian Mortgage Credit Act. In accordance with Article 159 §1 of Book VII of the Code of Economic Law no one may exercise the activity of a provider of mortgage credit on the Belgian territory without having been licensed or registered by the FSMA. This rule also applies, subject to certain exceptions, to a transferee of mortgage credit claims.

In accordance with the transitory regime governed by the act of 19 April 2014 (concerning the introduction of Book VII "Payment and Credit Services" in the Code of Economic Law, in respect of definitions for Book VII, and on penalties in case of breaches of Book VII, Book I and Book and other diverse measures), on 1 November 2015 each mortgage institution was automatically granted a license as a provider of mortgage credit so that it is entitled to continue its activities. However, within a period of 18 months each such party needs to obtain a license as provider of mortgage credit in accordance with the provisions of the Code of Economic Law (as amended) and its implementing measures. To date, the Issuer has not yet obtained such definitive license.

4.2 Risk factors regarding the Notes

4.2.1 Risks inherent to the Notes

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

4.2.2 Subordination

The subordination of the Class B Notes with respect to Class A Notes ranking higher in point of payment and security is designed to provide credit enhancement to the Class A Notes. If, upon default by the Borrowers, the Issuer does not receive the full amount due from such Borrowers under and in respect of the relevant Loans, Noteholders may receive an amount that is less than what is due and payable by the Issuer in respect of the Principal Amount Outstanding and/or interest owed in respect of the Notes. Any losses on the Loans will be allocated as described in *Section 5 (Credit Structure)*, below.

The Class C Notes are subordinated in terms of payment of interest and principal in accordance with the Interest Priority of Payment to payment of interest on the Class A Notes and Class B Notes and, following the service of an Enforcement Notice, the Class C Notes are subordinated in terms of security to the Class A Notes and the Class B Notes.

The Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority amongst themselves upon the service of an Enforcement Notice. However, if the Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Class A2 Notes bearing a greater loss than that borne by the Class A1 Notes.

4.2.3 Risks associated with declining value of Collateral

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

4.2.4 Credit Risk

There is, in particular, a risk of loss on principal and interest on the Notes due to losses on principal and interest on the Loans. The ability of the Issuer to meet its obligations in full to pay principal of and interest on the Notes will be dependent on the receipt by it of funds under the Loans (as well as on the proceeds of the sale of any Loans, the receipt by it of payments under the Cap Agreement or Standby Cap Agreement and the receipt by it of interest in respect of the balances standing to the credit of the Transaction Account). See further Section 5 (*Credit Structure*). This risk is addressed and mitigated by:

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

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

(c) funds standing to the credit of the Transaction Account;

(d) the fact that the Class C Notes may only be redeemed when the Class A Notes have been redeemed in full on a Quarterly Payment Date from available Excess Cash, which means that such redemption is subordinated to all other liabilities of the Issuer other than the Deferred Purchase Price; and

(e) the daily sweep of amounts received under the Loans to the Transaction Account.

If, upon default by the Borrowers and after exercise by the Servicer of all available remedies in respect of the applicable Loans, the Issuer does not receive the full amount due from such Borrower, Noteholders may receive by way of principal repayment on the 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 the Notes.

The risk regarding the payments on the Loans is influenced by, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors could ultimately have an adverse impact on the ability of Borrowers to repay their Loans.

4.2.5 Liquidity Risk

There is a risk that interest and/or principal on the underlying Loans is not received (or transferred into the Transaction Account) on a timely basis thus causing temporary liquidity problems to the Issuer. For payment of interest, this risk should be addressed and mitigated by: (a) first the Reserve Fund and (b) second the Principal Available Amount which in accordance with the Principal Priority of Payments can be applied to cover any Class A Interest Shortfall. See *Sections 5.4 and 5.7.6* below.

4.2.6 Prepayment Risk

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

The average maturity of the Notes may be affected by a higher or lower than anticipated rate of prepayments on the Loans. The rate of prepayment of Loans is influenced by a wide variety of economic, social and other factors including prevailing market interest rates, changes in tax laws (including but not limited to mortgage payments 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 prepayments of principal on any Loan prior to its scheduled due date in accordance with the provisions for prepayments provided for in the relevant Loan Documents (each a ***Prepayment***) that the Loans may experience, and variation in the rate of prepayments of principal on the Loans may affect each Class and Sub-Class of Notes differently by shortening the term of the Notes.

This risk is mitigated by (i) the contractual penalty in the event of a Prepayment (each a ***Prepayment Penalty***) which in most cases of prepayment is payable by the Borrower (except that no Prepayment Penalty might be due if the Prepayment is made in the context of the refinancing of a mortgage loan by a new mortgage loan originated under the same Credit Facility) and (ii), in case of prepayment in view of a refinancing on the basis of a new mortgage loan which is not covered by the Shared Mortgage securing the existing mortgage loan, the notarial and tax costs related to the origination of a new mortgage loan.

In accordance with Article VII.145 of the Belgian code of economic law (*Wetboek Economisch Recht / Code de Droit Économique*) dated 28 February 2013, (as amended from time to time, the ***Code of Economic Law***), the Borrower may at any time prepay the entire outstanding amount of its Loan(s). In accordance with the Book VII, Title 4, Chapter 2 of the Code of Economic Law, full or partial prepayment is in principle also allowed at any time, unless the loan documentation contains restrictions in this respect. The Seller's general conditions provide that full or partial prepayments are always possible subject to certain conditions or prepayment penalties.

In the case of a prepayment of a Loan subject to Book VII, Title 4, Chapter 2 of the Code of Economic Law, a Prepayment Penalty of no more than three (3) months interest on the prepaid amount, calculated at the interest rate then applicable to the Loan, is payable (except in case of: (a) the death of a Borrower if the Loan is repaid from the proceeds of the debt insurance (*schuldsaldoverzekering/assurance solde restant dû*) (***Debt Insurance***) taken out in relation to the Loan; or (b) in case of destruction of or damage to the property because of hazard, to the extent that the prepayment occurs with funds paid pursuant to a hazard insurance policy relating to the Loan).

4.2.7 Maturity Risk

The ability of the Issuer to redeem all the Notes in full/or to pay all amounts due to the Noteholders on an Optional Redemption Date, or on the Final Redemption Date will depend on whether the value of the Loans sold or otherwise realised is sufficient to redeem the Collateralized Notes (for early redemption on the First Optional Redemption Date and the Second Optional Redemption Date or for early redemption in accordance with Conditions

5.14, 5.19, 5.21 or 5.23) or the Class A Notes (for early redemption as from the Third Optional Redemption Date) and on its ability to find a purchaser for the Loans.

4.2.8 Interest and Interest Rate Risk

The Issuer will receive, amongst other things, interest payments pursuant to the Loans calculated by reference to fixed interest rates. Before the First Optional Redemption Date, the Notes will bear a floating rate of interest based on three-month EURIBOR plus a margin and only for the Class B Notes, such rate will be capped at a maximum rate. As from the First Optional Redemption Date, the Class A will bear a floating rate of interest based on three-month EURIBOR plus a margin, which will be capped at a maximum rate. After such date, the Class B Notes and C Notes will not bear any interest.

Interest rate risk- Risks related to hedging

The Issuer will enter into Cap Agreement with the Cap Provider and the Security Agent and into a Standby Cap Agreement with the Standby Cap Provider and the Security Agent on or before the Closing Date until (but excluding) the First Optional Redemption Date, in order to mitigate its interest rate risk, as the Loans owned by the Issuer bear interest at fixed rates while the Collateralized Notes will bear interest at floating rates. It should however be noted that the cap notional amount might be lower than the outstanding balance of the Class A Notes.

If the floating rate payable by the Cap Provider under the Cap Agreement (or by the Standby Cap Provider under the Standby Cap Agreement upon activation thereof following a Standby Cap Trigger Event (as defined in Section 5.8), as the case may be) is substantially higher than the Cap Strike Rate, the Issuer will be more dependent on receiving payments from the Cap Provider (or the Standby Cap Provider, as applicable) in order to make interest payments on the Class A Notes.

The Issuer makes one single payment under the Cap Agreement to the Cap Provider on the Closing Date. Furthermore, upon the Standby Cap Agreement being activated following a Standby Cap Trigger Event, the Issuer will make a single payment to the Standby Cap Provider based on the lower of (i) the close-out amount and (ii) the amount standing on the cap collateral account. In addition, in case the payment from the Issuer to the Standby Cap Provider is lower than the early termination amount, then the Issuer and the Standby Cap Provider shall mutually agree to transfer any residual claim of the Issuer on the Cap Provider to the Standby Cap Provider.The Cap Provider (or the Standby Cap Provider, as the case may be, upon activation of the Standby Cap Agreement) may have to make payments on the third (3rd) Business Day before any Quarterly Payment Date while the Cap Agreement (or Standby Cap Agreement, as applicable) is in force.

The Cap Agreement (and the Standby Cap Agreement, provided that prior to the occurrence of a Standby Cap Trigger Event (c) and (h) below will not apply in respect of the Standby Cap Agreement and after the occurrence of a Standby Cap Trigger Event, (c)(i) below will not apply in respect of the Standby Cap Agreement) generally may not be terminated except upon, inter alia:

(a) the failure of either party to make payments when due;

(b) the occurrence of an Event of Default (as defined in the Conditions) that results in the service of an Enforcement Notice;

(c) the early redemption of the Notes (i) following the exercise of the Clean Up Call, (ii) following the exercise of a Regulatory Call, (iii) as a result of an Optional Redemption in case of Change of Law or (iv) as a result of an Optional Redemption for Tax Reasons;

(d) the insolvency of either party;

(e) illegality;

(f) certain tax events;

(g) the making of an amendment to the Transaction Documents that adversely affects the Cap Provider (or the Standby Cap Provider) without its consent; or

(h) the failure of the Cap Provider (or, upon activation, the Standby Cap Provider) to post collateral, to assign the Cap Agreement (or, the Standby Cap Agreement, as the case may be) to an eligible substitute cap provider or to take other remedial action if the Cap Provider's (or the Standby Cap Provider as applicable) credit ratings drop below the minimum cap provider rating levels required to support the then current ratings of the Class A Notes.

For the avoidance of doubt, the failure of the Cap Provider to make a payment or delivery under the Cap Agreement does trigger an early termination of the Cap Agreement and will constitute a Standby Cap Trigger Event. The failure of the Cap Provider to assign the Cap Agreement to an eligible substitute cap provider (or to take other remedial actions) in line with Fitch or Moody’s criteria following a rating downgrade does also trigger an early termination, but will however not constitute a Standby Cap Trigger Event.

Upon early termination of the Cap Agreement (or the Standby Cap Agreement, as applicable), a termination payment may be due to the Issuer. Any such termination payment could be substantial if market interest rates and other conditions have changed materially. To the extent not paid and to the extent an upfront payment to a replacement cap provider is needed, the Issuer may not be able to enter into a replacement cap agreement and payments on the Collateralized Notes may be reduced or delayed.

If both the Cap Provider’s and, as long as the Standby Cap Agreement is in force, the Standby Cap Provider’s credit rating fall below certain ratings and a termination event occurs under the Cap Agreement or, as applicable, the Standby Cap Agreement, because the Cap Provider or the Standby Cap Provider, as applicable, fails to take one of the possible corrective actions, the Rating Agencies may place the ratings on the Class A Notes on watch or reduce or withdraw their ratings if the Issuer does not replace the Cap Provider or the Standby Cap Provider, as the case may be. In these circumstances, ratings on the Class A Notes could be adversely affected.

As from the First Optional Redemption Date, no cap agreement or other hedging agreement is in place or is intended to be in place or be put in place in order to mitigate the interest rate risk for the Issuer. As a consequence, there is a risk that the interest received in respect of the Loans is not sufficient to pay the interest on the Class A1 Notes and the Class A2 Notes.

Taxation

All payments by the Issuer or the Cap Provider under the Cap Agreement (or, as the case may be, by the Standby Cap Provider under the Standby Cap Agreement) will be made without

any deduction or withholding for or on account of tax unless such deduction or withholding is required by law. The Issuer will not in any circumstances be required to gross up if deductions or withholding taxes are imposed on payments made under such Cap Agreement or Standby Cap Agreement, as applicable.

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

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

(b) any change in tax law,

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

Failing such remedy, the Cap Agreement or, as applicable, the Standby Cap Agreement may be terminated and, if terminated, the Notes will become subject to Optional Redemption unless a replacement cap agreement is entered into.

Novation

Except as expressly permitted in the Cap Agreement or the Standby Cap Agreement, as the case may be, the Issuer, and the Cap Provider (or the Standby Cap Provider) are not permitted to assign, novate or transfer as a whole or in part any of their rights, obligations or interests under the relevant Cap Agreement (or the Standby Cap Agreement). The Cap Agreement (or the Standby Cap Agreement) will provide that the Cap Provider (or the Standby Cap Provider) may novate or transfer the relevant cap agreement to another cap provider with the Minimum Cap Provider Ratings or any such other rating as accepted by the Rating Agencies.

See further *Section 5.8 (Interest Rate Hedging).*

4.2.9 Coupon Excess Consideration

Interest on the Class A Notes for each Interest Period as from the First Optional Redemption Date will accrue at the lower of (i) the Coupon Rate; and (ii) the Maximum Rate.

In addition thereto, the Class A Noteholders may in accordance with the Post-FORD Interest Priority of Payments, on a *pro rata* and *pari passu* basis and in accordance with the amount of Coupon Excess Consideration due on the Class A1 Notes and the Class A2 Notes at such time, be entitled to the Coupon Excess Consideration, if sufficient amounts remain available for such purpose in accordance with the application of the Post- FORD Interest Priority of Payments.

The Coupon Excess Consideration will be subordinated to payments of a higher order of priority including, but not limited to, any amount necessary to (i) make good any shortfall reflected in the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero and (ii) replenish the Reserve Fund up to the amount of the Reserve Fund Required Amount.

As a consequence of the subordination there is an increased risk that the Interest Available Amount will not be sufficient to pay the amounts of Coupon Excess Consideration due, if any, on a Quarterly Payment Date. In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to pay in full the amounts of Coupon Excess Consideration due on such Quarterly Payment Date, the amount available (if any) shall be applied towards satisfaction of the Coupon Excess Consideration due on such Quarterly Payment Date to the Class A Noteholders on a *pro rata* and *pari passu* basis and in accordance with the respective amount of Coupon Excess Consideration to be distributed to the Class A1 Notes and the Class A2 Notes at such time. The Administrator will on behalf of the Issuer maintain two ledgers which will reflect the Coupon Excess Consideration which cannot be distributed on the Class A1 Notes and the Class A2 Notes respectively (such ledgers, the ***Coupon Excess Consideration Deficiency Ledgers***).

The Issuer shall credit the applicable Coupon Excess Consideration Deficiency Ledgers with an amount equal to the amount by which the aggregate amount of Coupon Excess Consideration paid on the Class A Notes falls short of the aggregate amount of Coupon Excess Consideration payable on the Class A Notes on that Quarterly Payment Date. Such shortfall shall not be treated as due on that date for the purposes of Conditions 4 and 9 and the balance of the Coupon Excess Consideration Deficiency Ledger shall be aggregated with the amount of the Coupon Excess Consideration due on the next succeeding Quarterly Payment Date.

However, this risk is mitigated by the fact that the debit balance of the Coupon Excess Consideration Deficiency Ledgers can be reduced in accordance with both the Post-FORD Interest Priority of Payments and the Principal Priority of Payments.

Non-payment of Coupon Excess Consideration will not constitute an Event of Default. The credit ratings assigned by the Rating Agencies do not address the likelihood of any payment of the Coupon Excess Consideration.

4.2.10 Optional Redemption of all Notes

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

4.2.11 Commingling Risk

The Issuer's ability to make payments in respect of the Notes and to pay its operating and administrative expenses depends on funds being made available by the Borrowers and such funds subsequently being swept on a daily basis by the Servicer to the Issuer's Transaction Account. In case of insolvency of the Seller, the recourse the Issuer would have against the Seller would be an unsecured claim against the insolvent estate of the Seller for collection

moneys obtained by the Seller from the Borrowers (by direct debit of the accounts of the Borrowers) in connection with the Loans and not yet transferred to the Issuer's Transaction Account. This risk is mitigated by:

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

(ii) a Risk Mitigation Deposit Trigger Event according to which the Seller is required to make a deposit on a cash deposit account to be held in the name of the Issuer in accordance with the provisions of Clause 5 of the MLSA in order to indemnify the Issuer against losses resulting from, *inter alia*, commingling risk.

See also *Section 11.4 (Mitigation of Commingling Risk).*

4.2.12 Weighted Average Life of the Collateralised Notes

Details of the Weighted Average Life of the Collateralized Notes can be found in Section 7.4 (*Weighted Average Life*) of this Prospectus. The Weighted Average Life of the Collateralized Notes is subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the estimates and assumptions in Section 7.4 (*Weighted Average Life*) will prove in any way to be correct. The estimated Weighted Average Life must therefore be viewed with considerable caution and Noteholders should make their own assessment thereof.

4.2.13 No Gross-Up for Taxes

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

4.2.14 The Security Agent may agree to modifications, waivers and authorisations 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 (subject to *Section 4.2.15 below*) the other Secured Parties, to (i) any modification of any of the provisions of the Pledge Agreement, the Notes or any other Transaction Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Pledge Agreement, the Notes or any other Transaction Documents which is in the opinion of the Security Agent not materially prejudicial to the interests of the Noteholders and the other Secured Parties. Any such modification, authorisation or waiver shall be binding on the Noteholders and the other Secured Parties. The Security Agent shall have regard to the general interests of the Noteholders as a whole, or where applicable of the Noteholders of a Class of Notes, but shall not have regard to any interests arising from circumstances particular to individual Noteholders or the consequences of any such exercise for individual Noteholders. Accordingly, a conflict of interest may arise to the extent that the interests of a particular Noteholder are not aligned with those of the Noteholders generally.

4.2.15 Modifications to the Transaction Documents

If in the Security Agent's opinion any proposed variation or amendment of, or addition to, any of the Transaction Documents could lead to a material negative change in the position of the Cap Provider and/or the Standby Cap Provider under the Transaction Documents(such as but not limited to a change in the priority of payments with regard to the payments due to the (Standby) Cap Provider), the Security Agent will submit the proposal to the prior approval of the Cap Provider and/or the Standby Cap Provider as applicable. If the Security Agent would agree to such modifications, amendments and waivers of provisions of the Transaction Documents (including modifications, waivers and amendments resulting from noteholder meetings) without the consent of the Cap Provider and/or the Standby Cap Provider (as applicable), this could lead to an Additional Termination Event under the Cap Agreement and/or the Standby Cap Agreement as specified therein or a breach under the Pledge Agreement.

4.2.16 Rating of the Class A Notes

The ratings of the Class A Notes by Fitch address the assessment of Fitch of the likelihood of the full and timely payment of interest (but, for the avoidance of doubt, not the Coupon Excess Consideration, with regard to Class A Notes) on each Quarterly Payment Date and ultimate repayment of principal on or before the Final Redemption Date, in accordance with the Conditions of respectively the Class A Notes.

The ratings of the Class A Notes by Moody's address the assessment of Moody's of the likelihood of a default on contractually promised payments (but, for the avoidance of doubt, not the payment of the Coupon Excess Consideration, with regard to Class A Notes) and the expected financial loss suffered in the event of default. Ratings may therefore not reflect all risks.

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

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

A security rating or an outlook on such rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency if in its judgement the circumstances (including, but not limited to, a

reviewed assessment of the Account Bank or the Cap Provider or the Standby Cap Provider) so requires.

4.2.17 Value of the Notes and limited liquidity of the Notes

Prior to this offering, there has been no public secondary market for the Notes and there can be no assurance that the issue price of the Notes will correspond with the price at which the Notes will be traded after the offering of the Notes. Furthermore, there can be no assurance that active trading in the Notes will commence or continue after the offering. A lack of trading in the Notes could adversely affect the price of the Notes, as well as the Noteholders' ability to sell the Notes.

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

A decrease in liquidity of the Notes may cause an increase in the volatility associated with the price of the Notes. Investors may not be able to sell their Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

For a certain period, the secondary market for mortgage-backed securities is experiencing significant disruptions resulting from reduced investor demand for such securities. This has had a material adverse impact on the market value of mortgage-backed securities similar to the Notes and resulted in the secondary market for mortgage-backed securities experiencing very limited liquidity.

Limited liquidity in the secondary market has had and may continue to have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. These market conditions may continue or worsen in the future.

In addition, potential investors should be aware of the prevailing global credit market conditions (which continue at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. In particular, it should be noted that the market for the Notes is likely to be affected by any restructuring of sovereign debt by countries in the Eurozone. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and investments similar to the Notes at that time. An investor in the Notes may not be able to sell or acquire credit protection on its Notes readily and market values of the Notes are likely to fluctuate and may be difficult to determine. Any of these fluctuations may be significant and could result in significant losses to an investor.

4.2.18 Suspension of the interest payment for investors that are not Qualifying Investors

Investors should be aware that they may lose their right to receive interests on their Notes if they are no longer considered as Qualifying Investors. In the event that the Issuer becomes aware that particular Notes are held by investors other than Qualifying Investors acting for their own account in breach of the requirements, the Issuer will suspend interest payments relating to these Notes until such Notes will have been transferred to and held by Qualifying

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

4.2.19 Events of Default and Enforcement

Noteholders should be aware that they will not have individual rights to trigger an enforcement of the Notes or to take enforcement action against the Issuer or the Collateral. Upon the occurrence of certain specified events of default (including payment default, insolvency events and loss of status as institutional VBS/SIC having an adverse effect on the Transaction), the Security Agent may, and shall if so requested in writing by the Noteholders holding not less than twenty-five (25) per cent. in aggregate Principal Amount Outstanding of the highest ranking Class of Notes outstanding or by an Extraordinary Resolution of the holders of the highest ranking Class of Notes outstanding, serve an Enforcement Notice. In the event that the Issuer were to breach other contractual obligations not amounting to an Event of Default, the Noteholders will however not have a right to accelerate the Notes under the Conditions or the Transaction Documents.

4.2.20 Risk of early redemption as a result of the option for a Clean-Up Call, the Regulatory Call Option, the Optional Redemption in case of Change of Law or for Tax Reasons

The Issuer will have the option to redeem the Notes in case of Change of Law, for tax reasons or in case the aggregate Principal Amount Outstanding of the Collateralized Notes is less than 10 per cent of the aggregate Principal Amount Outstanding of the Collateralized Notes on the Closing Date and the Issuer shall redeem the Notes in case the Seller exercises the option to repurchase to Loans in case of a Regulatory Change , on any Quarterly Payment Date, whether or not falling before or after the First Optional Redemption Date, in accordance with the Conditions. If the Issuer or the Seller exercises any of such options, the Notes may be redeemed prior to the First Optional Redemption Date and will be redeemed prior to the Final Redemption Date, as applicable. The Issuer will give notice to the Noteholders in accordance with the Conditions.

4.2.21 The performance of the Notes may be adversely affected by the recent conditions in the global financial markets

Global markets and economic conditions have been negatively impacted in the recent years by market perceptions regarding the ability of certain EU Member States to service their sovereign debt obligations, including in Greece, Spain, Ireland, Italy, Portugal and Cyprus. The continued uncertainty over the outcome of the EU governments' financial support programs and the possibilities that other EU Member States may experience similar financial troubles could further disrupt global financial markets. In particular, it has and could in the future disrupt equity markets and result in volatile bond yields on the sovereign debt of EU members. These developments could have material adverse impacts on financial markets and economic conditions throughout the world and, in turn, the market's anticipation of these impacts could have a material adverse effect on the business, financial condition and liquidity of counterparties of the Issuer to the Transaction Documents. Failure to perform obligations under the Transaction Documents may adversely affect the performance of the Notes. These factors and general market conditions could adversely affect the performance of the Notes. There can be no assurance that governmental or other actions will improve these conditions in the future.

4.2.22 Noteholders may have exposure on the Security Agent

Any payments in respect of the Parallel Debt and any proceeds received by the Security Agent are, in the case of the bankruptcy (*faillissement*) or (preliminary) suspension of payments (*surseance van betaling*) of the Security Agent, not separated from the Security Agent's other assets. The Secured Creditors therefore have a credit risk on the Security Agent. This credit risk has been mitigated by setting the Security Agent up as a bankruptcy remote entity, however there remains a risk that the Security Agent is declared bankrupt or is subjected to (preliminary) suspension of payments and as a consequence the Noteholders may not receive (full) payment from the Security Agent in case the Security is enforced.

4.3 Risk factors regarding the Loans

4.3.1 True Sale of Loans and the Security

4.3.1.1 True Sale

Pursuant to the MLSA, the Seller shall transfer to the Issuer the full economic benefit of, and the legal title to, the Loans and all other Collateral. The sale of the Loans and the Collateral will be a true sale to the effect that, upon an insolvency or bankruptcy of the Seller, the Loans will not form part of the insolvent estate or be subject to claims by the Seller's liquidator or creditors except as set out in *Section 11.2.1*.

The sale shall have the following characteristics:

(a) the Issuer shall have no recourse to the Seller except that (i) the Seller may be required to repurchase Loans in relation to which there is a breach of representation, warranty and Eligibility Criteria at the time of the transfer of the Loans or in the case of a Non-Permitted Variation; and (ii) the Seller may be required to indemnify the Issuer for all costs, loss and damages incurred as a consequence of such breach; and

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

For further details on the MLSA, see *Section 11 (Mortgage Loan Sale Agreement)*, below.

4.3.1.2 Effectiveness of sale of and pledge over Loans

The effectiveness of a transfer or pledge of mortgage loans towards third parties, including the creditors of the Seller, is subject to Article 5 of the Belgian Act of 16 December 1851 on liens and mortgages (the ***Mortgage Act***) which prescribes a notary deed and marginal notation of the transfer or pledge in the local mortgage register. Articles 81ter and following of the Mortgage Act grant an exemption from Article 5 of the Mortgage Act in relation to a transfer and pledge of mortgage loans by or to a an institutional VBS, so that a transfer or pledge of mortgage loans to or by a VBS is enforceable against third parties (*tegenwerpelijk aan derden/opposable aux tiers*) without marginal notation.

As to (the maintenance of) the status of the Issuing Company as an Institutional VBS, see *Section 4.1.2*. A loss of the status as an Institutional VBS would result in the exemption set out in Article 81ter and following of the Mortgage Act not being available and therefore in an absence of an effective sale of and pledge over the Loans, except if they would qualify as

financial institution or any other entity as mentioned in Article 81ter and following of the Mortgage Act.

4.3.2 Set-Off and defense of non-performance

Set-off following the sale of the Loans

The sale of the Loans to the Issuer and the pledge of the Loans to the Security Agent and the other Secured Parties will not be notified to the Borrowers or to the Insurance Companies nor to third party providers of a Loan Security, except in certain circumstances. Set-off rights may therefore continue to arise in respect of cross-claims between a Borrower (or third party provider of collateral) 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. In such case this could limit the amounts received by the Issuer, which could in its turn refrain the Issuer to fulfil its payment obligations under the Transaction, to the extent the Seller would be declared bankrupt or would no longer be able to indemnify the Issuer.

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

In addition, the provisions of the act of 3 August 2012 on various measures to facilitate the mobilisation of receivables in the financial sector (*wet betreffende diverse maatregelen ter vergemakkelijking van de mobilisering van schuldvorderingen in de financiële sector / loi relative à des mesures diverses pour faciliter la mobilisation de créances dans le secteur financier*) as amended from time to time, (the ***Mobilisation Act***) have now further reduced the risk that amounts receivable under the Loans and the Loan 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 Loans (and/or the Loan Security) to the assigned Borrowers (or acknowledgement thereof by the assigned Borrower), to the extent the conditions for set-off are only satisfied after such notification (or acknowledgment); and (b) regardless of any notification or acknowledgement 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.

Defense of non-performance

Under Belgian law a debtor may in certain circumstances in case of default of its creditor invoke the defense of non-performance, pursuant to which it would be entitled to suspend payment under its obligations until its counterparty has duly discharged its obligations due and payable to the debtor. In such case this defense could limit the amounts received by the Issuer, which could in its turn refrain the Issuer from fulfilling its payment obligations under the Transaction, to the extent the Seller would be declared bankrupt or would no longer be able to indemnify the Issuer. The exception of non-performance is subject to various conditions, the most important ones being: (a) the debt in respect of which payment is suspended must be due and must be conditional upon payment of a debt owed by the other party; (b) the other party must have defaulted on its debt, in a material way; (c) the amount/value involved in the suspension must be in proportion to the amount/value of the default; (d) finally, there must be a close interrelationship between the two debts, typically such close interrelationship is accepted to exist where both debts arise under the same contract

or otherwise are so closely interrelated that they are a part of a single transaction (as to the possible existence of closely interrelated debts, see *Set-off following the sale of the Loans* above). If all such conditions are met, the defense of non-performance may be invoked by a Borrower in respect of a Loan.

However, pursuant to the Mobilisation Act, the assigned debtor cannot invoke the defence of non-performance (a) following notification of the assignment of the Loan (and/or the Loan Security) to the assigned debtors (or acknowledgement thereof by the assigned debtor), to the extent the conditions for defense of non-performance are only satisfied after such notification (or acknowledgment); and (b) regardless of any notification or acknowledgement 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 defense of non-performance are only satisfied following or as a result of such insolvency proceedings or concurrence of creditors.

4.3.3 No notification of the Sale and Pledge

Article 1690 of the Belgian Civil Code (*Belgisch Burgerlijk Wetboek* / *Code Civil Belge*) will apply to the transfer of the Loans. Between the Seller and the Issuer, as well as against third parties (other than the Borrowers) the Loans are transferred on the Closing Date without the need for Borrowers' involvement. The sale of the Loans to the Issuer and the pledge of the Loans to the Noteholders and the other Secured Parties will not be notified to or acknowledged by the Borrowers or to the Insurance Companies or third party providers of additional collateral until the occurrence of a Notification Event.

Until such notice to (or acknowledgement by) the Borrowers, the Insurance Companies and third party providers of collateral:

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

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

such transfer or pledge after the Closing Date and the Issuer will make a similar undertaking to the Security Agent;

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

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

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

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

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

The MLSA provides that upon the occurrence of certain Notification Events, including the giving of a notice by the Security Agent under Condition 9 (*Events of Default*) declaring that the Notes are immediately due and repayable (an ***Enforcement Notice***), the Seller, unless otherwise instructed by the Security Agent, (i) will be required to give notice to the Borrowers, the Insurance Companies or any other debtor of any assigned right or collateral (as described in *Section 11.3.5*, below) and (ii) might instruct the relevant Borrowers of the Loans and any other relevant parties indicated by the Issuer and/or the Security Agent, including the Insurance Companies or other third party collateral providers to pay any amounts due directly to a specified account. If the Seller fails to comply with any such request of the Security Agent forthwith upon (a) receipt of such Enforcement Notice or (b) the occurrence of another Notification Event, the Issuer and the Security Agent shall (at the expense of the Seller) be entitled to give such notice(s).

4.3.4 Shared Mortgages

All the Loans constitute term advances under a revolving credit facility (*kredietopening / ouverture de crédit*) (a ***Credit Facility***). The mortgages (*hypotheek / hypothèque*) (***Mortgage***) securing such Loans secure all advances made from time to time under such Credit Facility and in addition all other amounts which the Borrower owes or in the future may owe to the Seller. A Mortgage which secures all other amounts which the Borrower owes or in the future may owe to the Seller in addition to the Loan or the Credit Facility is called an all sums mortgage (*alle sommen hypotheek/hypothèque pour toute somme*) (an ***All Sums Mortgage***).

As a consequence of the sale of a Loan to the Issuer, the Issuer and the Seller shall thus share the benefit of the same Mortgage (a ***Shared Mortgage***) since it will secure both the Loan (security in favour of the Issuer) and other loans originated under the same Credit Facility, if any, or any other obligations owing from time to time to the Seller, if any (security in favour of the Seller).

Pursuant to Article 81quater of the Belgian Mortgage Act, advances granted under a revolving facility secured by a mortgage can be transferred to a VBS, such as the Issuer. Furthermore, pursuant to Articles 81quater and 81quinquies of the Belgian Mortgage Act, an advance or loan secured by an All Sums Mortgage which is transferred to a VBS, 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. However, whereas the transferred loan ranks in priority to further loans, it will have equal ranking with loans or debts which existed at the time of the transfer and which were secured by the same All Sums Mortgage, unless contractually deviated.

To mitigate any competing claims in respect of Loans secured by an All Sums Mortgage or in respect of Loans originated under the same Credit Facility, the MLSA provides that all loans or other debts existing at the time of the transfer of a Loan and which are secured by the same Mortgage are subordinated to the Loan in relation to all sums received out of the enforcement of the Mortgage and any Additional Security. Pursuant to Article 81quater, §2, al. 3, such subordination is enforceable against third parties including third party creditors of the Seller.

See the representations and warranties given pursuant to the MLSA in this effect (see *Section 11.2 (Representations, Warranties and Eligibility Criteria)*).

4.3.5 Loans only partially secured by a Mortgage

Certain Loans are only partly secured by a Mortgage (meaning that the mortgage inscription is for a lower amount than the initial loan amount). Where a Loan is only partly secured by a Mortgage, the Borrower of the relevant Loan or a third party provider of Loan Security may have granted a Mortgage Mandate. A Mortgage Mandate does not constitute an actual security which creates a priority right of payment out of the proceeds of a sale of the Mortgaged Property, but 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 Loan Security to certain attorneys enabling them to create a Mortgage as security for the Loan, or, as the case may be, for other existing or future loans or all other sums owed by the Borrower to the Seller at any stage. A Mortgage will only become enforceable against third parties upon registration of the Mortgage at the Mortgage Registration Office. The ranking of the Mortgage is based on the date of registration. The Mortgage that is recorded first at the Mortgage Register will rank first. Mortgages recorded on the same day will rank *pari passu*. The registration is dated the day on which the mortgage deed pertaining to the creation of the Mortgage and the "registration extracts" (*borderellen / bordereaux*) are registered at the

Mortgage Registration Office in the mortgage register. When a Mortgage Mandate is transformed into a Mortgage, stamp duties (*registratierechten/droits d'enregistrement*) and other costs will be payable, which, in the absence of payment by the Borrower, will have to be advanced by the Servicer and recovered from the Borrower.

Investors should be aware that the Borrower or the third party provider of Loan Security that has granted a Mortgage Mandate, may grant (i) a mortgage to a third party that will rank ahead of the Mortgage to be created pursuant to the conversion of the Mortgage Mandate or (ii) a mortgage mandate to a third party that may be converted ahead of the Mortgage Mandate granted to the Seller, although this would generally constitute a breach of the contractual obligations of the Borrower or the third party provider of Loan Security.

In addition, it may not be possible to create an enforceable Mortgage by means of converting a Mortgage Mandate in certain circumstances, such as for example and without limitation, where a conservatory or an executory attachment of the real property covered by the Mortgage Mandate has been filed by a third party creditor of the Borrower or, as the case may be, of the third party collateral provider as against such third party, where the Borrower or the third party collateral provider is the subject of insolvency proceedings or collective debt settlement proceedings or where the Borrower or the third party collateral provider dies before the conversion.

4.3.6 Insurances

The Issuer as mortgagee enjoys statutory protection under Article 10 of the Mortgage Law and Article 112 of the Insurance Act of 4 April 2014 on insurances (*Wet betreffende de verzekeringen/Loi relative aux assurances*) (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 112, §2 of the Insurance Act, however, provides that the Insurance Company can pay out the indemnity to the insured in case the holder of an unpublished/undisclosed security over the property does not oppose this by prior notification. As the assignment of the Loan and the Mortgage to the Issuer will not be noted in the margin of the mortgage register, the question arises to what extent the lack of disclosure of the assignment could prejudice the Issuer's rights to the insurance proceeds. Although there are no useful precedents, the assignment should not prejudice the Issuer's position because (i) the Mortgage will remain validly registered notwithstanding the assignment and (ii) the Issuer would be the assignee and successor of the Seller. Whether the Insurance Company needs to pay to the Seller or to the Issuer would not be of any interest to the Insurance Company.

A notification issue also arises in connection with Article 120, §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 120, §2 of the Insurance Act:

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

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

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

Insurance Policy/ies means any and all hazard insurance(s), fire insurance(s) or Debt Insurance(s) (in respect of a Borrower or a Mortgaged Property).

4.3.7 Risks of losses associated with declining values of Mortgaged Properties

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 Properties. No assurance can be given that values of the Mortgaged Properties have remained or will remain at the level at which they were on the date of origination of the related Loans. A decline in value of the relevant Mortgaged Properties may result in losses to the relevant Noteholders if the relevant security rights on the relevant Mortgaged Property are required to be enforced. The Seller will not be liable for any losses incurred by the Issuer in connection with the Loans.

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

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

4.3.9 Assignment of salary

The assignment by a Borrower (who is an employee) of his/her salary is governed by special legislation (Articles 27 to 35 of the Belgian Act of 12 April 1965 on the protection of the salary of employees (the ***Salary Protection Act***)).

The Salary Protection Act provides for specific formalities for a valid assignment of salary, but is silent on eventual specific requirements in relation to the assignment of a Loan that is secured by such assignment of salary.

In the absence of reported precedents, it is not absolutely certain to which extent the Seller can validly transfer the benefit of such assignment to the Issuer. Therefore, there is the risk that the Issuer may not have the benefit of such arrangement in case of insolvency of the Seller, which may adversely affect the ability of the Issuer to meet its obligations in full to pay interest and principal in respect of the Notes.

Moreover:

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

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

4.3.10 Data Protection

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

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

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.

Non-compliance with these regulations may expose the Issuer to legal sanctions and penalties which could have a negative impact on its capacity to (re)pay the Notes.

4.4 Risks factors relating to the portfolio information

4.4.1 No Searches and Investigations

None of the Issuer or the Security Agent have made or caused to be made or will make or cause to be made, any enquiries, investigations or searches to verify the details of the mortgage loans originated by Belfius (or any of the other Originators) and sold by the Seller pursuant to the MLSA (the ***Loans***) or the Loan Security, or to establish the creditworthiness of any Borrower, or any other enquiries, investigations or searches which a prudent purchaser of the Loans would ordinarily make, and each will rely instead on the representations and warranties given by the Seller in the MLSA. These representations and warranties will be given in relation to the Loans, Loan Security and all rights related thereto.

If there is an unremedied material breach of any representation and/or warranty in relation to any Loan and Loan Security relating thereto and the Seller has not remedied this within five (5) Business Days after being notified thereof in writing by the Issuer or it cannot be remedied, the Seller shall (at the direction of the Issuer or the Security Agent) on the first Business Day of the next Monthly Collection Period following expiry of the five (5) Business Day period mentioned above, indemnify the Issuer for all damages, loss and costs caused by the breach of representation or warranty; and the Seller will be required on the first Business Day of the next Monthly Collection Period, to repurchase such Loans and Loan Security (and all other Loans covered by the same Mortgage, if any). The Loans and Loan Security will be repurchased for an aggregate amount equal to the aggregate of the Current Balance of the repurchased Loan(s) plus accrued interest thereon and reasonable *pro rata* costs up to (but excluding) the date of completion of the repurchase. Such repurchase will be subject to the conditions set out below under *Section 11.3.1* below.

4.4.2 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 Loans. The Issuer will not have any obligation to keep any Noteholder or any other person informed as to matters arising in relation to the Loans, except for the information provided in the Quaterly Investor Report produced by the Administrator and which will be made available as set out in *Section 18 (General Information)* or such information as otherwise explicitly set out herein.

4.4.3 Portfolio Information

EY has performed agreed upon procedures on a statistically significant sample randomly selected out of the Seller's eligible residential mortgage loan pool, as selected by applying the Eligibility Criteria to the total mortgage loan pool as existed on 5 June 2015. The size of the sample has been determined on the basis of a confidence level of 99% and an accepted error rate of 1%. The procedures assessed the consistency in data as registered in the systems of the Seller with the data as provided for in the physical files. The outcome of the audit showed that not in all cases a full consistency could be found or that not in all files all required documents were available to perform such procedures.

4.5 General risks factors

4.5.1 Change in law

The structure of the Transaction described in this Prospectus and, *inter alia*, the issue of the Notes are based on law, tax rules, regulations, guidelines, rates and procedures, and administrative practice in effect at the date of this Prospectus. No assurance can be given that there will be no change to such law, tax rules, rates, procedures or administrative practice after the date of this Prospectus which change might have an adverse impact on the Notes and the expected payments of interest and repayment of principal in respect of the Notes. See also Condition 5.21 on Optional Redemption in case of Change of Law.

4.5.2 Reliance on Belfius Bank NV/SA and conflict of interest

Belfius Bank NV/SA is acting in a number of capacities (as Seller, Originator, Servicer, Calculation Agent, Administrator, Cap Provider, Domiciliary Agent, Listing Agent) in connection with the Transaction. In acting in such capacities, Belfius Bank NV/SA shall have only the duties and responsibilities expressly agreed to by it in its relevant capacity and shall not, by virtue of its acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than expressly provided with respect to each such capacity.

Noteholders should therefore be aware that a conflict of interest could arise between the various roles of Belfius.

4.5.3 Force Majeure

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

4.5.4 Eurosystem collateral

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

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

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

(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;

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

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

4.5.6 Legal investment considerations and Implementation of regulatory changes that may restrict certain investments or may affect the liquidity of the Notes

In Europe 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 Managers, the Arranger or the Seller makes any representation to any prospective investor or purchaser of the Notes

regarding the regulatory capital treatment or other regulatory treatment of their investment in the Notes on the Closing Date or at any time in the future.

Risk Retention Rules

Investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. With respect to the commitment of the Seller to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer or another relevant party (or, after the Closing Date, by the Servicer), please see the following statement.

The Seller has undertaken to retain a material net economic interest of not less than 5% in the Transaction in accordance with Article 405, paragraph (1) sub-paragraph (d) of the CRR and Article 51 paragraph (1) sub-paragraph (d) of the AIFM Regulation. As at the Closing Date, such interest will be comprised of the entire Class B Notes and Class C Notes. Any change in the manner in which this interest is held shall be notified to investors via the Quarterly Investor Report. The Seller has provided a corresponding undertaking with respect to the interest to be retained by it during the period wherein the Class A Notes are outstanding to the Issuer and the Security Agent in the MLSA. In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to make available materially relevant data with a view to complying with Article 405 of the CRR and Articles 51 and 52 of the AIFM Regulation, which can be obtained from the Seller upon request. After the Closing Date, the Issuer will prepare Quarterly Investor Reports wherein relevant information with regard to the Loans will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller as confirmed to the Issuer for each Quarterly Investor Report. Such information can be obtained from the website www.belfius.com.

Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Seller, the Arranger or the Servicer nor any Manager makes any representation that the information described above is sufficient in all circumstances for such purposes.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes

to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Basel III & Solvency II

The Basel Committee on Banking Supervision (the ***Basel Committee***) approved significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as ***Basel III***). In particular, Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). It is intended that Member States will implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the Net Stable Funding Ratio from January 2018. Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation. The European authorities have indicated that they support Basel III in general. The capital rules of Basel III have been implemented through a directive and a regulation adopted on 26 June 2013 by the Council of the European Union (collectively referred to as ***CRD IV***), which replaced the directives 2006/48/EC and 2006/49/EC, as amended by directive 2009/111/EC. CRD IV entered into force on 1 January 2014, with full implementation by January 2019; however, CRD IV allows individual Member States to implement a stricter definition and/or level of capital more quickly than is envisaged under Basel III. It should also be noted that changes to regulatory capital requirements are coming for insurance and reinsurance undertakings through national initiatives, such as the Solvency II framework in Europe.

Implementation of the Basel III and Solvency II framework and any changes as described above may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Notes.

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

4.5.7 Conflict between Noteholders

The Pledge Agreement contains provisions requiring the Security Agent to have regard to the interests of holders of the highest ranking Class of Notes in case of a conflict between two or more Classes. Therefore, the rights of Noteholders of a Class of Notes ranking subordinated to the Class A Notes are subordinated to the rights of Noteholders of Classes of Notes ranking higher than the Class of Notes of such Noteholder.

The Seller will purchase and initially hold the Class B and the Class C Notes, subject to certain conditions precedent being satisfied, and on terms set out in the Class B and C Subscription Agreement. The Seller is entitled to exercise the voting rights in respect of any Notes it holds, which may be prejudicial to other Noteholders (see however also Condition

13.26).

4.5.8 The proposed Financial Transaction Tax

On 14 February 2013, the EU Commission has adopted a proposal for a directive on a common financial transaction tax (the ***Financial Transaction Tax*** or ***FTT***). The intention is for the Financial Transaction Tax to be implemented via an enhanced cooperation procedure in 11 participating EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia) (the ***participating Member States***).

The proposed Financial Transaction Tax has a very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt. The Financial Transaction Tax shall, not apply to (inter alia) primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

Under the Commission proposal, the Financial Transaction Tax could apply in certain circumstances to persons both within and outside the participating Member States. Generally, pursuant to the proposed directive, the Financial Transaction Tax will be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a participating Member State and there is a financial institution established or deemed established in a participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction.

The rates of the Financial Transaction Tax shall be fixed by each participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The Financial Transaction Tax shall be payable by each financial institution established or deemed established in a participating Member State if it is either a party to the financial transaction, or acting in the name of a party to the transaction or if the transaction has been carried out on its account. Where the Financial Transaction Tax due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the Financial Transaction Tax due.

Investors should therefore note, in particular, that any sale, purchase or exchange of Notes may be subject to the Financial Transaction Tax at a minimum rate of 0.1% provided the abovementioned prerequisites are met. The investor may be liable to pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Notes.

Joint statements issued by the participating Member States indicate an intention to implement the Financial Transaction Tax by 1 January 2016. However, the Financial Transaction Tax proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Investors should consult their own tax advisors in relation to the consequences of the Financial Transaction Tax associated with subscribing for, purchasing, holding and disposal of the Notes.

4.5.9 EU Directive on the taxation of savings income

Under Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State (the ***Disclosure of Information Method***).

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (the ***Source Tax***). The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the Council of the European Union adopted a Council Directive (the ***Amending Directive***) amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to apply these new requirements from 1 January 2017 and if they were to take effect the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

The European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the global standard released by the Organisation for Economic Cooperation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader than the Savings Directive although it does not impose withholding taxes. The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

If a payment were to be made or collected through a Member State (or through another state or territory that has adopted similar measures as the ones that are included in the Savings Directive) that has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Domiciliary Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Investors who are in any doubt as to their position should consult their professional advisers.

4.5.10 Foreign Account Tax Compliance Act

Certain provisions of the Hiring Incentives to Restore Employment Act of 2010 (as currently

implemented in Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986), commonly referred to as "FATCA" (***FATCA***) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "FFI" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service (***IRS***) to provide the IRS with certain information in respect of its account holders and investors or become subject to provisions of local law intended to implement an intergovernmental agreement (***IGA Legislation***) entered into pursuant to FATCA or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a ***Recalcitrant Holder***).

The new withholding regime is now in effect for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "grandfathering date", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an ***IGA***). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally is not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being ***FATCA Withholding***) from payments it makes on securities such as the Notes. Under each Model IGA, a Reporting FI is still required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Belgium have entered into an agreement (the ***U.S.-Belgium IGA)*** based largely on the Model 1 IGA. The Belgian tax administration has recently issued guidance notes on the implementation and application of FATCA in Belgium. These guidelines, which currently still are in draft form, are available at
http://financien.belgium.be/nl/binaries/2015-04-belgian-guidance-notes-draft_tcm306-266568.pdf.

If the Issuer is treated as a Reporting FI pursuant to the U.S.-Belgium IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes on securities such as the Notes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Class A Notes are cleared through the Securities Settlement System, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the

Class A Notes by the Issuer and any paying agent, given that each of the entities in the payment chain between the Issuer and the participants in the Securities Settlement System is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and IGAs as of the date hereof, all of which are subject to change at any time, possibly with retroactive effect. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

4.5.11 The Belgian bank recovery and resolution regime

Directive 2014/59/EU of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the ***Bank Recovery and Resolution Directive*** or ***BRRD***) provides for the establishment of a new European-wide framework for the recovery and resolution of credit institutions and investment firms. The stated aim of the BRRD is to provide supervisory and resolution authorities, including the resolution college of the National Bank of Belgium within the meaning of Article 21ter of the Law of 22 February 1998 establishing the organic statute of the National Bank of Belgium, or any successor body or authority (the ***National Resolution Authority*** and, together with the national resolution authorities of other participating Member States, the ***NRAs***),with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

BRRD had been transposed into Belgian law as from 3 March 2015. Under the Belgian bank recovery and resolution regime, the supervisory and resolution authorities (which includes the National Resolution Authority) are able to take a number of measures in respect of any credit institution it supervises if deficiencies in such credit institution's operations are not remedied. Such measures include: the appointment of a special commissioner whose consent is required for all or some of the decisions taken by all the institution's corporate bodies; the imposition of additional requirements in terms of solvency, liquidity, risk concentration and the imposition of other limitations; the complete or partial suspension or prohibition of the institution's activities; the revocation of the institution's licence; and the right to impose the reservation of distributable profits, or the suspension of dividend distributions or interest payments to holders of additional Tier 1 capital instruments.

The Credit Institutions Supervision Law allows the NRA to take resolution actions. Such powers include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a “bridge institution” (an entity created for that purpose which is wholly or partially in public control) and (iii) separate assets by transferring impaired or problem assets to a bridge institution or one or more asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down. The Credit Institutions Supervision Law grants a “bail in” power to the NRA. These bail-in powers will, at the earliest, enter into force on 1 January 2016.

It should be noted that (i) certain elements of the Credit Institutions Supervision Law require further detailed measures to be taken by other authorities, in particular the National Bank of Belgium, (ii) certain elements of the Credit Institutions Supervision Law will be influenced by further regulations (including through technical standards) taken or to be taken at European

level, and (iii) the application of the Credit Institutions Supervision Law may be influenced by the recent assumption by the European Central Bank of certain supervisory responsibilities which were previously handled by the National Bank of Belgium and, in general, by the allocation of responsibilities between the European Central Bank and the National Bank of Belgium.

Finally, it should be noted that certain of the European initiatives (in particular the prohibition on proprietary trading) to be transposed into Belgian law pursuant to the Credit Institutions Supervision Law are still in draft form, or subject to political discussion, at the European level. Whilst the Credit Institutions Supervision Law contains powers to allow the government to conform the Credit Institutions Supervision Law to developments at a European level in certain areas through a royal decree, it cannot be ruled out that there will be differences between the regulatory regime promulgated by the relevant European directives and the regulatory regime of the Credit Institutions Supervision Law.

Although the exercise of powers by the National Bank of Belgium under the Credit Institutions Supervision Law could not affect the transfer of legal title to the Loans to the Issuer, there is a risk that such exercise of powers could adversely affect the proper performance by each of the Originator, the Seller, the Servicer, the Administrator and Belfius (in its capacity as the Cap Provider) of its payment and other obligations to the Issuer and enforcement thereof against the such parties under the Transaction Documents.

4.5.12 PCS Label

Application has been or will be made to Prime Collateralised Securities (***PCS***) UK Limited for the Class A Notes to receive the Prime Collateralised Securities label (the ***PCS Label***). There can be no assurance that the Class A Notes will receive the PCS Label (either before issuance or at any time thereafter) and if the Class A Notes do receive the PCS Label, there can be no assurance that the PCS Label will not be withdrawn from the Class A Notes at a later date.

The PCS Label is not a recommendation to buy, sell or hold securities. It is not an investment advice whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC) and it is not a credit rating whether generally or as defined under the CRA Regulation or Section 3(a) of the United States Securities Exchange Act of 1934 (as amended by the Credit Agency Reform Act of 2006). Prime Collateralised Securities (PCS) UK Limited is not an "expert" as defined in the U.S. Securities Act.

By awarding the PCS Label to certain securities, no views are expressed about the creditworthiness of these securities or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for these securities. Investors should conduct their own research regarding the nature of the PCS Label and must read the information set out in http://pcsmarket.org.

4.5.13 European Market Infrastructure Regulation (EMIR)

European Regulation N° 648/2012 of the European Parliament and or the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (**EMIR**) introduced requirements to improve transparency and reduce the risks associated with the over-the-counter (**OTC**) derivatives market. The application of EMIR requirements depends largely on the qualification of an entity as either a financial or non-financial counterparty. In general terms EMIR establishes certain requirements for OTC derivatives contracts, including a

mandatory clearing obligation, risk-mitigation techniques for OTC derivatives contracts not cleared by a central counterparty and reporting requirements.

For financial counterparties and non-financial counterparties above the clearing threshold, EMIR requires (i) that OTC derivatives contracts that are subject to a mandatory clearing obligation clear through a central counterparty and (ii) to implement new risk management standards for all bilateral OTC derivative trades that are not cleared by a central counterparty, including a requirement for these counterparties to post mandatory margin.

OTC derivatives contracts that are not cleared by a central counterparty are furthermore subject to certain other risk management procedures, including arrangements for timely confirmation of OTC derivatives contracts, portfolio reconciliation, dispute resolution and arrangements for monitoring the value of outstanding OTC derivatives contracts. Certain of these risk mitigation requirements impose obligations on the Issuer in relation to the Cap Agreement and if applicable, the Standby Cap Agreement. EMIR also contains requirements with respect to margining, which are expected to be phased in from 1 December 2015. Various regulatory and implementing technical standards have now come into force, but certain critical technical standards have not yet been finalised or come into force, including those addressing which classes of OTC derivatives contracts will be subject to the clearing obligations and the scope of collateralisation obligations in respect of OTC derivative contracts which are not cleared. In addition, under EMIR, counterparties must report all their OTC and exchange traded derivatives contracts to an authorised or recognised trade repository or to ESMA.

The CRR aims to complement EMIR by applying higher capital requirements for bilateral, over-the-counter derivative trades. Lower capital requirements for cleared trades are only available if the central counterparty is recognised as a 'qualifying central counterparty', which has been authorised or recognised under EMIR (in accordance with related binding technical standards). Further significant market infrastructure reforms will be introduced by amendments to the EU Markets in Financial Instruments Directive that are being finalized by the EU legislative institutions and are expected to be implemented in 2016.

Aspects of EMIR in relation to the mandatory clearing obligation and the mandatory margining requirement and its application to securitisation vehicles remain unclear. If the Issuer is required to comply with certain obligations under EMIR, such as the clearing and margining requirements, which give rise to additional costs and expenses for the Issuer, this may in turn reduce amounts available to make payments with respect to the Notes. The Issuer may also need to appoint a third party and/or incur costs and expenses to enable it to comply with the regulatory requirements imposed by EMIR. In the event that under EMIR additional provisions or technical standards do come into force, this may necessitate amendments to the Transaction Documents. The Issuer will pay such costs, without prior consent of the Security Agent or the Noteholders, under item (ii) of the Pre-FORD Interest Priority of Payments, item (ii) of the Post-FORD Interest Priority of Payments, item (vi) of the Pre-FORD Post-Enforcement Priority of Payments or item (vi) of the Post-FORD Post-Enforcement Priority of Payments.

Pursuant to Article 12(3) of EMIR any failure by a party to comply with the rules under Title II of EMIR should not make the Cap Transaction or Standby Cap Transaction as applicable invalid or unenforceable. However, if any party fails to comply with the rules under EMIR it may be liable for a fine. If such a fine is imposed on the Issuer, the Issuer may have insufficient funds to pay its liabilities in full.

SECTION 5 - CREDIT STRUCTURE

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

5.1 Interest and interest rates on the Loans

5.1.1 Interest and interest rates

The Loans sold and assigned to the Issuer at the Closing Date bear fixed rate interest whereby the rate is fixed for the entire term of the Loan.

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

5.1.2 Prepayment Penalties

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

5.1.3 Default interest

In respect of arrears on the Loans, default interest (*nalatigheidsinterest/intérêt moratoire*) at a rate of up to 0.5% per annum is applied in addition to the interest rate then applicable to the Loan.

5.2 Cash Collection

5.2.1 Seller Cash Collection

For each Loan, there exists a separate account held in the name of the Borrower with Belfius Bank with an account number corresponding to the relevant Loan number. Until a Notification Event occurs, all payments made by Borrowers will be credited to those accounts which are administered by the Servicer, and to the accounts replacing such account in accordance with the Transaction Documents (the ***Collection Accounts***).

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

5.2.2 Collection Period

In respect of any relevant Quarterly Payment Date, the period from (and including) the sixth (6th) calendar day of the month in which the immediately preceding Quarterly Payment Date fell to (but excluding) the sixth (6th) calendar day of the month in which such relevant Quarterly Payment Date falls shall be the Quarterly Collection Period except for the first Quarterly Collection Period which shall be the period from (and including) the Closing Date to (but excluding) 6 February 2016. Each Quarterly Collection Period will be composed of three consecutive monthly collections periods (each a ***Monthly Collection Period***).

For a Quarterly Collection Period, the first Monthly Collection Period will be the period from (and including) the sixth (6th) calendar day of the month in which the immediately preceding Quarterly Payment Date fell to (but excluding) the sixth (6th) calendar day of the subsequent month (the ***First Monthly Collection Period End Date***). The second Monthly Collection Period will be the period from (and including) the First Monthly Collection Period End Date to (but excluding) the sixth (6th) calendar day of the subsequent month (the ***Second Monthly Collection Period End Date***). The third Monthly Collection Period will be the period from (and including) the Second Monthly Collection Period End Date to (but excluding) the sixth (6th) calendar day of the subsequent month.

As an exception, for the first Quarterly Collection Period, the first Monthly Collection Period will be the period from (and including) the Closing Date to (but excluding) 6 December 2015. The second Monthly Collection Period will be the period from (and including) 6 December 2015 to (but excluding) 6 January 2016. The third Monthly Collection Period will be the period from (and including) 6 January 2016 to (but excluding) 6 February 2016.

A Collection Period shall mean a Monthly Collection Period or a Quarterly Collection Period, as the case may be.

5.2.3 Replacement of the Account Bank

The Transaction Account, the Cap Collateral Account, the Standby Cap Collateral Account, the Deposit Account (as defined below) (if any) and the Reserve Account (together the ***Issuer Accounts***) will be held at the Account Bank.

If at any time:

(i) the short term, unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) are rated less than F1 by Fitch, or the long term, unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) are rated less than A by Fitch, then within thirty (30) calendar days; or

(ii) the deposit rating of the Account Bank (or otherwise equivalent rating under the rating agency criteria of Moody’s at that time) is less than A3 by Moody’s, then within thirty (30) calendar days; or

(iii) the Account Bank ceases to be rated or ceases to be authorised to conduct business as a credit institution in a country of the Eurozone, then within thirty (30) calendar days,

(the ratings under (i) and (ii) collectively the ***Minimum Account Bank Ratings***),

the Account Bank will immediately inform the Administrator thereof and the Issuer (or the Administrator on its behalf) will procure on a best effort basis the transfer of all the Issuer Accounts (and the outstanding balance credited thereto) which were held at the Account Bank to another bank or banks approved in writing by the Security Agent, which have the Minimum Account Bank Ratings and which are credit institutions authorised to conduct business as a credit institution in a country of the Eurozone or the Issuer may choose to obtain a guarantee for the obligations under the Account Bank Agreement, being understood that the guarantee:

(i) must be provided by a credit institution in a country of the Eurozone and which has the Minimum Account Bank Ratings;

(ii) must be irrevocable and unconditional; and

(iii) must be payable upon first demand of the Issuer (or Security Agent after an Enforcement Notice),

or find any other solution or take any other suitable action that will not, in and of itself and at this time, negatively impact the rating of the Class A Notes then outstanding.

5.3 The Transaction Account

5.3.1 Funds to be credited to the Transaction Account

The Issuer will maintain with the Account Bank the Transaction Account into which in addition to any interest accrued on the Transaction Account, the Servicer, on a daily basis on behalf of the Issuer, or the Administrator shall credit all amounts received (except for (ii) and (iii) which will be paid directly by the respective Transaction Party):

(i) in respect of the Loans;

(ii) from the Cap Provider under the Cap Agreement (except funds related to the Cap Collateral Account) or (upon activation of the Standby Cap Agreement, as the case may be) from the Standby Cap Provider under the Standby Cap Agreement (except funds related to the Standby Cap Collateral Account);

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

(iv) as accrued interest on the Reserve Fund or as funds drawn from the Reserve Fund; and

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

Prior to the servicing of an Enforcement Notice, payments will be made from the Transaction Account in accordance with the Interest Priority of Payments and the Principal Priority of Payments as set out in *Sections 5.7.3, 5.7.5 and 5.7.6*.

5.4 Reserve Fund

5.4.1 Reserve Fund

The Issuer will on the Closing Date establish and maintain the Reserve Fund by crediting the net proceeds of the Class C Notes minus the accrued interest component of the Initial Purchase Price and the Initial Cap Payment to the Reserve Account to fund such Reserve Fund. Thereafter, amounts will be credited to the Reserve Fund as funds become available for such purpose in accordance with the Interest Priority of Payments until the balance standing to the credit of the Reserve Fund equals the Reserve Fund Required Amount (as defined below).

5.4.2 Utilising the Reserve Fund

As long as the Class A Notes have not been redeemed in full and if the Interest Available Amount (excluding any amounts available to the Issuer from the Reserve Fund) is insufficient to meet the Issuer's obligations under items (i) to (iii)(inclusive) of the Pre-FORD Interest Priority of Payments or under iterms (i) to (iii) (inclusive) of the Post-FORD Interest Priority of Payments in full, then amounts standing to the credit of the Reserve Fund will be available to the Issuer and be transferred to the Transaction Account to satisfy such obligations on the relevant Quarterly Payment Date. See *Interest Priority of Payments* in *Section 5.7.3 and 5.7.5* below.

5.4.3 Reserve Fund Required Amount

If, and to the extent that the Interest Available Amount (excluding any amounts available to the Issuer from the Reserve Fund and any double counting) calculated on any Quarterly Calculation Date exceeds the amount required by the Issuer to satisfy its obligations under items (i) to (iv) (inclusive) of the Pre-FORD Interest Priority of Payments or under items (i) to (iv) (inclusive) of the Post-FORD Interest Priority of Payments in full, such excess amounts will be credited, on the immediately following Quarterly Payment Date to the Reserve Fund (to replenish the Reserve Fund, as the case may be) until the balance standing to the credit of the Reserve Fund is an amount not less than the Reserve Fund Required Amount.

Reserve Fund Required Amount shall be equal to:

(a) EUR 30,000,000 for as long as the Class A Notes are not redeemed in full; and

(b) zero, on the date on which the Class A Notes stand to be redeemed in full, save for any amounts reasonably determined by the Administrator.

Excess funds in the Reserve Fund

If, for as long as the Class A Notes have not been redeemed in full, the balance standing to the credit of the Reserve Fund on any Quarterly Calculation Date (following any credits of excess Interest Available Amount in the circumstances described in this paragraph 5.4.3), exceeds the Reserve Fund Required Amount, such excess amount shall be drawn from the Reserve Fund on the following Quarterly Payment Date and credited to the Transaction Account and form part of the Interest Available Amount in order to be applied in accordance with the Interest Priority of Payments.

Reduction of Reserve Fund Required Amount

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

5.5 Subordination

5.5.1 General Principle following Enforcement

Following an Enforcement Notice being served:

(a) any amount due or overdue in respect of the Class B Notes will:

  (i) in terms of payment and security, rank lower in priority than any amount due or overdue in respect of the Class A Notes and any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers; and

  (ii) only become payable after any amounts due in respect of any Class A Notes and any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers, have been paid in full;

(b) any amount due or overdue in respect of the Class C Notes will:

  (i) in terms of payment and security, rank lower in priority than any amount due or overdue in respect of the Class A Notes, any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers and the Class B Notes; and

  (ii) only become payable after any amounts due in respect of any Class A Notes, any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers and any Class B Notes, sequentially have been paid in full;

5.5.2 Senior Class A Notes

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

Within the Class A Notes, any Principal Available Amount remaining after item (a) of the Principal Priority of Payments will be used (i) first to redeem the Class A1 Notes, until fully redeemed, and (ii) second to redeem the Class A2 Notes, until fully redeemed.

In respect of:

(a) payment of interest prior to enforcement on the Class A Notes;

(b) payments of Coupon Excess Consideration prior to enforcement; and

(c) payment of any amount due in respect of the Class A Notes in case of enforcement upon service of an Enforcement Notice,

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

5.5.3 Class B Notes

The Class B Notes will be subordinated to the Class A Notes (including, as from the First Optional Redemption Date, if applicable, to the Coupon Excess Consideration payable in respect to the Class A Notes) as follows:

(a) no payment of principal by the Issuer on the Class B Notes will be made whilst any Class A Note remains outstanding or any shortfall on the Coupon Excess Consideration Deficiency Ledgers remains outstanding;

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

(c) in case of the service of an Enforcement Notice by the Security Agent of any amount due in respect of the Class B Notes, any amounts due in respect of the Class A Notes and any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers will rank in priority to any amounts due in respect of the Class B Notes, in accordance with the Post-enforcement Priority of Payments.

5.5.4 Class C Notes

The Class C Notes will be subordinated to (i) the Class A Notes (including, as from the First Optional Redemption Date, if applicable, to the Coupon Excess Consideration payable in respect to the Class A Notes); and (ii) the Class B Notes as follows:

(a) principal and interest on the Class C Notes will only be paid by the Issuer in accordance with the Interest Priority of Payments; and

(b) in case of the service of an Enforcement Notice by the Security Agent, any amount due in respect of the Class C Notes will rank after any amounts due in respect of the Class A Notes, any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers and the Class B Notes in accordance with the Post-enforcement Priority of Payments.

5.5.5 Limited Recourse - Compartments

To the extent that Principal Available Amounts and Interest Available Amounts are insufficient to repay any principal and accrued interest outstanding (including, for the avoidance of doubt, any Coupon Excess Consideration) on any Class of Notes on the Final Redemption Date, any amount of the Principal Amount Outstanding of, and accrued interest on, such Notes in excess of the amount available for redemption or payment at such time, will cease to be payable by the Issuer.

Obligations of the Issuer to the Noteholders and all other Secured Parties are allocated exclusively to Compartment Penates-5 and the recourse for such obligations is limited so that only the assets of Compartment Penates-5 subject to the relevant Security will be available to meet the claims of the Noteholders and the other Secured Parties. Any claim remaining unsatisfied after the realisation of the Security and the application of the proceeds thereof in

accordance with the Post-enforcement Priority of Payments shall be extinguished and all unpaid liabilities and obligations of the Issuer acting through its Compartment Penates-5 will cease to be payable by the Issuer. Except as otherwise provided by Conditions 11 (*Enforcement of Security and/or Notes – Limited Recourse, Waiver and Non-petition*) and 12 (*The Security Agent*), none of the Noteholders or any other Secured Party shall be entitled to initiate proceedings or, in case of the Secured Parties, take any steps to enforce any relevant Security. See *Condition 11* (*Enforcement of Security and/or Notes – Limited Recourse, Waiver and Non-petition*) below.

5.6 Principal Deficiency

5.6.1 Principal Deficiency Ledgers

Principal deficiency ledgers will be established on behalf of the Issuer by the Administrator in respect of the Class A Notes (***Class A Principal Deficiency Ledger***) and the Class B Notes (***Class B Principal Deficiency Ledger***) (together, the ***Principal Deficiency Ledgers***) in order to record (i) the Current Balance of any Defaulted Loan(s); (ii) any Principal Available Amount which in accordance with the Principal Priority of Payments is used to cover any Class A Interest Shortfall; and (iii) any Principal Available Amount which in accordance with the Principal Priority of Payments is used to cover any Coupon Excess Consideration Deficiency.

Class A Interest Shortfall means, in relation to any Quarterly Payment Date, any shortfall of the aggregate amount under items (a) to (j)(inclusive) of Interest Available Amount to pay Accrued Interest on the Class A Notes on the relevant Quarterly Payment Date and any other amount as referred to in items (i) and (ii) of the Pre-FORD Interest Priority of Payments or items (i) and (ii) of the Post-FORD Interest Priority of Payments.

5.6.2 Allocation

The Current Balance of Loans which have become Defaulted Loans during the relevant Quarterly Collection Period, any Principal Available Amount which in accordance with the Principal Priority of Payments is used to cover any Class A Interest Shortfall on the following Quarterly Payment Date and any Principal Available Amount which in accordance with the Principal Priority of Payments is used to cover any Coupon Excess Consideration Deficiency on the following Quarterly Payment Date, will, on the relevant Quarterly Calculation Date, be debited to the Principal Deficiency Ledgers sequentially as follows:

(a) *first*, to the Class B Principal Deficiency Ledger up to an amount equal to the aggregate Principal Amount Outstanding of the Class B Notes, and if there is sufficient Interest Available Amount then any debit balance on the Class B Principal Deficiency Ledger shall be reduced by crediting such funds at item (vi) of the Pre-FORD Interest Priority of Payments or at item (viii) of the Post-FORD Interest Priority of Payments.

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

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

Defaulted Loan means a Loan is in arrears for ninety (90) days or more.

5.7 Calculation of Principal Available Amount and Interest Available Amount, application of cash flow and Priority of Payments

5.7.1 Calculation of Principal Available Amount and Interest Available Amount and payments during any Interest Period

Calculation of Principal Available Amount and Interest Available Amount

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

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

The Principal Available Amount shall be calculated by reference to principal amounts and other amounts received by the Issuer in the Transaction Account during the previous Quarterly Collection Period.

Payments during any Interest Period

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

(a) to satisfy any expenses referred to in items (i) and (ii) of the Pre-FORD Interest Priority of Payments or in items (i) and (ii) of the Post-FORD Interest Priority of Payments that become due and payable at such time; and

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

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

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

Share Capital Account means the bank account opened by the Issuer in which (i) the share capital portion allocated to Compartment Penates-5, (ii) the Dividend Reserve and (iii) the interests accrued on the Share Capital Account are held.

5.7.2 Interest Available Amount

On each Quarterly Calculation Date, the Administrator will calculate the amount of interest funds which will be available to the Issuer in the Transaction Account on the following Quarterly Payment Date by reference to (i) amounts received in the Transaction Account during the applicable Collection Period and (ii) amounts received under item (a) three (3) Business Days prior to the respective Quarterly Payment Date, and such interest funds (the ***Interest Available Amount***) shall be the sum of the following:

(a) any amounts received under the Cap Agreement (or, following activation thereof, the Standby Cap Agreement) excluding any Cap Collateral (as defined below) (or Standby Cap Collateral) transferred by the Cap Provider (or the Standby Cap Provider, as applicable) pursuant to the Cap Agreement (or the Standby Cap Agreement);

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

(c) any Prepayment Penalties and default interest received by the Issuer on the Loans;

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

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

(f) any interest accrued and received on sums standing to the credit of the Issuer Accounts (with the exception of the Deposit Account, the Cap Collateral Account and the Standby Cap Collateral Account);

(g) any amounts received in respect of any Defaulted Loan including Recoveries;

(h) any remaining amount (other than (i) an amount yet included in the Interest Available Amount under items (a) to (g)(inclusive) and items (i) to (m)(inclusive) or the Principal Available Amount, (ii) amounts received in respect of the new running Quarterly Collection Period and (iii) amounts of retained interest for non-Eligible Holders) standing to the credit of the Transaction Account;

(i) any amounts (which are to be transferred to the Transaction Account) to be applied from the Reserve Fund (to the extent available) on the immediately following Quarterly Payment Date to cover any shortfalls that would otherwise exist for as long as any of the Class A Notes remains outstanding on items (i) to (iii) (inclusive) of the Pre-FORD Interest Priority of Payments or items (i) to (iii) (inclusive) of the Post-FORD Interest Priority of Payments;

(j) any amount standing to the credit of the Reserve Fund in excess of the Reserve Fund Required Amount;

(k) as long as any Class A Notes are outstanding, the Principal Available Amount that may be used to fund a Class A Interest Shortfall in accordance with the Principal Priority of Payments, to the extent that the sum of items (a) to (j) (inclusive) above is

not sufficient to cover item (i) to (iii) of the Pre-FORD Interest Priority of Payments or in item (i) to (iii) of the Post-FORD Interest Priority of Payments;

(l) if, and to the extent the Class B Notes have been redeemed, any amount referred to in item (f) of the Principal Priority of Payments; and

(m) any amounts (as indemnity for losses of scheduled interest on the Loans as a result of Commingling Risk) to be received from the Deposit Account in accordance with Clause 6 of the MLSA, which are to be transferred from the Deposit Account to the Transaction Account,

minus

funds deducted from the Transaction Account during the applicable Quarterly Collection Period as referred to in *Section 5.7.1* above.

Recoveries mean any amounts (including, for the avoidance of doubt, the principal) received in respect of Defaulted Loans.

5.7.3 Interest Priority of Payments before the First Optional Redemption Date

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

On each Quarterly Payment Date prior to the issuance of an Enforcement Notice and up to (and including) the First Optional Redemption Date, the Administrator on behalf of the Issuer shall apply the Interest Available Amount in making the following payments or provisions, in the following order of priority (in each case, only if, and to the extent that the Transaction Account would not be overdrawn, and to the extent that payments or provisions of a higher order of priority have been made in full, and to the extent that such liabilities are due by and recoverable against the Issuer) (the ***Pre-FORD Interest Priority of Payments***):

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

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

(B) the amounts due and payable to the Back-up Servicer;

(C) the amounts due and payable to the Back-up Servicer Facilitator;

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

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

(F) the amounts due and payable to the National Bank of Belgium in relation to the use of Securities Settlement System or any Alternative Clearing System;

(G) the amounts due and payable to the FSMA and/or the FOD Economie;

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

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

(J) the amounts due and payable to the *Fonds voor bestrijding van de overmatige schuldenlast/Fonds de Traitement du Surendettement*;

(K) the amounts due and payable to Accesso VZW;

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

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

(N) the amounts due and payable to the Security Agent;

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

(P) the amounts (other than any upfront payment) due and payable to the Standby Cap Provider;

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

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

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

(T) the amounts due and payable to the Prime Collateralised Securities UK Limited;

(U) the amounts due and payable to European Data Warehouse GmbH;

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

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

(X) as from the first Quarterly Payment Date of each accounting year (and for the first time, on the first Quarterly Payment Date in 2016), the amounts funding the Dividend Reserve;

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

(iii) *third*, in or towards satisfaction of, *pro rata* and *pari passu*, (a) all amounts of Accrued Interest due and payable in respect of the Class A1 Notes, and (b) all amounts of Accrued Interest due and payable in respect of the Class A2 Notes;

(iv) *fourth*, in or towards satisfaction of all amounts debited to the Class A Principal Deficiency Ledger, until any debit balance on the Class A Principal Deficiency Ledger is reduced to zero;

(v) *fifth*, in or towards satisfaction of all amounts required to replenish (as the case may be) the Reserve Fund up to the Reserve Fund Required Amount;

(vi) *sixth*, in or towards satisfaction of all amounts debited to the Class B Principal Deficiency Ledger, until any debit balance on the Class B Principal Deficiency Ledger is reduced to zero;

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

(viii) *eighth,* in or towards satisfaction of all amounts debited to the Class B Interest Deficiency Ledger, until any debit balance on the Class B Interest Deficiency Ledger is reduced to zero;

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

(x) *tenth,* in or towards satisfaction of all amounts debited to the Class C Interest Deficiency Ledger, until any debit balance on the Class C Interest Deficiency Ledger is reduced to zero;

(xi) *eleventh,* in or towards satisfaction of, *pari passu* and *pro rata*, amounts of principal due and unpaid in respect of the Class C Notes, in accordance with Condition 5.4; and

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

Accesso VZW is the compensation fund, established in accordance with article 220 of the Insurance Act and the Royal Decree of 10 april 2014 with regard to the regulation of certain insurance policies (*koninklijk besluit van 10 april 2014 tot regeling van sommige verzekeringsovereenkomsten tot waarborg van de terugbetaling van het kapitaal van een hypothecair krediet/ Arrêté royal du 10 Avril 2014 réglementant certains contrats d'assurance visant à garantir le remboursement du capital d'un crédit hypothécaire*) and the Royal Decree of 4 March 2015 by which Accesso VZW is recognised as compensation fund within the meaning of article 220 of the act of 4 April 2014 on insurances.

5.7.4 Interest Deficiency Ledgers and Coupon Excess Consideration Deficiency Ledgers

Event of Default in respect of failure to pay the interest (excluding Coupon Excess Consideration) due under Class A Notes

Subject to Condition 9 (*Events of Default*), it shall be an Event of Default under the Class A Notes if on any Quarterly Payment Date, the interest (excluding Coupon Excess Consideration) under and in respect of the Class A Notes has not been paid in full and remains unpaid at least ten (10) Business Days after such due date.

Non-payment of Coupon Excess Consideration will not constitute an Event of Default.

Coupon Excess Consideration

Two ledgers, known as the Class A1 Coupon Excess Consideration Deficiency Ledger and the Class A2 Coupon Excess Consideration Deficiency Ledger (together referred to as the ***Coupon Excess Consideration Deficiency Ledgers***) will be established by the Administrator on behalf of the Issuer in respect of each of the Sub-Classes of Class A Notes in order to record any amounts of Coupon Excess Consideration that have not been (fully) paid out on the relevant Quarterly Payment Date(s) to the Class A Noteholders. The balance of the respective Coupon Excess Consideration Deficiency Ledger existing on any Quarterly Calculation Date shall on the next succeeding Quarterly Payment Date be reduced with the amount of Coupon Excess Consideration Surplus, if any, to be allocated pro-rata – according to the balances of the respective Coupon Excess Deficiency Ledgers existing on the most recent Quarterly Calculation Date - to the Class A1 Coupon Excess Consideration Deficiency Ledger and the Class A2 Coupon Excess Consideration Deficiency Ledger.

Coupon Excess Consideration Deficiency means any shortfall reflected in the Coupon Excess Consideration Deficiency Ledgers, if any, of the relevant Coupon Excess Consideration.

Coupon Excess Consideration Surplus means, on any Quarterly Calculation Date, the sum of (i) the Interest Available Amount and (ii) Principal Available Amount to be allocated to the Coupon Excess Consideration Deficiency Ledgers on the next succeeding Quarterly Payment Date in accordance with the Interest Priority of Payments or the Principal Priority of Payments, as applicable.

Class A1 Coupon Excess Consideration Deficiency Ledger means the coupon excess consideration deficiency ledger, relating to the Class A1 Notes.

Class A2 Coupon Excess Consideration Deficiency Ledger means the coupon excess consideration deficiency ledger, relating to the Class A2 Notes.

On each Quarterly Payment Date as from (but excluding) the First Optional Redemption Date, the Class A Noteholders will, in accordance with the Post-FORD Interest Priority of Payments, on a *pro-rata* and *pari passu* basis and in accordance with the amount of Coupon Excess Consideration due among them, be entitled to the Coupon Excess Consideration, if sufficient amounts remain available for such purpose in accordance with the application of the Post- FORD Interest Priority of Payments.

The Coupon Excess Consideration will be subordinated to payments of a higher order of priority including, but not limited to, any amounts necessary to (i) make good any shortfall reflected in the Class A Principal Deficiency Ledgers until the debit balance, if any, on the Class A Principal Deficiency Ledgers is reduced to zero and (ii) replenish the Reserve Fund up to the amount of the Reserve Fund Required Amount.

The credit ratings assigned by the Rating Agencies do not address the likelihood of any payment of the Coupon Excess Consideration and failure to pay any Coupon Excess Consideration will not cause an Event of Default.

Interest Deficiency Ledger and interest roll-over

Interest Deficiency Ledgers will be established by the Administrator on behalf of the Issuer in respect of the Class B Notes (the ***Class B Interest Deficiency Ledger***) and the Class C Notes

(the ***Class C Interest Deficiency Ledger***) in order to record any shortfalls in the payment of Accrued Interest on the Class B Notes and the Class C Notes, as applicable.

To the extent that on any Quarterly Payment Date, the Interest Available Amount is not sufficient to pay the Accrued Interest in respect of all Class B Notes, the amount of such shortfall (the ***Class B Interest Deficiency***) shall be recorded in the Class B Interest Deficiency Ledger. The balance of the Class B Interest Deficiency Ledger existing on any Quarterly Calculation Date shall on the next succeeding Quarterly Payment Date be reduced with the Class B Interest Surplus, if any.

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

To the extent that on any Quarterly Payment Date, the Interest Available Amount is not sufficient to pay the Accrued Interest in respect of all Class C Notes, the amount of such shortfall (the ***Class C Interest Deficiency***) shall be recorded in the Class C Interest Deficiency Ledger. The balance of the Class C Interest Deficiency Ledger existing on any Quarterly Calculation Date shall on the next succeeding Quarterly Payment Date be reduced with the Class C Interest Surplus, if any.

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

Non-payment of Accrued Interest due on the Class B Notes and the Class C Notes will not cause an Event of Default.

No capitalisation

No interest will accrue on any amounts recorded on the Coupon Excess Consideration Deficiency Ledgers or on the Interest Deficiency Ledgers.

5.7.5 Interest Priority of Payments as from the First Optional Redemption Date

Prior to the service of an Enforcement Notice and as from the First Optional Redemption Date, the Interest Available Amount will be applied by the Issuer on the immediately succeeding Quarterly Payment Date following the First Optional Redemption Date, and on each Quarterly Payment Date thereafter as follows (in each case, only if, and to the extent that the Transaction Account would not be overdrawn, and to the extent that payments or provisions of a higher order of priority have been made in full, and to the extent that such liabilities are due by and recoverable against the Issuer) (the ***Post-FORD Interest Priority of Payments*** and together with the Pre-FORD Interest Priority of Payments, each (where relevant) the ***Interest Priority of Payments***):

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

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

(B) the amounts due and payable to the Back-up Servicer;

(C) the amounts due and payable to the Back-up Servicer Facilitator;

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

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

(F) the amounts due and payable to the National Bank of Belgium in relation to the use of Securities Settlement System or any Alternative Clearing System;

(G) the amounts due and payable to the FSMA and/or the FOD Economie;

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

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

(J) the amounts due and payable to the *Fonds voor bestrijding van de overmatige schuldenlast/Fonds de Traitement du Surendettement*;

(K) the amounts due and payable to Accesso VZW;

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

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

(N) the amounts due and payable to the Security Agent;

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

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

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

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

(S) the amounts due and payable to the Prime Collateralised Securities UK Limited;

(T) the amounts due and payable to European Data Warehouse GmbH;

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

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

(W) as from the first Payment Date of each accounting year, the amounts funding the Dividend Reserve;

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

(iii) *third*, in or towards satisfaction of, *pro rata* and *pari passu*, all amounts of Accrued Interest due and payable in respect of the Class A1 Notes and the Class A2 Notes;

(iv) *fourth*, in or towards satisfaction of all amounts debited to the Class A Principal Deficiency Ledger, until any debit balance on the Class A Principal Deficiency Ledger is reduced to zero;

(v) *fifth*, in or towards satisfaction of all amounts required to replenish (as the case may be) the Reserve Fund up to the Reserve Fund Required Amount;

(vi) *sixth,* for as long as the Class A Notes have not been redeemed in full, in or towards satisfaction *pro-rata* and *pari passu*, of all amounts of Coupon Excess Consideration due and payable in respect of the Class A1 Notes and the Class A2 Notes;

(vii) *seventh,* in or towards making good (*pro-rata* and *pari passu*) any shortfall reflected in the Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero;

(viii) *eight*, in or towards satisfaction of all amounts debited to the Class B Principal Deficiency Ledger, until any debit balance on the Class B Principal Deficiency Ledger is reduced to zero;

(ix) *ninth,* for as long as the Class A Notes are not redeemed in full, in or towards funding the Class A Additional Amounts to be added to the Principal Available Amounts on the same Quarterly Calculation Date;

(x) *tenth,* in or towards satisfaction of all amounts debited to the Class B Interest Deficiency Ledger, until any debit balance on the Class B Interest Deficiency Ledger is reduced to zero;

(xi) *eleventh,* in or towards satisfaction of all amounts debited to the Class C Interest Deficiency Ledger, until any debit balance on the Class C Interest Deficiency Ledger is reduced to zero;

(xii) *twelfth,* in or towards satisfaction of, *pari passu* and *pro rata*, amounts of principal due and unpaid in respect of the Class C Notes, in accordance with Condition 5.4; and

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

5.7.6 Pre-enforcement Principal Priority of Payments

Principal Available Amount

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

(a) the aggregate amount of any repayment and prepayment of principal amounts under the Loans received from any person (but excluding Prepayment Penalties, if any);

(b) the aggregate of any amounts received:

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

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

in each case, to the extent such amounts relate to principal amounts and do not relate to amounts received in respect of any Defaulted Loan including Recoveries;

(c) any amounts to be credited to the Principal Deficiency Ledgers on the immediately following Quarterly Payment Date pursuant to items (iv) and (vi) of the Pre-FORD Interest Priority of Payments and (iv) and (viii) of the Post-FORD Interest Priority of Payments;

(d) any Principal Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards satisfaction of the items set forth in the Principal Priority of Payments on the immediately preceding Quarterly Payment Date;

(e) the Class A Additional Amounts as calculated on the same Quarterly Calculation Date;

(f) any amounts (as indemnity for losses of scheduled principal on the Loans as a result of Commingling Risk) to be received from the Deposit Account in accordance with Clause 6 of the MLSA, which are to be transferred from the Deposit Account to the Transaction Account; and

(g) in respect of the first (1st) Quarterly Payment Date, the positive difference between the Principal Amount Outstanding of the Collateralized Notes on the Closing Date and the Current Balances of all Loans on the Closing Date.

On each Quarterly Payment Date prior to the issuance of an Enforcement Notice, the Issuer shall apply the Principal Available Amount (if any) in making the following payments or provisions, in the following order of priority (in each case, only if, and to the extent that the Transaction Account would not be overdrawn, and to the extent that payments or provisions of a higher order of priority have been made in full, and to the extent that such liabilities are due by and recoverable against the Issuer) (the ***Principal Priority of Payments***):

(a) for so long as any Class A Notes are outstanding, *first*, in or towards funding, *pari passu* and *pro rata*, any Class A Interest Shortfall which has become due during the relevant Interest Period in accordance with the Interest Priority of Payments;

(b) *second*, in redeeming, *pari passu* and *pro rata*, all principal amounts outstanding in respect of the Class A1 Notes until all of the Class A1 Notes have been redeemed in full;

(c) *third,* in redeeming, *pari passu* and *pro rata*, all principal amounts outstanding in respect of the Class A2 Notes until all of the Class A2 Notes have been redeemed in full;

(d) *fourth*, as from the First Optional Redemption Date, in or towards satisfaction *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts of Coupon Excess Consideration due or accrued but unpaid (after the application of the Post-FORD Interest Priority of Payments) in respect of the Class A1 Notes and the Class A2 Notes which payment has been reflected by crediting any shortfall in the

Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero;

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

(f) *sixth,* if, and to the extent the Class B Notes have been fully redeemed, any remaining amount will be added to the Interest Available Amount.

Principal Available Amount shall not be used to redeem the Class C Notes. Amounts due and payable under the Class C Notes shall be paid from the Interest Available Amount under item (ix) to (xi) of the Pre-FORD Interest Priority of Payments and item (xi) to (xii) of the Post-FORD Interest Priority of Payments in accordance with Condition 5.4.

5.7.7 Post-Enforcement Priority of Payments

Following the service of an Enforcement Notice and up to (but excluding) the First Optional Redemption Date, all monies standing to the credit of the Issuer Accounts and received by the Issuer (or the Security Agent or the Administrator) will be applied in the following priority (the ***Pre-FORD Post-Enforcement Priority of Payments***) (if and to the extent that payments or provisions of a higher order have been made and to the extent that such liabilities are due by and recoverable against the Issuer):

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

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

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

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

(A) all amounts due and payable to the Servicer;

(B) all amounts due and payable to the Back-up Servicer;

(C) all amounts due and payable to the Back-up Servicer Facilitator; and

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

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

(A) all amounts due and payable to the National Bank of Belgium in relation to the use of Securities Settlement System or any Alternative Clearing System;

(B) all amounts due and payable to the FSMA and/or the FOD Economie;

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

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

(E) all amounts due and payable to the *Fonds voor bestrijding van de overmatige schuldenlast/ Fonds de Traitement du Surendettement*;

(F) all amounts due and payable to Accesso VZW;

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

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

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

(J) all amounts (other than any upfront payment) due and payable to the Standby Cap Provider;

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

(L) all amounts due and payable to the Calculation Agent;

(M) all amounts due and payable to the Prime Collateralised Securities UK Limited;

(N) the amounts due and payable to European Data Warehouse GmbH;

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

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

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

(vii) *seventh*, in or towards satisfaction of, *pari passu* and *pro rata*, (a) all amounts of interest due or overdue in respect of the Class A1 Notes, and (b) all amounts of interest due or overdue in respect of the Class A2 Notes;

(viii) *eighth*, until the Class A Notes have been redeemed in full, in or towards redemption of, *pari passu* and *pro rata*, according to the respective amounts thereof, (a) all amounts of principal outstanding in respect of the Class A1 Notes until redeemed in full, and (b) all amounts of principal outstanding in respect of the Class A2 Notes until redeemed in full;

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

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

(xi) *eleventh*, in or towards satisfaction of, *pari passu* and *pro rata,* all interest due or overdue and principal due in respect of the Class C Notes;

(xii) *twelfth*, in or towards satisfaction of the Deferred Purchase Price then due and payable to the Seller; and

(xiii) *thirteenth*, finally, to pay the Surplus (if any) to the Issuer,

it being understood that:

(1) amounts resulting from collateral standing to the credit of the Cap Collateral Account (or the Standby Cap Collateral Account) shall only be applied in accordance with the Pre-FORD Post-enforcement Priority of Payments to the extent such amounts cover the Cap Provider's (or the Standby Cap Provider's) liability to the Issuer under the Cap Agreement (or the Standby Cap Agreement) as at the date of termination of the transaction under the Cap Agreement (or the Standby Cap Agreement), the remainder of the amount standing to the credit of the Cap Collateral Account (or the Standby Cap Collateral Account) shall be released directly to the Cap Provider (or the Standby Cap Provider); and

(2) amounts standing to the credit of the Deposit Account shall only be applied in accordance with the Pre-FORD Post-enforcement Priority of Payments to the extent such amounts cover for losses incurred by the Issuer of scheduled interest or principal on the Loans as a result of Commingling Risk, the remainder of the amount standing to the credit of the Deposit Account shall be released directly to the Seller (as described in Section 11.4).

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

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

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

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

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

(A) all amounts due and payable to the Servicer;

(B) all amounts due and payable to the Back-up Servicer;

(C) all amounts due and payable to the Back-up Servicer Facilitator; and

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

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

(A) all amounts due and payable to the National Bank of Belgium in relation to the use of Securities Settlement System or any Alternative Clearing System;

(B) all amounts due and payable to the FSMA and/or the FOD Economie;

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

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

(E) all amounts due and payable to the *Fonds voor bestrijding van de overmatige schuldenlast/ Fonds de Traitement du Surendettement*;

(F) all amounts due and payable to Accesso VZW;

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

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

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

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

(K) all amounts due and payable to the Calculation Agent;

(L) all amounts due and payable to the Prime Collateralised Securities UK Limited;

(M) the amounts due and payable to European Data Warehouse GmbH;

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

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

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

(vii) *seventh*, in or towards satisfaction of, *pari passu* and *pro rata*, according to the respective amounts thereof, (a) all amounts of interest due or overdue in respect of the Class A1 Notes, and (b) all amounts of interest due or overdue in respect of the Class A2 Notes, which are calculated on the basis of the Coupon Rate capped at the Maximum Rate;

(viii) *eighth*, until the Class A Notes have been redeemed in full, in or towards redemption of, *pari passu* and *pro rata,* according to the respective amounts thereof, (a) all

amounts of principal outstanding in respect of the Class A1 Notes until redeemed in full, and (b) all amounts of principal outstanding in respect of the Class A2 Notes until redeemed in full;

(ix) *ninth*, in or towards satisfaction *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts of Coupon Excess Consideration due or accrued but unpaid in respect of the Class A1 Notes and the Class A2 Notes which payment has been reflected by crediting any shortfall in the Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero;

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

(xi) *eleventh*, in or towards redemption of, *pari passu* and *pro rata,* all amounts of principal outstanding and any other amount due but unpaid in respect of the Class B Notes until redeemed in full;

(xii) *twelfth*, in or towards satisfaction of, *pari passu* and *pro rata,* all interest overdue and principal due but unpaid and any other amount due but unpaid due in respect of the Class C Notes;

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

(xiv) *fourteenth*, finally, to pay the Surplus (if any) to the Issuer.

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

Surplus means any amounts that would become available to the Issuer at the time no further liability is due.

5.8 Interest Rate Hedging

Cap Agreement

The Loans bear a fixed rate of interest as set out in *Section 5.1.1*. The interest rate payable by the Issuer with respect to the Class A Notes up to the First Optional Redemption Date is calculated as the relevant EURIBOR plus a margin (the sum of both being floored at zero). The interest rate payable by the Issuer with respect to the Class B Notes up to the First Optional Redemption Date is calculated as the relevant EURIBOR plus a margin, up to a maximum of 5% per annum. The interest rate payable by the Issuer with respect to the Class C Notes up to the First Optional Redemption Date is calculated as the relevant EURIBOR plus a margin, up to a maximum of 6% per annum.

The Issuer will partly mitigate the interest rate exposure linked to EURIBOR on the Class A Notes until (but excluding) the First Optional Redemption Date by entering into the Cap Agreement for the Cap Notional Amount with the Cap Provider and the Security Agent on or before the Closing Date.

The Cap Provider will post collateral on the Cap Collateral Account of the Issuer in accordance with the Cap Agreement.

The Cap Agreement, effective from the Closing Date, requires the Cap Provider, against receipt of the Initial Cap Payment (as defined hereunder) on the Closing Date, to make payments to the Issuer three (3) Business Days prior to any Quarterly Payment Date to the extent the relevant EURIBOR on the relevant Interest Determination Date for any Interest Period exceeds the Cap Strike Rate. Such payments will amount to the part of the relevant EURIBOR for an Interest Period exceeding the Cap Strike Rate multiplied by a Cap Notional Amount (as determined at the beginning of the relevant Interest Period) and multiplied by the actual number of days elapsed in such Interest Period divided by 360 days. The Cap Notional Amount amortises in accordance with the Schedule as set out below (the ***Cap Notional Amount***).

Start Date	**End Date**	**Cap Notional Amount**
November 16, 2015	February 22, 2016	800,000,000.00
February 22, 2016	May 22, 2016	782,700,000.00
May 22, 2016	August 22, 2016	765,400,000.00
August 22, 2016	November 22, 2016	748,200,000.00
November 22, 2016	February 22, 2017	731,100,000.00
February 22, 2017	May 22, 2017	714,000,000.00
May 22, 2017	August 22, 2017	696,900,000.00
August 22, 2017	November 22, 2017	680,000,000.00
November 22, 2017	February 22, 2018	663,100,000.00
February 22, 2018	May 22, 2018	646,300,000.00
May 22, 2018	August 22, 2018	629,500,000.00
August 22, 2018	November 22, 2018	612,800,000.00
November 22, 2018	February 22, 2019	596,200,000.00
February 22, 2019	May 22, 2019	579,600,000.00
May 22, 2019	August 22, 2019	563,100,000.00
August 22, 2019	November 22, 2019	546,700,000.00
November 22, 2019	February 22, 2020	530,400,000.00
February 22, 2020	May 22, 2020	514,100,000.00
May 22, 2020	August 22, 2020	497,900,000.00

August 22, 2020	November 22, 2020	481,900,000.00
November 22, 2020	/	0.00

Cap Strike Rate means 3.50%.

Standby Cap Agreement

Furthermore, the Issuer will enter into a Standby Cap Agreement on substantially similar terms as the Cap Agreement, with the Standby Cap Provider and the Security Agent on or before the Closing Date. However, prior to the occurrence of a Standby Cap Trigger Event, the Notional Amount of the Standby Cap Agreement will be zero and no payments will be due by the Standby Cap Provider to the Issuer.

In certain circumstances (a ***Standby Cap Trigger Event*** as specified in the Cap Agreement), including if (i) the Cap Provider fails to make, when due, any payment to the Issuer under the Cap Agreement or (ii) the Cap Provider is declared bankrupt (*failliet/faillite*), the Issuer shall promptly give notice thereof to the Standby Cap Provider, the Security Agent and the Cap Provider in accordance with the Cap Agreement and the Standby Cap Agreement, and the Cap Agreement and all the transactions thereunder shall be closed-out. An amount equal to the lower of (i) the close-out amount in respect of the Cap Agreement and (ii) the amount standing on the Cap Collateral Account, shall be payable by the Issuer to the Standby Cap Provider and the notional amount under the Standby Cap Agreement (which prior to such time was zero) shall as from such date be equal to the Cap Notional Amount under the Cap Agreement which would have been applicable had no early termination of the Cap Agreement occurred. Upon such replacement of the Cap Agreement by the Standby Cap Agreement (i) the Cap Provider shall be released from its obligations under the Cap Agreement towards the Issuer (except if the Issuer has not received the full amount of the close-out amount in respect of the Cap Agreement, in which case Issuer and the Standby Cap Provider mutually agree to transfer any residual claim of the Issuer on the Cap Provider to the Standby Cap Provider which the Cap Provider acknowlegdes), and (ii) the Standby Cap Provider shall be subject to obligations substantially similar to the obligations of the Cap Provider towards the Issuer under the Cap Agreement and as set out under the Standby Cap Agreement.

The Cap Agreement and the Standby Cap Agreement will each be documented under a 2002 ISDA Master Agreement.

Fitch Rating Event

In the event (such event, an ***Initial Fitch Rating Event***) that, at any time (x) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Cap Provider and, for as long as the Standby Cap Agreement is in force, the Standby Cap Provider (or its successor) are both assigned a rating of less than F1 (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) by Fitch; or (y) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Cap Provider and, for as long as the Standby Cap Agreement is in force, the Standby Cap Provider (or its successor) are both assigned a rating of less than A (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) by Fitch (such ratings, the ***Fitch Ratings***); or (z) any such rating of the Cap Provider and, for as long as the Standby Cap Agreement is in force, the Standby Cap Provider (or its successor) is withdrawn by Fitch, then the Cap Provider or, if applicable (following the occurrence of a Standby Cap Trigger Event), the Standby Cap Provider, will at its own cost within thirty (30) calendar days (or ten (10) calendar days (for the Cap Provider) or fourteen

(14) calender days (for the Standby Cap Provider) in the case of option (A) or pending compliance with the action under (B), (C) or (D)) of such reduction or withdrawal of any such rating:

A. post collateral in accordance with the Credit Support Annex into the Cap Collateral Account (or the Standby Cap Collateral Account, as applicable); or

B. transfer all of its rights and obligations under the Cap Agreement to a replacement third party with a rating at least as high as the Fitch Ratings; or

C. procure that a third party that has the Fitch Ratings, unconditionally guarantees the obligations of the Cap Provider under the Cap Agreement; or

D. take any other suitable action to prevent a downgrade of the Class A Notes.

In the event (such event, a ***Subsequent Fitch Rating Event***) that, at any time (x) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Cap Provider and, for as long as the Standby Cap Agreement is in force, the Standby Cap Provider (or its successor) are both assigned a rating of less than F3 (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) by Fitch; or (y) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Cap Provider and, for as long as the Standby Cap Agreement is in force, the Standby Cap Provider (or its successor) are both assigned a rating of less than BBB- (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) by Fitch; or (z) any such rating of the Cap Provider and, for as long as the Standby Cap Agreement is in force, the Standby Cap Provider (or its successor) is withdrawn by Fitch, then the Cap Provider or, if applicable (following the occurrence of a Standby Cap Trigger Event), the Standby Cap Provider, will, at its own cost, within thirty (30) days of such reduction or withdrawal of any such rating (or, in the case of (A) or pending compliance with the actions under (B), within twelve (10) calendar days (for the Cap Provider) or fourteen (14) calendar days (for the Standby Cap Provider) of such reduction or withdrawal of such reduction):

(A) post collateral in accordance with the Credit Support Annex into the Cap Collateral Account (or the Standby Cap Collateral Account, as applicable) (or, if at the time such Subsequent Fitch Rating Event occurs, the Cap Provider or the Standby Cap Provider, as applicable, has posted collateral under the Credit Support Annex following an Initial Fitch Rating Event, as the case may be, post additional collateral in accordance with the Credit Support Annex); and

(B) use commercially reasonable efforts to:

  (i) transfer all of its rights and obligations under the Cap Agreement to a replacement third party with a rating at least as high as the Fitch Ratings; or

  (ii) procure that a third party that has the Fitch Ratings, unconditionally guarantees the obligations of the Cap Provider under the Cap Agreement; or

  (iii) take any other suitable action to prevent a downgrade of the Class A Notes.

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

Annex. This paragraph also applies *mutatis mutandis* to the Standby Cap Provider, after a Termination Event on the Cap Agreement has occurred.

Moody's Rating Triggers

In the event (such event, an ***Initial Moody's Rating Event***) that, at any time, the Counterparty Risk Assessment of the Cap Provider and, for as long as the Standby Cap Agreement is in force, the Standby Cap Provider (or its successor) both cease to be rated at least as high as Baa1(cr) (or otherwise equivalent assessment under the rating agency criteria of Moody's at that time) by Moody's then the Cap Provider, or the Standby Cap Provider, if applicable (following the occurrence of a Standby Cap Trigger Event), shall, at its own cost, within thirty (30) Business Days, provide collateral in such amount as is set out in the credit support annex to the Cap Agreement, or, if applicable, the Standby Cap Agreement.

In the event (such event, a ***Subsequent Moody's Rating Event***) that, at any time the Counterparty Risk Assessment of the Cap Provider and, for as long as the Standby Cap Agreement is in force, the Standby Cap Provider (or its successor) both cease to be rated at least as high as Baa3(cr) (or otherwise equivalent assessment under the rating agency criteria of Moody's at that time) by Moody's, then the Cap Provider, or the Standby Cap Provider, if applicable (following the occurrence of a Standby Cap Trigger Event), will, at its own cost, as soon as reasonably practicable, use commercially reasonable efforts to:

(i) obtain a guarantee or procure a co-obligor of its rights and obligations with respect to the Cap Agreement, or, if applicable, the Standby Cap Agreement from a third party with a Counterparty Risk Assessment at least as high as Baa1(cr) by Moody's; or

(ii) transfer all of its rights and obligations with respect to the Cap Agreement or, if applicable, the Standby Cap Agreement to a replacement third party with a Counterparty Risk Assessment at least as high as Baa1(cr) by Moody's;

and, as the case may be, post or continue to post collateral in accordance with the Credit Support Annex to the Cap Agreement or, if applicable, the Standby Cap Agreement pending compliance with such remedial action.

Counterparty Risk Assessment means the "counterparty risk assessment" (***CR Assessment***) of the relevant counterparty, as such term is referred to in the guidelines published by Moody's in March 2015 (*inter alia*, "Global Structured Finance Operational Risk Guidelines" (March 16, 2015) and "Rating Symbols and Definition" (March 2015)).

If the Cap Provider chooses to assign its rights and obligations to a replacement Cap Provider or procures a guarantee in line with Moody's policies to maintain the rating on the Class A Notes, the Issuer will return any collateral that the Cap Provider may have previously posted to it to the Cap Provider in accordance with the Credit Support Annex.

The Issuer and the Security Agent shall use their reasonable endeavours to co-operate with the Cap Provider in connection with any transfer of the rights and obligations of the Cap Provider under the Cap Agreement pursuant to any downgrade as set out above.

If the Cap Provider elects to transfer all of its rights and obligations pursuant to the provisions above, the Cap Provider shall procure that any such replacement third party agrees to accede to the terms of the Pledge Agreement and agrees to be bound by its terms.

The three paragraphs above apply *mutatis mutandis* to the Standby Cap Provider, after the activation of the Standby Cap Agreement following the occurrence of a Standby Cap Trigger Event.

For the avoidance of doubt, even in the absence of the occurrence of a Fitch rating event or a Moody's rating event as described above, the Cap Provider or, as the case may the Standby Cap Provider (following activation of the Standby Cap Agreement), may be required to make certain collateral posting in accordance with the provisions of the Credit Support Annex in respect of the mark-to-market of the cap transaction under the Cap Agreement or, as applicable, under the Standby Cap Agreement.

Initial Cap Payment

On the Closing Date the Issuer will pay the initial payment to the Cap Provider (the ***Initial Cap Payment***).

Other Termination Events

The Cap Agreement (or the Standby Cap Agreement, provided that prior to the occurrence of a Standby Cap Trigger Event (c) and (h) below will not apply in respect of the Standby Cap Agreement and after the occurrence of a Standby Cap Trigger Event (c)(i) below will not apply in respect of the Standby Cap Agreement) may also be terminated early in the following circumstances by one or both parties depending on the grounds for termination:

(a) the failure of either party to make payments when due;

(b) the occurrence of an Event of Default (as defined in the Conditions) that results in the service of an Enforcement Notice;

(c) the early redemption of the Notes ; (i) following the exercise of the Clean Up Call, (ii) following the exercise of a Regulatory Call, (iii) as a result of an Optional Redemption in case of Change of Law, or (iv) as a result of an Optional Redemption for Tax Reasons;

(d) the insolvency of either party;

(e) illegality;

(f) certain tax events;

(g) the making of an amendment to the Transaction Documents that adversely affects the Cap Provider (or the Standby Cap Provider, as applicable) without its consent; and

(h) the failure of the Cap Provider (or, upon activation, the Standby Cap Provider) to post collateral, to assign the Cap Agreement (or, the Standby Cap Agreement, as the case may be) to an eligible substitute cap provider or to take other remedial action if the Cap Provider's (or the Standby Cap Provider as applicable) credit ratings drop below the minimum cap provider rating levels required to support the then current ratings of the Class A Notes.

For the avoidance of doubt, the failure of the Cap Provider to make a payment or delivery under the Cap Agreement does trigger an early termination of the Cap Agreement and will constitute a Standby Cap Trigger Event. The failure of the Cap Provider to assign the Cap

Agreement to an eligible substitute cap provider (or to take other remedial actions) in line with Fitch or Moody's criteria following a rating downgrade does also trigger an early termination, but will however not constitute a Standby Cap Trigger Event.

Upon any such termination of the Cap Agreement (or Standby Cap Agreement, as applicable), the Cap Provider (or Standby Cap Provider) may be liable to make an early termination payment to the Issuer. Such early termination payment will be calculated on the basis of a close out amount obtained in accordance with provisions of the Cap Agreement (or Standby Cap Agreement).

If the Cap Agreement is terminated prior to repayment in full of the principal of the Class A Notes and before the First Optional Redemption Date (and the Standby Cap Agreement would not be performed by the Standby Cap Provider), the Issuer will be required to enter into an agreement on similar terms with a new cap provider.

Cap collateral

If the Cap Provider posts collateral, the collateral (the ***Cap Collateral***) will be credited to the Cap Collateral Account. If the Standby Cap Provider posts collateral, the collateral (the ***Standby Cap Collateral***) will be credited to the Standby Cap Collateral Account. Collateral and income arising from collateral will be applied solely in returning collateral or paying income attributable to collateral to the Cap Provider or the Standby Cap Provider, as the case may be. Any Excess Cap Collateral or Excess Standby Cap Collateral will be paid directly to the Cap Provider or the Standby Cap Provider, as the case may be, and not in accordance with any Priority of Payments.

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

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

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

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

Taxation

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

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

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

(b) any change in tax law,

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

Failing such remedy, such Cap Agreement (or the Standby Cap Agreement) may be terminated and, if terminated, the Notes will become subject to Optional Redemption for Tax Reasons unless a replacement cap agreement (or the Standby Cap Agreement) is entered into.

Novation

Except as expressly permitted in the Cap Agreement and in the Standby Cap Agreement, neither the Issuer nor the Cap Provider nor the Standby Cap Provider are permitted to assign, novate or transfer as a whole or in part any of their rights, obligations or interests under respectively the Cap Agreement and the Standby Cap Agreement. The Cap Agreement and the Standby Cap Agreement will provide that the Cap Provider and the Standby Cap Provider may novate or transfer respectively the Cap Agreement or the Standby Cap Agreement to another cap provider with at least the Minimum Cap Provider Ratings.

The ***Minimum Cap Provider Ratings*** are:

(a) a rating of the short-term unsecured, unsubordinated and unguaranteed debt obligations of the replacement cap provider of not less than F3 (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) by Fitch;

(b) a rating of the long-term unsecured, unsubordinated and unguaranteed debt obligations of the replacement cap provider not less than BBB- (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) by Fitch; and

(c) a Counterparty Risk Assessment of at least as high as Baa3(cr) (or otherwise equivalent assessment under the rating agency criteria of Moody's at that time) by Moody's.

For further discussion of termination payments under the Cap Agreement, please see *Section 4.2.8 (Interest and Interest Rate Risk)*.

SECTION 6 - THE ISSUER

6.1 Status

Penates Funding NV/ SA, *Institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge* (the ***Issuing Company***) is acting exclusively through its Compartment Penates-5.

The Issuing Company and its Compartment Penates-5 are duly registered by the Belgian Federal Public Service Finance (the *Federale Overheidsdienst Financiën / Service Public Fédéral Finances*) as an *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge)*. The registration cannot be considered as a judgement as to the quality of the Transaction, nor on the situation or prospects of the Issuer. The Issuing Company is duly incorporated since 11 August 2008 as a limited liability company which has made a solicitation for the public savings (*naamloze vennootschap die een publiek beroep op het spaarwezen doet/société anonyme qui fait appel public à l'épargne*) within the meaning of article 438 of the Belgian Company Code.

Its registered office is at Koningsstraat 97 (4th floor), 1000 Brussels, Belgium and it is registered with the Crossroad Bank for Enterprises under 0899.763.684, with telephone number +32 2 649.54.46.

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

The Issuer has been established as a special purpose vehicle or entity for the purpose of issuing asset backed securities.

The Issuer was duly licensed by the FSMA since 5 September 2008 as a mortgage institution in accordance with article 43 of the Belgian Mortgage Credit Act, has since 1 November 2015 automatically been granted a temporary license as a provider of mortgage credit under the Belgian Code of Economic Law and complies with the relevant corporate governance requirements of the Belgian Company Code.

The Issuing Company is listed on the list of financial vehicle corporations with the NBB.

6.2 Incorporation

The Issuing Company is incorporated since 11 August 2008 for an unlimited period of time.

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

The shareholders of the Issuer are Stichting Vesta and Belfius Bank NV/SA.

6.3 Share Capital and Dividend

6.3.1 Share Capital

The Issuing Company has a total issued share capital of EUR 62,000, which is divided into 62,000 ordinary registered shares with each a value of EUR 1.00, each fully paid-up, without fixed nominal value. It does not have any authorised capital which is not fully paid up.

The shares of the Issuing Company are owned as follows:

(a) Stichting Vesta, a foundation (*stichting / fondation*) incorporated under the laws of Belgium on 23 July 2008 and having its registered office at 1000 Brussels, Koningsstraat 97 (4th floor), Belgium and holding 55,800 shares; and

(b) Belfius Bank NV/SA, limited liability company *(naamloze vennootschap / société anonyme*) under Belgian law with its registered office at 1000 Brussels, Pachecolaan 44, Belgium, registered with the Crossroad Bank for enterprises under number RPM 0403.201.185., and holding 6,200 shares.

The directors of Stichting Vesta are:

- Christophe Tans, resident at 3700 Tongeren, Gravierstraat 96, Belgium, with national register number 72.12.23 – 205.22;

- Intertrust Financial Services BVBA, registered with the Crossroads Bank for Enterprises under number 0861.696.827 (LPR Antwerp), with registered office at 1000 Brussels, Koningsstraat 97 (4th floor), having appointed as permanent representative Mr. Christophe Tans, resident at 3700 Tongeren, Gravierstraat 96, Belgium, with national register number 72.12.23 – 205.22;

- Irène Florescu, resident at Rue du Cyclone, 12, 1330 Rixensart, with national register number 66.07.26 – 532.26,

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

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

In addition, each of the Vesta Directors agrees in the relevant management agreement that it will not enter into any agreement in relation to Compartment Penates-5 of the Issuing Company other than the Transaction Documents to which it is a party, without the prior written consent of the Security Agent and without first having notified Fitch and Moody's thereof.

6.3.2 Dividend Reserve

The Issuer will in accordance with the Interest Priority of Payments reserve an amount of distributable profit (if any) of no more than EUR 9,300 to be distributed to the shareholders

annually with regard to the immediately preceding accounting year (the ***Dividend Reserve***) in accordance with the Interest Priority of Payments.

This Dividend Reserve shall be reserved (if sufficient funds are available) by the Issuer as from the first Quarterly Payment Date of each accounting year (and for the first time on the first Quarterly Payment Date in 2016) on the basis of the following formula:

A x B

whereby

A = the aggregate of the Current Balances of all the Loans held by Compartment Penates-5 on the first calendar day of such accounting year divided by the aggregate of the Current Balances of the aggregate of all Loans held by all compartments of Penates Funding NV/SA, *Institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge* on the first calendar day of such accounting year; and

B = EUR 9,300.

6.4 Capitalisation

The following table shows the expected capitalisation of the Issuing Company (as defined below) as of 16 November 2015 as adjusted to give effect to the issue of the Notes (the other compartments of the Issuing Company have no borrowings):

Share Capital

Issued Share Capital:	Euro 62,000
of which:	Euro 1,000 allocated to compartment Penates-1
	Euro 1,000 allocated to compartment Penates-2
	Euro 1,000 allocated to compartment Penates-3
	Euro 1,000 allocated to compartment Penates-4
	Euro 1,000 allocated to compartment Penates-5
	Euro 1,000 allocated to compartment Penates-6
	Euro 1,000 allocated to compartment Penates-7
	Euro 1,000 allocated to compartment Penates-8
	Euro 1,000 allocated to compartment Penates-9
	Euro 53,000 allocated to compartment Penates-10

Borrowings Compartment Penates-1

Class A Notes:	Euro 7,600,000,000
Class B Notes:	Euro 160,000,000
Class C Notes:	Euro 120,000,000
Class D Notes:	Euro 120,000,000
Class E Notes:	Euro 80,000,000

Borrowings Compartment Penates-4

Class A Notes:	Euro 8,077,500,000
Class B Notes:	Euro 472,500,000
Class C Notes:	Euro 450,000,000
Class D Notes:	Euro 117,000,000

Borrowings Compartment Penates-5

Class A1 Notes:	Euro 350,000,000
Class A2 Notes:	Euro 450,000,000
Class B Notes:	Euro 200,000,000
Class C Notes:	Euro 30,000,000

6.5 Auditor's Report

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

6.6 Corporate purpose and permitted activities

The corporate purpose of the Issuing Company as set out in article 3 of its articles of association consists exclusively in the investment of financial means that are exclusively collected with Qualifying Investors for the purposes of Article 3, 3° of the UCITS Act, in receivables that are assigned to it by third parties.

The securities issued by the Issuing Company can only be acquired by those Qualifying Investors.

The Issuing Company 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, interest caps, term contracts or other hedging instruments relating to currencies or interest and negotiate options on such contracts, provided that the transaction serves to cover a risk linked to one or more assets on its balance sheet.

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

Any amendment of the corporate purpose of the Issuing Company requires a special majority of 80 percent of the voting rights of the shareholders of the Issuing Company.

The corporate purpose of Compartment Penates-5 consists exclusively in the collective investment of financial means collected in accordance with the articles of association of the Issuer in a portfolio of selected loans.

6.7 Compartments

The articles of association of the Issuing Company authorise the Issuing Company to create several Compartments within the meaning of Article 271/11 of the UCITS Act.

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

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

To date ten Compartments have been created, Compartment Penates-1, Compartment Penates-2, Compartment Penates-3, Compartment Penates-4, Compartment Penates-5, Compartment Penates-6, Compartment Penates-7, Compartment Penates-8, Compartment Penates-9 and Compartment Penates-10 each for the purpose of collective investment of funds collected in accordance with the articles of association of the Issuing Company in a portfolio of selected loans.

To date only the first five Compartments have effectively started their activities (as to which reference is made to (i) the transaction described in the prospectus for admission of EUR 8,000,000,000 of mortgage backed notes to trading on Euronext Brussels dated 21 October 2008 (the ***Penates-1 Securitisation***) as far as Compartment Penates-1 is concerned, (ii) to the transaction described in the prospectus for admission of EUR 3,600,000,000 of mortgage backed notes to trading on Euronext Brussels dated 9 December 2008 (the ***Penates-2 Securitisation***) as far as Compartment Penates-2 is concerned, (iii) to the transaction described in the prospectus for admission of EUR 5,445,000,000 of mortgage backed notes to trading on Euronext Brussels dated 24 June 2010 (the ***Penates-3 Securitisation***) as far as Compartment Penates-3 is concerned, (iv) to the transaction described in the prospectus for admission of EUR 8,077,500,000 of mortgage backed notes to trading on Euronext Brussels dated 13 December 2011 (the ***Penates-4 Securitisation***) as far as Compartment Penates-4 is concerned, and (v) to the current Prospectus as far as Compartment Penates-5 is concerned (the ***Penates-5 Securitisation***). As far as the Penates-2 Securitisation is concerned, all notes issued under this transaction have been repaid. As far as the Penates-3 Securitisation is concerned, all notes issued under this transaction have been repaid.

The Collateral and all liabilities of the Issuer relating to the Notes and the Transaction Documents will be exclusively allocated to Compartment Penates-5. Unless expressly provided otherwise, all appointments, rights, title, assignments, obligations, covenants and representations, assets and liabilities, relating to the issue of the Notes and the Transaction Documents are exclusively allocated to Compartment Penates-5 and will not extend to other transactions or other Compartments of the Issuing Company or any assets of the Issuer other than those allocated to Compartment Penates-5 under the Transaction Documents. The Issuing Company will enter into other securitisation transactions only through other Compartments and on such terms that the debts, liabilities or obligations relating to such transactions will be allocated to such other Compartments and that parties to such transactions will only have recourse to such other Compartments of the Issuer and not to the Collateral or to Compartment Penates-5.

6.8 Belgian Tax Position of the Issuer

6.8.1 Withholding tax on moneys collected by the Issuer

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

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

The relevant withholding tax exemptions are laid down in Article 116 of the Royal Decree implementing the Belgian Income Tax Code 1992. The scope of application of this Article is determined by way of a reference to the relevant regulatory framework for, amongst other, *institutionele vennootschappen voor belegging in schuldvorderingen naar Belgisch recht/ sociétés d'investissement en créances institutionnelle de droit belge.*

Following a recent change in this legal and regulatory framework, some uncertainty had arisen as to the continuous application of (the withholding tax exemptions laid down in) the aforementioned Article 116 to *institutionele vennootschappen voor belegging in schuldvorderingen naar Belgisch recht/ sociétés d'investissement en créances institutionnelle de droit belge.* A recent circular of the tax administration of 8 September 2015 has confirmed such continuous application (a position which had in the meantime also been confirmed by a number of tax rulings obtained by other issuers).

6.8.2 Corporate income tax

The Issuer is subject to corporate income tax at the current ordinary rate of 33.99 per cent. However 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.

The legal basis of this special tax regime is Article 185*bis* of the Belgian Income Tax Code 1992. The scope of application of Article 185*bis* insofar it relates to 'investment companies' is defined by way of a reference to the applicable regulatory framework applying to the relevant types of investment entities.

Due to a recent change in the legislation referred to in Article 185*bis*, some concerns have arisen as to the continuous application of the derogatory tax regime provided by said provision to *institutionele vennootschappen voor belegging in schuldvorderingen naar Belgisch recht/ sociétés d'investissement en créances institutionnelle de droit belge.* A recent circular of the tax administration of 8 September 2015 has however confirmed such continuous application (a position which had in the meantime also been confirmed by a number of tax rulings obtained by other issuers).

6.8.3 Value added tax (*VAT*)

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

Services supplied to the Issuer by the Servicer, the Seller, the Security Agent, the Issuer Directors, the Managers, any Originator, the Administrator, the Account Bank, the Cap

Provider, the Standby Cap Provider, the Domiciliary Agent, the Corporate Services Provider, the Accounting Services Provider, the Calculation Agent, the Rating Agencies, the Auditor are, in general, subject to Belgian VAT provided that the services are located for VAT purposes in Belgium. However, fees paid in respect of the financial and administrative management of the Issuer and its assets (including fees paid for the receipt of payments on behalf of the Issuer and the forced collection of receivables) are exempt from Belgian VAT in accordance with Article 44, §3, 11° of the Belgian VAT Code.

The Belgian VAT tax authorities confirmed in a decision dated 30 March 2015 (ref. E.T.127.885) that this VAT exemption is still applicable to the financial and administrative management of *vennootschappen voor belegging in schuldvorderingen / sociétés d'investissement en créances.*

6.9 Administrative, management and supervisory bodies

6.9.1 Board of Directors

The board of directors of the Issuing Company ensures the management of the Issuing Company. Pursuant to article 18 of its articles of association, the board consists of a minimum of 3 directors and a maximum of 5 directors. The Issuing Company's current board of directors consists of the following persons:

- Intertrust Financial Services BVBA, registered with the Crossroad Bank for Enterprises under number 0861.696.827 (LPR Brussels), with registered office at 1000 Brussels, Koningsstraat 97 (4th floor), having appointed as permanent representative Mr. Christophe Tans, resident at 3700 Tongeren, Gravierstraat 96, Belgium, with national register number 72.12.23 – 205.22.

- Martine Gelissen, resident at 338 Chaussée de Stockel, 1150 Bruxelles, Belgium, with national registration number 70.11.07 – 036.40.

- Stichting Vesta, *private stichting naar Belgisch recht / foundation privée de droit belge* registered with the Crossroad Bank for Enterprises under number 0899.631.745 (LRP Brussels), with registered office at 1000 Brussels, Belgium, Koningsstraat 97 (4th floor), having appointed as permanent representative Irène Florescu, resident at Rue du Cyclone, 12, 1330 Rixensart, with national register number 66.07.26 – 532.26.

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

The current term of office of Intertrust Financial Services BVBA and Stichting Vesta expires after the annual shareholders meeting to be held in 2017. The current term of office of Martine Gelissen expires after the annual shareholders meeting to be held in 2021.

Companies of which Intertrust Financial Services BVBA (or Christophe Tans) has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: ABN AMRO BEHEERSMAATSCHAPPIJ 2 NV, ABN AMRO LEASE BELGIE NV, BACHELIER PS, CASINO FRANCE INTERNATIONAL SA, CULTURA 2006 PS, DELNOVEST NV, FIMKO NV, GELASE SA, GERBO SOCIETE D'INVESTISSMENTS SA, GRANJA SCRL, HEKO HOLDING NV, HILLBRO HOLDING NV, I-CAP BELGIUM NV, INTERTRUST (BELGIUM) NV, INTERTRUST CORPORATE SERVICES NV, INTERTRUST SERVICES NV, KORO HOLDING NV, KROWAL NV, LOCH LOMOND FOUNDATION PS, NEW AFFINITY SA, PHIDIAS MANAGEMENT NV, QUANTESSE PS, RIDAVO NV, SEC ADBM PS, SEC DVG PS, SEC IPE PS, SEC

JVE PS, SONNAT SA, STICHTING HOLDING BASS PS, STICHTING HOLDING B-CARAT I PS, STICHTING HOLDING B-CARAT II PS, STICHTING HOLDING BELGIAN LION PS, STICHTING HOLDING ESMEE PS, STICHTING HOLDING RECORD LION PS, STICHTING HOLDING SAKIA PS, STICHTING JPA PROPERTIES PS, STICHTING PUBLINVEST PS, STICHTING PUBLINVEST PS, STICHTING VESTA PS, TONKO NV, VERCO NV, VICTORIA BELINVEST SA, YVKO HOLDING NV, APPAREL HOLDINGS SPRL, AURIAN MANAGEMENT II SPRL, BELEGGINGSMAATSCHAPPIJ GIEVER BVBA, CASTLE ROCK HOLDINGS SPRL, CITIC CAPITAL FUTURE HOLDINGS SPRL, EVERE REAL ESTATE SPRL, HILLBRO BVBA, INTERTRUST FINANCIAL SERVICES BVBA, KOFRAN SPRL, MANOIR IPENROOY BVBA, MELICO BVBA, REC DE II SPRL, SPE III AVIGNON SPRL, SPE III EOLIS SPRL, SPE III RUNWAY SPRL, SPE III SPILLIAERT SPRL, SPE III STEVENS SPRL, SPE III VOLTA SPRL, TARAZONA B.V. BVBA, TREFONDINVEST BVBA, TRIBECA B.V. BVBA, VAN HAAFTEN BEHEER SPRL AND WEALTH ROCK HOLDINGS SPRL.

Companies of which Irène Florescu has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: CULTURA 2006 PS GRANJA SCRL, INTERTRUST (BELGIUM) NV, INTERTRUST CORPORATE SERVICES NV, INTERTRUST SERVICES NV, PHIDIAS MANAGEMENT NV, SDK INVESTMENTS SA, SEC ADBM PS, SEC DVG PS, SEC IPE PS, SEC JVE PS, STICHTING HOLDING B-CARAT II PS, STICHTING HOLDING ESMEE PS, STICHTING HOLDING SAKIA PS, STICHTING PUBLINVEST PS, HANRO BVBA and INTERTRUST FINANCIAL SERVICES BVBA, STICHTING VESTA PS.

Companies of which Martine Gelissen has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: the Issuing Company.

Companies of which Stichting Vesta has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: the Issuer and Dexia Secured Funding Belgium NV and Mercurius Funding NV.

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.

During the last full financial year, Stichting Vesta and Intertrust Financial Services received 9,235 euro in remuneration. Martine Gelissen (or its predecessor Jan Ottoy) did not receive any remuneration during the last full financial year.

6.9.2 Other administrative, management and supervisory bodies

The Issuing Company has no other administrative, management or supervisory bodies than the board of directors. The board of directors will delegate some of its management powers to the Administrator for the purpose of assisting it in the management of the affairs of the Issuer but it will retain overall responsibility for the management of the Issuer, in accordance with the UCITS Act. For more information about the Administrator, see below *Section 19.5*.

6.9.3 Conflicts of interest

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

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

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

6.9.4 Issuer Management Agreements

Intertrust Financial Services BVBA and Stichting Vesta each have entered into a management agreement on 27 October 2008 with the Issuer and the Security Agent. These management agreements have been supplemented on 15 December 2008 for the purpose of activating Compartment Penates-2, on 28 June 2010 for the purpose of activating Compartment Penates-3, on 19 December 2011 for the purpose of activating Compartment Penates-4, and on or prior the Closing Date for the purpose of activating Compartment Penates-5.

Mrs. Martine Gelissen has entered into a management agreement on or before the Closing Date with the Issuer and the Security Agent.

In each of the aforementioned management agreements, as supplemented (the ***Issuer Management Agreements***), each of the Issuer Directors agrees and undertakes to, *inter alia*, (i) act as director of the Issuer and to perform certain services in connection therewith, (ii) do all that an adequate director should do or should refrain from doing, and (iii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents.

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

6.10 General Meeting of the Shareholders

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

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

Furthermore, a general meeting of shareholders of a specific Compartment may be held regarding subjects matters which only concern such Compartment. A general meeting of shareholders of a specific Compartment may be convened at any time and must be convened

whenever this is requested by shareholders representing 1/5th of the share capital attributed to the specific Compartment. Such meeting only represents the shareholders of the specific Compartment.

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

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

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

6.11 Changes to the rights of holders of shares

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

Upon the creation of a Compartment via (re)allocation of existing shares or via the issue of new shares, the board of directors shall ensure that the shares of that Compartment, except with the prior written consent of all shareholders of the category concerned, are assigned to the shareholders in the same proportion as the other compartments.

6.12 Share Transfer Restrictions

Given the specific purpose of the Issuer and Article 3, 7° of the UCITS Act, the shares in the Issuer can only be held by qualifying investors within the meaning of Article 5, §3/1 of the UCITS Act. Each transfer in violation of the share transfer restrictions contained in article 13 of the articles of association of the Issuing Company, 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 Qualifying Investor within the meaning of Article 5, §3/1 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 Qualifying Investor within the meaning of Article 5, §3/1 of the UCITS Act, the payment of any dividend in relation to the shares held by such shareholder will be suspended.

Share transfers are further subject to authorisation by the board of directors. If a proposed transfer of shares is not authorised by the board of directors, the board of directors will have to propose one or more alternative transferees for the shares.

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

6.13 Corporate Governance

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

In accordance with Article 526bis of the Belgian Company Code, companies whose securities are admitted to trading on a regulated market must establish an audit committee. Article 526bis, § 7 of the Belgian Company Code contains an exemption from this obligation for any company the sole business of which is to act as issuer of asset-backed securities as defined in Article 2(5) of Commission Regulation (EC) No 809/2004. In that case, the relevant company must explain to the public the reasons for which it considers it not appropriate to have an audit committee or an administrative or supervisory body entrusted to carry out the functions of an audit committee.

The Issuing Company's sole business consists of the issuance of asset-backed securities and does not consider it appropriate to establish an audit committee. The Issuing Company refers in this respect to the recitals of the European Directive in relation to statutory audits of annual accounts, where it is stated that where a collective investment undertaking functions merely for the purpose of pooling assets, the establishment of an audit committee is not always appropriate. This is because the financial reporting and related risks are not comparable to those of other public-interest entities.

In addition, the Issuing Company operates in a strictly defined regulatory environment and is subject to specific governance mechanisms (e.g.corporate purpose limits its activities to the issue of negotiable financial instruments for the purpose of acquiring receivables). Furthermore, the Issuing Company points out that, with respect to the main tasks to be carried out by an audit committee, such as the monitoring of the financial reporting process and of the statutory audit of the annual and consolidated accounts, it will enter into an Administration, Corporate and Accounting Services Agreement pursuant to which the Corporate Services Provider and the Administrator will provide certain reporting, calculation and monitoring services.

The Issuing Company will include a declaration as to the reasons why it does not consider it appropriate to establish an audit committee (as set out above) in the annual report with respect to its annual accounts.

6.14 Accounting Year

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

6.15 Information to investors – availability of information

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

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

In addition, the Accounting Services Provider and the Auditor will assist the Issuer in the preparation of the annual reports to be published on the website www.belfius.com in order to inform the Noteholders.

6.16 Notices

For notices to Noteholders see Condition 14 (*Notices*).

6.17 Negative statements

As at the date of this Prospectus, the Issuing Company has not commenced any operations other than the Penates-1 Securitisation, the Penates-2 Securitisation, the unwinding of the Penates-2 Securitisation, the Penates-3 Securitisation, the unwinding of the Penates-3 Securitisation, the Penates-4 Securitisation and the Transaction.

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

6.18 Valuation rules

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

6.18.1 Basic principles

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

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

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

6.18.2 General principles to present the annual accounts

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

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

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

6.18.3 Specific valuation rules

Costs of first establishment

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

Amounts to be received over more than one year

The Loans sold by Belfius to the Issuer are booked at their purchase price. This is the nominal value of the loans outstanding at such date. For amounts to be received, impairments are recorded at the moment that for the whole or a part of the Loan(s), there is an uncertainty that the Loan(s) will be recovered at the maturity date.

Amounts to be received within one year

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

Short term investments and cash at bank

Cash and short term deposits are recorded at nominal value.

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

Deferred charges and accrued income

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

Amounts payable.

The Notes issued are recorded at nominal value.

Accruals and deferred income

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

Hedging Derivates

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

The items of the profit and loss account

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

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

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

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

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

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

6.19 Financial Information concerning the Issuing Company and the Issuer

Since the date of its incorporation, the Issuing Company has not commenced operations other than the Penates-1 Securitisation, the Penates-2 Securitisation, the unwinding of the Penates-2 Securitisation, the Penates-3 Securitisation, the unwinding of the Penates-3 Securitisation, the Penates-4 Transaction, and the Transaction.

Pursuant to Article 41 of the articles of association of the Issuing Company, the profit of the Issuing Company may (after constitution of the legal reserve) either be distributed as dividend or reserved for later distribution or for the cover of risk of default of payment of the Loans.

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

Compartment Penates-5 of the Issuing Company (the Issuer) has been set up with as purpose the collective investment of financial means collected in accordance with the articles of association in a portfolio of selected mortgage loans.

The Issuing Company has started its operations in September 2008. Since the date of its incorporation, audited financial statements have been prepared for the Issuing Company in relation to each of the past accounting year (whereby the first accounting year was an extended accounting year, that started on 11 November 2008 and ended on 31 December 2009). The auditor issued a non-qualified report on the financial statements of each of the six (6) accounting years and has confirmed the true and fair view as at the end of each such accounting year, i.e. on 31 December, in accordance with the accounting standards applicable in Belgium.

Pursuant to Article 27, §2, (c) of the Prospectus Act, the FSMA has by decision of 10 November 2015 granted an exemption with respect to the obligation to provide historical

financial information (under items 3 and 20.1 of Annex I, items 8.2 and 8.2 bis of Annex VII and item 8.3 of Annex XV of Regulation (EC) 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended from time to time) in relation to the Issuing Company and its Compartment Penates-1, Compartment Penates-2, Compartment Penates-3, Compartment Penates-4 and the Issuer. This exemption also applies to any related information requirements where such information relates to Issuing Company and its Compartment Penates-1, Compartment Penates-2, Compartment Penates-3, Compartment Penates-4, and the Issuer.

SECTION 7 –THE NOTES

7.1 Authorisation

The issue of the Notes is authorised by a resolution of the board of directors of the Issuer to be passed on or about 12 November 2015.

7.2 Terms and Conditions

The terms and conditions of the Notes are set out in full in Annex 1 to this Prospectus.

7.3 Meeting of Noteholders

The rules for the organisation of the Noteholders are set out in Condition 13.

7.4 Weighted Average Life

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

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

The following tables were prepared based on the characteristics of the Loans included in the Provisional Pool and the following additional assumptions:

(a) in table 1, the Issuer exercises its Optional Redemption Call on the First Optional Redemption Date; in table 2, the Issuer does not exercise its Optional Redemption Call on or after the First Optional Redemption Date;

(b) no other call option is exercised;

(c) the Loans are subject to a CPR of between 0 per cent. and 15 per cent. per annum as shown in the following tables;

(d) no weighted average coupon contraction is assumed during the life of the transaction on the portfolio of residential mortgage loans because of prepayments;

(e) no Loan is sold by the Issuer, except, for the purpose of table 1, on the the First Optional Redemption Date;

(f) at the Closing Date, the Class A1 Notes represent approximately 35% of the Collateralized Notes;

(g) at the Closing Date, the Class A2 Notes represent approximately 45% of the Collateralized Notes;

(h) at the Closing Date, the Class B Notes represent approximately 20% of the Collateralized Notes;

(i) all payments on the Notes are received on a Quarterly Payment Date;

(j) there are no Loans in arrears or in default (the annual default rate is equal to 0%);

(k) the day count for average life calculations is Act/Act;

(l) the Closing Date will fall on 16 November 2015;

(m) no Enforcement Notice has been served; and

(n) a 3 month EURIBOR rate of 1% during the life of the transaction.

The Weighted Average Lives shown below were determined by (i) multiplying the net reduction, if any, of the Principal Amount Outstanding of each Class of Collateralized Notes by the number of years from the date of issuance of the Collateralized Notes to the related Quarterly Payment Date, (ii) adding the results and dividing the sum by the aggregate of the net reductions of the Principal Amount Outstanding described in (i) above.

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

Table 1: Weighted average life in years under different CPR scenario, assuming call on the First Optional Redemption Date

CPR	0%	2.5%	5%	10%	15%
Class A1 Notes	3.1	2.4	2.0	1.4	1.1
Class A2 Notes	5.0	5.0	4.7	4.3	3.7

Table 2: Weighted average life under different CPR scenario, assuming no call on or after the First Optional Redemption Date

CPR	0%	2.5%	5%	10%	15%
Class A1 Notes	3.5	2.6	2.0	1.4	1.1
Class A2 Notes	10.2	8.5	7.2	5.4	4.2

SECTION 8 - ISSUER SECURITY

As security for the performance by the Issuer of its obligations under the Transaction Documents, the Issuer acting through its Compartment Penates-5 will grant rights of pledge on its assets (and rights) in favour of the Security Agent and the other Secured Parties. As part of creation of these pledges, the Issuer will undertake as a separate and independent obligation, by way of parallel debt, to pay to the Security Agent amounts equal to amounts due to the Secured Parties.

The Issuer will enter into a Parallel Debt Agreement. In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Agent (the ***Parallel Debt***) amounts which will be equal to the aggregate amount due (*verschuldigd / dû*) by the Issuer:

(i) as fees or other remuneration to the Issuer Directors (to the extent these are recoverable against the Issuer), under the Issuer Management Agreements;

(ii) as fees and expenses to the Servicer (or Back-up Servicer) under the Servicing Agreement;

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

(iv) as fees and expenses to the Domiciliary Agent and the Calculation Agent under the Domiciliary Agency Agreement;

(v) to the Back-up Servicer Facilitator under the Back-up Servicer Facilitator Appointment Agreement;

(vi) the Cap Provider under the Cap Agreement;

(vii) the Standby Cap Provider under the Standby Cap Agreement;

(viii) Seller under the Mortgage Loan Sale Agreement;

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

(x) to the Noteholders; and

(xi) to the Security Agent under the Pledge Agreement;

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

The Parallel Debt constitutes the separate and independent obligations of the Issuer and constitutes the Security Agent's own separate and independent claim (*eigen en zelfstandige vordering / créance propre et indépendante*) to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Agent of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall be reduced by an amount equal to the amount so received.

To the extent that the Security Agent irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Agent shall distribute such amount among the Secured Parties in accordance with the then applicable Priority of Payments.

In addition, the Security Agent has been designated as representative of the Noteholders, in accordance with Article 271/12, §1 first to seventh indent 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 representative may act in courts and represent the Noteholders in any bankruptcy, judicial composition or judicial reorganisation, as applicable, or similar insolvency proceedings without having to reveal the identity of the Noteholders it represents. The Security Agent, acting in its capacity as representative of the Noteholders, acts in the sole benefit of the Noteholders. The Security Agent has also been appointed as irrevocable agent (*lasthebber / mandataire*) of the other Secured Parties in respect of the performance of certain duties and responsibilities in relation to the pledged collateral.

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

(a) all right and title of the Issuer to, and under, or in connection with all the Loans, all Loan Security and all Additional Security;

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

(c) the Issuer's right and title in and to the Issuer Accounts, the Share Capital Account, the Daily Collection Account and any amounts standing to the credit thereof from time to time; and

(d) any other assets of the Issuer (including, without limitation, the completed loan documents and ancillary documents in respect of a Loan which set out the terms and conditions of the Loan, the Loan Security and the Additional Security (the ***Loan Documents***) and the file(s), books, magnetic tapes, disks, cassette or other such method of recording or storing information from time to time relating to each Loan and the Loan Security related thereto containing, *inter alia*, (A) all material records and correspondence relating to the Loans, the Loan Security and Additional Security and/or the Borrower, (B) any payment, status or arrears reports maintained by the Servicer (the ***Contract Records***)).

The assets over which the Security is created are referred to herein collectively as the ***Collateral***. The Collateral will also provide security for the Issuer's obligation to pay amounts due to the Secured Parties under the Notes and the Transaction Documents, in accordance with the applicable Priority of Payments set out in *Section 5.7*, above.
The Noteholders will be entitled to the benefit of the Pledge Agreement, and by subscribing for or otherwise acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept, and be bound by, the terms and conditions set out therein, including the appointment of the Security Agent to hold the Security and to exercise rights arising under the Pledge Agreement for only the benefit of the Noteholders and the other Secured Parties. The Noteholders shall have limited recourse against only the Collateral and the assets of the Issuer.

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

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

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

In addition to other methods of enforcement permitted by law, Article 271/12, §2 of the UCITS Act also permits the Noteholders (acting together) to request the president of the commercial court to attribute to them the Collateral in payment of an amount estimated by an expert. In accordance with the terms of the Pledge Agreement only the Security Agent shall be permitted to exercise such rights.

The security rights described above shall serve as security for the benefit of the Secured Parties, including each of the Class A Noteholders, the Class B Noteholders, and the Class C 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 5 (Credit Structure)* above).

See also Section 4.3.1 (True Sale of Loans and the Security).

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

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

SECTION 9 - SECURITY AGENT

Stichting Security Agent Penates is a foundation (*stichting*) incorporated under the laws of the Netherlands on 20 October 2008. It has its registered office at Prins Bernhardplein 200, 1097 JB Amsterdan, 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 Prins Bernhardplein 200, 1097 JB Amsterdan, the Netherlands (the ***Security Agent Director***). The managing directors of Amsterdamsch Trustee's Kantoor B.V. are Martin Pereboom, Otgerus Joseph Anton van de Nap and Christophorus Josefus Michael Coremans.

For more information on the role and liabilities of the Security Agent, see *Section 19.4*.

SECTION 10 – TAX

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

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

Prospective holders of the Notes are urged to consult their own professional advisers with respect to the tax consequences of an investment in the Notes, taking into account their own particular circumstances and the possible impact of any regional, local or national laws.

10.1 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 ***Securites Settlement 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 Securities Settlement System Operator, the Domiciliary Agent or such other person (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer, the Securities Settlement System Operator, any Domiciliary Agent nor any other person will be obliged to gross up the payment in respect of the Notes or make any additional payments to holders of Notes in respect of such withholding or deduction. If any such withholding or deduction is required by law, the Issuer may, at its option, redeem the Notes.

10.2 Belgian Tax in respect of Class A Notes

10.2.1 Belgian withholding tax

The interest component of the payments on the Class A Notes will, as a rule, be subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 25 per cent. Tax treaties may provide for a lower rate subject to certain conditions.

Within the framework of the 2016 budget and tax shift, the Belgian federal government has announced its agreement on a number of tax measures, including the increase of the Belgian withholding tax rate from currently 25% to 27%. The expected timing for the increase is January 1, 2017. The precise modalities are not yet known to date and will be laid down by the related legislative documents that will follow in a later stage.

Payments of interest by or on behalf of the Issuer on the Class A Notes may however be made without deduction of withholding tax provided that the Class A Notes are held by Eligible Investors in an X-Account with the Securities Settlement System or with a Securities Settlement System Participant in the Securities Settlement System.

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

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

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

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

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

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

(f) companies, associations and other tax payers provided for in Article 227, 2º of ITC 1992, that hold the Class A Notes for the exercise of their professional activities in Belgium and which are subject to non-resident income tax in Belgium pursuant to Article 233 ITC 1992;

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

(h) investment funds organized under foreign law which are an undivided estate managed by a management company on behalf of the participants, when their units 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.

Transfers of Class A Notes between an X-account and an N-account give rise to certain adjustment payments on account of withholding tax:

- A transfer from an N-account (to an X-account or N-account) gives rise to the payment by the transferring non-Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.

- A transfer from an X-account (or N-account) to an N-account gives rise to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on the accrued

fraction of interest calculated from the last interest payment date up to the transfer date.

- Transfers of Class A Notes between two X-accounts do not give rise to any adjustment on account of withholding tax.

Upon opening an X-Account with the Securities Settlement System or a Securities Settlement 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 Securities Settlement System Participants of any change of the information contained in the statement of its eligible status. However, Securities Settlement System Participants are required to annually report to the Securities Settlement System as to the eligible status of each investor for whom they hold Class A Notes in an X-Account.

These reporting and certification requirements do not apply to Class A Notes held by Eligible Investors through Euroclear or Clearstream in their capacity as Participants to the Securities Settlement System, or their sub-participants outside of Belgium, provided that Euroclear or Clearstream or their sub-participants only hold X-Accounts and are able to identify the accountholder. The Eligible Investors will need to confirm their status as Eligible Investor (as defined in Article 4 of the *Koninklijk Besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/Arrêté Royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier* (Royal Decree of 26 May 1994 on the deduction and indemnification of withholding tax)) in the account agreement to be concluded with Euroclear or Clearstream.

In the event of any changes made in the laws or regulations governing the exemption for Eligible Investors, neither the Issuer nor any other person will be obliged to make any additional payment in the event that the Issuer, the Securities Settlement System or its Securities Settlement System Participants, the Domiciliary Agent or any other person is required to make any withholding or deduction in respect of the payments on the Class A Notes. If any such withholding or deduction is required by law, the Issuer may, at its option, redeem the Class A Notes See *Condition 5.19*.

10.2.2 Belgian income tax

(a) Belgian resident corporations

Interest on the Class A Notes received by a Noteholder subject to Belgian corporate income tax (*vennootschapsbelasting / impôt des sociétés*) (*i.e.*, a company having its registered seat, principal establishment or seat of management or administration in Belgium) is subject to corporation tax at the current rate of 33.99 per cent. (*i.e.*, the standard rate of 33% 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 Class A Notes) realised on the Class A Notes will be subject to the same corporation tax rate. Any capital loss on the Class A Notes should be tax deductible.

(b) Belgian resident legal entities

Belgian resident entities subject to the legal entities tax (*rechtspersonenbelasting / impôt des personnes morales*) (*i.e.*, an entity other than a company subject to corporate income tax having its registered seat, principal establishment or seat of management or administration in Belgium) receiving interest on the Class A Notes will, subject to the exemptions mentioned above, be subject to the interest withholding tax at the rate of currently 25 per cent. In case of

an exemption under the rules of the Securities Settlement 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 Class A Notes) realised on the Class A Notes will be exempt from the legal entities tax. Capital losses incurred will not be tax deductible.

(c) Organisations for Financing Pensions

Interest and capital gains derived by Organisations for Financing Pensions (***OFP***) in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle not included in the OFP's corporate income tax base and are therefore, as a rule, not subject to corporate income tax at the level of the latter. Subject to certain conditions, any Belgian withholding tax that may have been levied on the interest due under the Class A Notes can be credited against any corporate income tax due and any excess amount is in principle refundable.

(d) Non-residents of Belgium

Noteholders who are not residents of Belgium for Belgian tax purposes and are not holding the Class A 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 Class A Notes provided that they hold their Class A Notes in an X-account.

If the Class A Notes are not entered into an X-account by the Eligible Investor, withholding tax on the interest is in principle applicable at the current rate of 25 per cent., possibly reduced pursuant to Belgian domestic tax law or applicable tax treaties, on the gross amount of the interest.

10.2.3 Miscellaneous Taxes

(a) The sale of the Notes on the secondary market executed in Belgium through a financial intermediary will trigger a tax on stock exchange transactions of 0.09% (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 qualifying professional investors acting for their own account provided that certain formalities are respected.

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

On 14 February 2013, the EU Commission adopted a draft Directive on a Financial Transaction Tax. The draft Directive currently stipulates that once the Financial Transaction Tax enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the Financial Transaction Tax (or VAT as provided in the Council Directive 2006/112/EC on 28 November 2006 on the common system of value added tax). For Belgium, the above mentioned transfer taxes should thus be abolished if and once the Financial Transaction Tax enters into force. The draft Directive is still subject to negotiation between the participating Member States and may therefore be changed at any time. For more details on the Financial Transaction Tax, reference is made to Section 4.5.8 above.

10.3 EU Directive on the Taxation of Savings Income

Under Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State (the ***Disclosure of Information Method***).

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (the ***Source Tax***). The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the Council of the European Union adopted a Council Directive (the ***Amending Directive***) amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to apply these new requirements from 1 January 2017 and if they were to take effect the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

The European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the global standard released by the Organisation for Economic Cooperation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader than the Savings Directive although it does not impose withholding taxes. The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

If a payment were to be made or collected through a Member State (or through another state or territory that has adopted similar measures as the ones that are included in the Savings Directive) that has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Domiciliary Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

SECTION 11 - MORTGAGE LOAN SALE AGREEMENT

11.1 Sale - Purchase Price

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

The purchase price of the Loans (including the related Loan Security) shall consist of (a) the initial purchase price for the Loans plus (b) an entitlement to a deferred purchase price payable by the Issuer in respect of the Loans pursuant to the MLSA (the ***Deferred Purchase Price***) on each Quarterly Payment Date as set out below.

The initial purchase price shall be equal to the sum of:

(i) the aggregate of the Current Balances of all Loans on the Closing Date;

(ii) the accrued interest on all the Loans up to (but excluding) the Closing Date; and

(iii) any amounts of principal or interest due but unpaid on the Closing Date,

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

(the ***Initial Purchase Price***).

The current balance in respect of any Loan (including fully performing Loans and Loans in arrears) at any particular date shall be the outstanding principal amount in respect of such Loan as of the Closing Date *less* any amount applied to reduce such principal amount since the Closing Date (the ***Current Balance***) (for the avoidance of doubt, in case of a Defaulted Loan in respect of which the Servicer has decided to suspend and abandon any further enforcement action, Recoveries are not taken into account in order to determine the Current Balance).

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

The amount of Deferred Purchase Price payable on any Quarterly Payment Date shall be equal to the Interest Available Amount available (as item (xii) of the Pre-FORD Interest Priority of Payments or item (xiii) of the Post-FORD Interest Priority of Payments) after satisfaction of all liabilities ranking higher in the Interest Priority of Payments or the amount available (as item (xii) of the Pre-FORD Post-Enforcement Priority of Payments or item (xiii) of the Post-FORD Post-Enforcement Priority of Payment and which) after satisfaction of all liabilities ranking higher in the Post-Enforcement Priority of Payments (see *Section 5.7*, above) and will be calculated in accordance with the terms of the MLSA. No interest shall be payable by the Issuer in respect of the Deferred Purchase Price.

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

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

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

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

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

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

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

(c) all rights and title of the Seller to Additional Security;

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

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

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

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

(h) all causes and rights of action against any Mortgage Registration Office, such as, without limitation, all rights of action mentioned in the articles 128, 130 and 132 of the Mortgage Act, with respect to any transcription (*overschrijving/transcription*), inscription (*inschrijving/inscription*) or marginal inscription (*kantmelding/inscription en marge*) of any right relating to the Mortgaged Property; and

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

11.2 Representations, Warranties and Eligibility Criteria

11.2.1 Seller's Representations and Warranties

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

(a) the Seller is a corporation duly organised and validly existing under the laws of Belgium with full power and authority to execute, deliver, and perform all of its obligations under the MLSA and such execution and delivery does not violate any applicable laws;

(b) the Seller has obtained all necessary corporate authority and taken all necessary action (including, but not limited to all necessary consents, licenses and approvals), for the Seller to sign the MLSA and to perform the transactions contemplated herein;

(c) the Seller is duly licensed as a credit institution by the NBB under the Law of 25 April 2014 on the supervision of the credit institutions (*loi relative au statut et au contrôle des établissements de crédit*) (as may be amended from time to time, the ***Credit Institutions Supervision Law***) and has received a temporary license as a provider of mortgage credit under the Belgian Code of Economic Law;

(d) the Seller:

 (i) is not in a situation of cessation of payments within the meaning of Belgian insolvency laws;

 (ii) has not resolved to enter into liquidation (*vereffening / liquidation*),

 (iii) has not filed for bankruptcy or for a moratorium (*uitstel van betaling / sursis de paiement*);

 (iv) is not subject to reorganisation measures (*saneringsmaatregel / mesure d'assainissement*);

 (v) is not subject to any winding-up procedures (*liquidatieprocedures* / *procédures de liquidation*);

 (vi) has not been adjudicated bankrupt or annulled as legal entity;

 (vii) the Seller has not taken any corporate action nor is any corporate action pending in relation to any of the matters specified in this paragraph (d);

(e) the MLSA constitutes the Seller's valid and binding obligations enforceable in accordance with its terms;

(f) no Notification Event relating to the Seller has occurred or will occur as a result of the entering into or performance of the MLSA; and

(g) no litigation, arbitration or administrative proceeding has been instituted, or is pending, or, to the best of its belief, threatened which might have a material adverse effect on it or on its ability to perform its obligations under the Mortgage Loan Sale Agreement.

11.2.2 Eligibility Criteria

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

(a) Portfolio Schedule

(i) The information relating to

(1) the residential mortgage loans listed in Schedule 8 to the MLSA (the ***Initial Portfolio***);

(2) the procedures, policies and practices from time to time applied by the Seller with regard to the origination, credit collection and administration and underwriting criteria of its Loans as set out in Schedule 7 to the MLSA;

(3) any additional note on credit repayment capacity, certified by the Seller to be a true, accurate and up-to-date statement of the Seller's credit policies ((2) and (3) together being the ***Credit Policies***); and

provided by the Seller to the Issuer, the Security Agent, the Noteholders or otherwise are complete, true and accurate in all material respects as of the Cut-Off Date.

(b) Valid existence

(i) Each Loan, Loan Security and Additional Security exists and are valid and binding obligations of the relevant Borrower(s), or as the case may be, the relevant Insurance Company, and are enforceable in accordance with the terms of the relevant Loan Documents, provided, however, that the Seller has made no investigations as to the existence of the Insurance Policies after the date of origination of each Loan;

(ii) each Loan has been granted with respect to real property located in Belgium;

(iii) no Loan has an origination date prior to 1 January 1995;

(iv) each Loan was granted by one of the Originators as a loan secured by one or more real properties for residential use by the Borrowers located in Belgium over which there is a Mortgage securing such Loan (each such property a ***Mortgaged Property***);

(v) the Loans are either Annuity Mortgage Loans, Linear Mortgage Loans or Progressive Mortgage Loans;

Annuity Mortgage Loan means a mortgage loan under which the Borrower has to make a monthly payment which remains the same (subject to adjustments however in case of interest rate resets) for the duration of the loan consisting of (a) an interest portion which is initially high and subsequently gradually decreases and (b) a principal portion which is initially low and a subsequently gradually increases, and which is calculated in such a way that the mortgage loan will be fully reimbursed at maturity;

Linear Mortgage Loan means a mortgage loan under which the Borrower makes a decreasing monthly payment consisting of an interest portion which is initially high

and subsequently decreases and which is calculated in such a way that the loan will be fully reimbursed at maturity;

Progressive Mortgage Loan means a mortgage loan in respect of which the monthly instalment (capital and interest) is calculated in such a way that the capital component of the instalment will increase monthly with a predetermined percentage;

(vi) each Loan is granted under a Credit Facility;

(vii) at origination, each Borrower in respect of a Loan, was an individual resident (*domicilié / woonachtig*) in Belgium; and

(viii) on the Cut-Off Date, each Loan was secured by a first-ranking Mortgage on an owner-occupied Mortgaged Property.

(c) Governing Legislation

(i) each Loan, related Mortgage, other Loan Security and Additional Security is governed by Belgian law and no Loan or relating Mortgage expressly provides for the jurisdiction of any court or arbitral tribunal other than Belgian courts or tribunals;

(ii) each Loan is subject to the Belgian Mortgage Credit Act, or, as from 1 April 2015, to the Book VII, Title 4, Chapter 2 of the Code of Economic Law;

(iii) each Loan and relating Mortgage complies upon origination in all material respects with the requirements of the Belgian Mortgage Credit Act or, as for Loans originated as from 1 April 2015, to the Book VII, Title 4, Chapter 2 of the Code of Economic Law and implementing regulations;

(iv) each Loan complies with any and all applicable consumer protection rules and in general, with the common rules of law (*regels van gemeen recht / règles de droit commun*);

(v) all Standard Loan Documentation relating to the Loans has been duly and timely submitted to the FSMA in accordance with the relevant provisions in the Belgian Mortgage Credit Act, or Book VII of the Code of Economic Law;

(vi) the Consumer Credit Act of 12 June 1991 or, as from 1 april 2015, Book VII, Title 4, Chapter 1 of the Code of Economic Law does not apply to any Loan or any other loan or advance made under the Credit Facility under which the Loan has been originated;

(vii) no Loan is granted (x) with the benefit of a guarantee extended by the Walloon Region under the applicable housing promotion programme for building or acquiring houses (the so-called ***Prêts Jeunes*** or ***Prêts Tremplin***), in application of the Decree of the Walloon Government on 20 July 2000 determining the conditions to intervene for the benefit of young people obtaining a mortgage credit or (y) under a housing promotion for building or acquiring houses by mine worker.

(d) Free from third party rights

(i) each Loan has been granted by the Seller (or, if applicable, its predecessor) for its own account;

(ii) the Seller has exclusive, good, and marketable title to each Loan;

(iii) immediately before and upon the entry into effect of the sale on the Closing Date pursuant to the MLSA, the Seller has the absolute property right over each Loan and the other rights, interests and entitlements sold pursuant to the MLSA, in each case, free from all liens, charges, pledges, pre-emption rights, options or other rights or security interests of any nature whatsoever in favour of, or claims of, third parties including, but without limitation, any attachment (*derdenbeslag/saisie-arrêt*) or any floating charge (*pand op de handelszaak/gage sur fonds de commerce)*;

(iv) immediately before and upon the entry into effect of the sale on the Closing Date pursuant to the MLSA and the pledging pursuant to the Pledge Agreement, the Seller has not assigned, transferred, pledged, disposed of, dealt with, otherwise created, allowed to arise, or subsist, any security interest (or other adverse right, or interest, in respect of the Seller's right, title, interest and benefit) in or to, any Loan, Loan Security, Additional Security, the rights relating thereto or with respect to any property and asset, right, title, interest or benefit sold or assigned pursuant to the MLSA or pledged pursuant to the Pledge Agreement, in any way whatsoever other than pursuant to the MLSA or the Pledge Agreement;

(v) in respect of any Credit Facility or Shared Mortgage relating to a Loan, the Seller has the absolute right on and interest in all rights arising under such Credit Facility (including any loans or advances granted thereunder) and such Shared Mortgage, other than the interests and entitlements sold pursuant to the MLSA (the ***Retained Rights***);

(vi) the Seller has not given any instructions to any Borrower, Insurance Company or any provider of Loan Security or Additional Security to make any payments in relation to any Loan to any of the Seller's creditors;

(vii) the Seller has not done anything that would render any Loan Security or Additional Security ineffective, or omitted to do anything necessary to render or keep them effective; and

(viii) each Loan can be easily segregated and identified by the Seller for ownership and collateral security purposes;

(e) Ranking

Each Loan is fully covered by (i) a first ranking Mortgage, and, as the case may be, (ii) (A) a sequentially lower ranking Mortgage, and/or (B) a mandate to create such Mortgages.

(f) Fully disbursed loans

The proceeds of each Loan have been fully released (at the latest three (3) months prior to the Closing Date) and the Seller has no further obligation to release further funds relating to the Loan.

(g) No set-off or other defence

(i) none of the Loans are 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, the Insurance Company or third party provider of Loan Security and arising from any act, event, circumstance or omission on the part of or attributable to the Seller which occurred prior to the execution of the MLSA (except any *exceptie / exception* or *verweermiddel*

/ moyen de défense based on the provisions of Article 1244, alinea 2 of the Belgian Civil Code or the provisions of Belgian insolvency laws);

(ii) no pledge, lien or counterclaim (except for commercial discounts, as applicable) or other security interest has been created, or arisen, or now exists, between the Seller and any Borrower or Insurance Company which would entitle such Borrower or Insurance Company to reduce the amount of any payment otherwise due under its Loan.

(iii) none of the Loans is part of an actual current account (*rekening courant / compte courant*).

(iv) The Standard Loan Documentation does not contain any express provisions giving the Borrower a contractual set-off right.

(h) No Subordination

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

(i) No limited recourse

The Seller has not entered into any agreement, which would have the effect of limiting the Seller's rights to any assets of the Borrower in respect of any Loan repayment.

(j) No abstraction

The Seller has not issued or subscribed any bills of exchange or promissory notes in connection with any amounts owing under any Loan and none of the Loans is incorporated in a negotiable instrument (*grosse aan order* / *grosse à ordre*).

(k) No waiver

The Seller has not knowingly waived or acquiesced in any breach of any of the Seller's rights under or in relation to a Loan, any Loan Security or any Additional Security except for Permitted Variations made in accordance with the Transaction Documents which shall not constitute a breach of this representation and warranty.

(l) Performing Loan

(i) No event has occurred that has not been cured prior to the Cut-Off Date that would entitle the Seller to accelerate the repayment of any Loan;

(ii) on the Cut-Off Date, no Loan is in arrears for more than 1 month or is a Defaulted Loan;

(iii) on the Cut-Off Date, the Seller has not received notice of intended prepayment of all or any part of any Loan.

(m) Litigation

The Seller has not received written notice of any litigation or claim that challenges or potentially challenges the Seller's title to any Loan, Loan Security or Additional Security or

which would have a material adverse effect on its ability to perform its obligations under the MLSA.

(n) Insolvency

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

(i) is bankrupt;

(ii) is in a situation of cessation of payments;

(iii) has entered into, or has filed for, a rescheduling of repayments (*betalingsfaciliteiten / facilités de paiement*), a judicial composition (*gerechtelijk akkoord / concordat judiciaire*) or judicial reorganisation (*gerechtelijke reorganisatie / réorganisation judiciaire*), a moratorium (*uitstel van betaling / sursis de paiement*) or a collective reorganisation of its debts (*collectieve schuldenregeling / règlement collectif*) pursuant to the Articles 1675/2 to and including 1675/19 of the Belgian judicial code (*gerechtelijk wetboek / code judiciaire*);

(iv) has otherwise become insolvent; or

(v) has any reason to believe that such Borrower is about to enter into, or to file for, any of the procedures specified in this paragraph 11.2.2(n).

(o) Incapacity

On the Cut-Off Date, the Seller has not received notice of the death or any other legal incapacity (*onbekwaamheid / incapacité*) of any Borrower.

(p) No Withholding Tax

(i) The Seller is not required to make any withholding or deduction for, or on account of, tax in respect of any payment in respect of the Loans;

(ii) no withholding or deduction for, or on account of, tax in respect of any payment under a Loan is required to be made by any Borrower.

(q) Assignability of the Loans

(i) Each Loan, secured by the Loan Security and Additional Security, may be validly assigned to the Issuer and pledged by the Issuer in accordance with the Pledge Agreement;

(ii) each Loan, secured by the related Loan Security and Additional Security, is legally entitled to be being transferred by way of sale, and the transfer by way of sale is not subject to any contractual or legal restriction, other than the notification to the Borrower for the purpose of rendering the sale enforceable against the Borrower;

(iii) the sale of each Loan in the manner contemplated in the MSLA will not be recharacterised as any other type of transaction other than a sale;

(iv) the sale of each Loan will be effective to pass to the Issuer full and unencumbered title and benefit, and no further act, condition or thing will be required to be done in

connection with the Loan to enable the Issuer to require payment of each Loan, or the enforcement of each Loan, in any court other than the giving of notice to the Borrower of the sale of such Loan by it to the Issuer for the purpose of rendering the sale enforceable against the Borrower;

(v) upon the sale of any Loan such Loan will no longer be available to the creditors of the Seller on its liquidation.

(r) Security and the Mortgaged Properties

(i) Each Mortgage exists and constitutes or, upon registration at the office (*hypotheekkantoor/bureau des hypothèques*) where mortgages are or, are to be, registered in accordance with the Mortgage Act (the ***Mortgage Registration Office***) will constitute, a valid, enforceable and subsisting mortgage over the relevant Mortgaged Property;

(ii) each Mortgage which has been registered at the relevant Mortgage Registration Office, is first ranking over any other mortgage or security interest attached to any Mortgaged Property, save in case the Seller also has first ranking Mortgage and such Mortgage is/are also transferred to the Issuer;

(iii) no other mortgage or security interest attaches to any Mortgaged Property other than any:

(1) mortgages and liens which apply to the Mortgaged Property by operation of law;

(2) higher ranking mortgages as envisaged in paragraph (r)(ii) above; and

(3) lower ranking mortgages, liens, encumbrances, claims or mortgage mandates;

(iv) if, at the Cut-Off Date, the registration of any Mortgage created in favour of the Seller is pending at the Mortgage Registration Office:

(1) the Seller shall have, and be capable of having, an absolute right to be registered as mortgagee of the relevant Mortgaged Property;

(2) such Mortgage shall have no condition, notice or other entry which will prevent such registration;

(3) the Seller has instructed the relevant notary to take all action to effectively register the Seller as mortgagee of the relevant Mortgaged Property; and

(4) such registration will be accomplished ultimately before the Loan is in arrears for more than two (2) months;

(v) 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;

(vi) as at the date of origination of the 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;

(s) Valid Hazard Insurance Policy

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

(t) Valid Debt Insurance Policy

In accordance with the current Credit Policies each Borrower, either individually or jointly with its co-borrowers and for amounts to be apportioned between them, are requested to insure Loans under a Debt Insurance policy executed as collateral security to the Originator for each such Loan or, in relation to which the Originator is mentioned as loss payee.

(u) Loan Security

(i) The Seller has not received notice of any material breach of the terms of any Loan Security or Additional Security.

(ii) Each attorney appointed under a Mortgage Mandate and as long as such attorney, if a legal person, exists, or, if a private person, is alive, has the power under the Mortgage Mandate to create a mortgage in favour of the Issuer and the Seller.

(v) The Mortgaged Properties

(i) Prior to providing a Loan to a Borrower, the Seller instructed the notary public to conduct a search of origin and validity of the Borrower's title to the Mortgaged Property and such search did:

(1) not disclose anything material which would cause a reasonably prudent lender to decline to proceed with the Loan on the proposed terms;

(2) disclose that the Borrower or a third party provider of Loan Security had the exclusive, absolute and unencumbered title over the Mortgaged Property; and

(3) not disclose any tax liabilities or, if applicable, any social security (*sociale zekerheid / sécurité sociale*) liabilities, registrations, annotations, transcriptions or deficiencies in the title of property which may impair the rights of the Seller, including, but not limited to, deferred payment of the purchase price, reservation of title (*eigendomsvoorbehoud / réserve de propriété*), any condition precedent or any resolutive condition, usufruct (*vruchtgebruik / usufruit*) or negative undertakings not to transfer or mortgage;

(ii) the notary public has not been dispensed from any of its responsibilities and/or liabilities in relation to any Loan and Mortgage;

(iii) none of the Mortgages has been created over a part in an undivided property, a collective property (*mede-eigendom / co-propriété*) or a property which has been purchased pursuant to a purchase agreement which results in an effective *tontine* or a similar arrangement, except:

(1) in case there is another first-ranking Mortgage relating to the same Borrower that meets all representations and warranties set out herein; or

(2) in case of a *tontine* or a similar arrangement, each of the Borrowers under the same Loan has granted the relevant Mortgage with respect to all their present and future rights in respect of the Mortgaged Property and, 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 (*expropriation / onteigening*) of any Mortgaged Property.

(w) The Seller's compliance with laws

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

(x) Servicing

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

(y) Selection Process

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

(z) Origination and Standard Loan Documentation

(i) Prior to making each Loan, the Originator carried out or caused to be carried out all investigations, searches and other actions and made such enquiries as to the Borrower's status and obtained such consents (if any) as would a reasonably prudent lender and nothing which would cause such a lender to decline to proceed with the initial loan on the proposed terms was disclosed;

(ii) prior to making each Loan, the Originator's lending criteria laid down in the Credit Policies or, as the case may be, the lending criteria of the Seller applicable at the time or the lending criteria of the relevant original lender, were satisfied (as applicable) subject to such waivers as may be exercised by a reasonably prudent lender;

(iii) each Loan has been granted and each of the Loan Security has been created, subject to the general terms and conditions and materially in the forms of the Standard Loan Documentation (so far as applicable) and any amendment to the terms of the Loans has been made substantially in accordance with the Credit Policies or the then prevailing credit policies of the Seller or the original lender;

(iv) for each Loan the Borrower completed a loan request form;

(v) each Loan has been confirmed by way of a separate advance offer to which a repayment schedule is attached;

(vi) in respect of each Loan the Originator has made searches on the Borrower's identity with the central individual credit register (*Centrale voor kredieten aan particulieren/centrale des crédits aux particuliers*)(the ***Central Credit Register***), including in the Negative Database and, to the extent following such verification, the

Borrower's name appeared for any reason in the Negative Database, the Loan contracted by such Borrower was originated by the Originator in accordance with the Credit Policies acting as a prudent lender. The ***Negative Database*** (*kredietcentrale (negative luik) / centrale des crédits (volet négatif)*) has the meaning given thereto in Book VII, Title 4, Chapter 3 of the Code of Economic Law, as implemented by the Royal Decree of 7 July 2002 on the regulation of the database for credit to private individuals. The Negative Database registers the payment defaults of, amongst others, the mortgage loan contracts;

(vii) for each Loan the Seller did not rely on the self-certified income (meaning income for which the Seller has not received appropriate evidence) of the Borrower;

(viii) none of the Loans is an equity-release mortgage loan;

(ix) None of the Borrowers is an employee of the Seller.

(aa) Proper Accounts and Records

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

The Contract Records contain evidence of the existence, rank and amount of the relevant Mortgages, evidence of the existence and the amount of the Mortgage Mandates and of the valuation of the relevant Mortaged Property.

(bb) Data Protection and privacy laws

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

(cc) Missing data

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

(dd) Financial Criteria

(i) The interest rate on each Loan was market conform at its origination date;

(ii) each Loan, is repayable by way of monthly Instalments, interest being payable in arrears;

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

(iv) as of the Cut-Off Date, no Loan is a Loan in respect of which payment is disputed (in whole or in part, with or without justification) by the Borrower or any guarantor of such Loan, or in respect of which a set-off or counterclaim is being claimed by such Borrower or guarantor, provided that a Loan shall not be a disputed loan by reason merely of the fact that any payment thereunder is not made at its due date, that the Borrower is in default, that the Borrower is insolvent, that the Borrower is seeking from the courts the benefit of a grace period, or that there is a conciliation procedure

(whether successful or not) in respect of this Loan under Article VII.147 of the Code of Economic Law (a ***Disputed Loan***);

(v) each Loan has a fixed rate period until maturity;

(vi) for each Loan the fixed interest rate was at least 2.20% and no more than 3.50%;

(vii) no Loan has an initial maturity in excess of thirty (30) years;

(viii) in respect of each Loan, at least one (1) Instalment has been received on the Closing Date;

Instalment shall mean, in respect of any Loan, the aggregate amount of principal and interest which is scheduled to be payable by a Borrower on a particular repayment date or after a particular period in accordance with the contractual terms of such Loan (as amended from time to time),

(ix) each Loan has an initial loan to initial value (ILTIV) equal to or less than 110%; ***ILTIV*** means the ratio between (i) the total amount of the Credit Facility(ies) granted to the Borrower and which exist at the Closing Date and (ii) the sum of the values of the Mortgaged Property(ies) on which a first ranking mortgage inscription has been granted by the Borrower and which have not been released on or before the Closing Date and whereby the value is determined at the moment the relevant Credit Facility has been granted or when a new loan has been drawn under the relevant Credit Facility;

(x) each Loan has a mortgage inscription to current loan (MTCL) of not less than 10%. ***MTCL*** means the ratio between (i) the secured amount (including an amount for accessories) for which the Originator benefits from a registered first ranking Mortgage or from several Mortgages registered successively so as to provide an effective first rank for their aggregate amount and (ii) the Current Balance of the Loans of the Borrower increased by aggregate outstanding principal amount of all other loans existing at the Closing Date secured by the same Mortgage;

(xi) a Loan does not have a connection with a loan of a different client (meaning that in case different clients each have been granted a loan in respect of which the mortgage securing each such loans is registered on, or the mortgage mandate is granted on, the same mortgaged property, the loans of both clients will not be eligible); and

(xii) as of the Cut-Off Date, the outstanding amount of all the Loans of a Borrower does not exceed EUR 1,000,000.00.

(ee) Reconstitution Loans

None of the Loans is a reconstitution loan (*reconstitutielening / crédit de reconstitution*) within the meaning set out in Book VII, Title 4, Chapter 2 of the Code of Economic Law.

11.3 Repurchases and Permitted Variations of Loans

11.3.1 Breach of Representations and Warranties

If at any time after the Closing Date:

(a) any of the Eligibility Criteria relating to the Loans, as set out in the MLSA proves to be untrue, incorrect or incomplete; and

(b) the Seller has not remedied this within five (5) Business Days after being notified thereof in writing by the Issuer or it has become clear that the matter cannot be remedied within the said period of five (5) Business Days;

then, the Seller shall:

(i) indemnify the Issuer for all damages, costs, expenses and losses; and

(ii) repurchase the relevant Loan and Loan Security (and all other Loans secured by the same Mortgage, if any) at a price equal to the aggregate of the then Current Balance of the repurchased Loan(s) plus accrued interest thereon and reasonable *pro rata* costs up to (but excluding) the date of completion of the repurchase.

The indemnification or completion of any repurchase and re-assignment as referred to herein shall be completed on the first Business Day of the next Monthly Collection Period following expiry of the five (5) Business Day period referred to herein.

11.3.2 Permitted Variations

The Secured Parties agree that upon the request of a Borrower, the Servicer shall be entitled to consent on behalf of the Issuer to a requested variation of the terms or conditions of or in relation to a Loan or any rights in relation thereto if all the conditions below are satisfied.

Conditions

In relation to any Loan, the Servicer shall be entitled to consent to such variation to the extent the conditions contained in this *Section 11.3.2* under headings *Conditions* or *Amicable Settlement* below are satisfied:

(a) no Enforcement Notice has been given by the Security Agent at the date of the relevant variation;

(b) the variation will not provide for a full or partial release of the Mortgage related to the Loan as a result of which the MTCL immediately following such variation will be lower than 100%;

(c) the Current Balance of the Loan shall not be reduced otherwise than as a result of an effective payment of principal;

(d) in case of a substitution (or release of any) of the Mortgaged Property(ies) (*pandwissel / substitution d'hypothèque, vrijgave / main levée*) relating to such Loan, the CLTCV will not be higher than the CLTCV immediately preceding such variation;

(e) in case of a Loan any variation in the amortisation profile of the Loan will not cause the Loan to be no longer payable by way of monthly Instalments or will imply a residual value payment at the final redemption date of such varied loan;

(f) any variation in the amortisation profile of the Loan will not cause the repayment of principal to be concentrated around the maturity date of the Loan;

(g) in case of a maturity extension of the Loan, such extension will be in accordance with the terms of Loan Documents of the relevant Loan and the final redemption date of such varied Loan would as a consequence of the variation not be extended beyond the Quarterly Payment Date falling four (4) years prior to the Final Redemption Date of the Notes;

(h) any variation in the fixed interest rate in respect of the Loan shall be in accordance with the terms of the Standard Loan Documentation, as amended from time to time, will be market conform at the time of such variation and will not cause the fixed interest rate to be lowered;

(i) the Borrower will not become an employee of the Seller;

(j) the variation would not cause the Loan to no longer comply with all the Eligibility Criteria; and

(k) such variation shall be considered by the Servicer acting as a reasonably prudent mortgage lender (*bonus pater familias*).

If any of the conditions set out above are considered not to be satisfied, such variation shall be deemed to be a Non-Permitted Variation as set out below.

CLTCV means, in relation to a Loan, the ratio between (i) the Current Balance of the Loans of the Borrower increased by the aggregate outstanding principal amount of all other loans secured by the same Mortgage that already exists on the Closing Date and (ii) the aggregate of the current market value(s) of the Mortgaged Property(ies), obtained after indexation (based on indexes determined by Stadim or if not available based on another index).

Amicable Settlement

If at any time after the Closing Date, the Servicer is confronted with a proposed amicable settlement relating to a Loan that is in arrears resulting in a variation of the repayment schedule relating to such Loan, the Servicer may consent on behalf of the Issuer to such proposed settlement if and to the extent he confirms that such settlement takes full account of the chances for recoveries relating to such Loan.

A variation that meets the conditions set out in this Section *11.3.2* under the heading - *Conditions* or a variation described in this Section *11.3.2* under the heading – *Amicable Settlement* is referred to as a ***Permitted Variation***.

The Servicer shall keep a note of any variation, amendment or waiver in the relevant Contract Records relating to the relevant Loans.

The Issuer or the Security Agent shall be entitled to terminate the powers of the Servicer to consent to Permitted Variations with three (3) months prior notice and for good cause, provided another procedure or powers are put into place to deal with variations without any additional cost or expense for the Servicer and subject to the rating of the Class A Notes not being adversely affected.

11.3.3 Non-Permitted Variations

If the proposed variation is not a Permitted Variation, if and to the extent that the Servicer, in accordance with the Seller, were to decide to accept such Non-Permitted Variation, then the Seller shall, no later than forty-five (45) calendar days after such Non-Permitted Variation has

been accepted and implemented (or, in case such day would not fall on a Business Day, on the immediately succeeding Business Day), repurchase and accept re-assignment of the relevant Loan together with other Loans covered by the same Mortgage, if any, at a price equal to:

(i) the then Current Balance of the Loan(s);

(ii) *plus* accrued interest thereon and *pro rata* costs, fees and expenses up to (but excluding) the date of completion of the repurchase.

The Issuer, the Administrator and the Seller shall then ensure that the repurchase and re-assignment relating to such Loan shall have been completed no later than forty-five (45) calendar days after such Non-Permitted Variation as requested by the Borrower has been accepted and implemented (or, in case such day would not fall on a Business Day, on the immediately succeeding Business Day) and that any cost associated with such variation, amendment or waiver is paid by the Borrower. The Servicer may not waive any Prepayment Penalty in connection with the full or partial prepayment of any Loan. For the avoidance of doubt, any Prepayment Penalties collected shall be transferred to the Issuer in accordance with the Servicing Agreement.
All costs arising in relation to the variation, amendments or waiver shall, to the extent not paid by the Borrower, be paid and borne by the Servicer or the Seller.

11.3.4 Option to repurchase

The Seller has the option to repurchase the Portfolio from the Issuer upon the occurrence of a Regulatory Change in which case, the Issuer shall, provided that sufficient fund will be available to redeem all Classes of Collateralized Notes, be obliged to sell and assign the Loans to the Seller, or any third party appointed by the Seller in their sole discretion. See detailed provisions in Conditions 5.23.

11.3.5 Notification Events

The sale of the Loans under the MLSA and pledge of the Loans under the Pledge Agreement will be notified only upon the occurrence of a Notification Event or a Pledge Notification Event to any relevant Borrowers and any other relevant parties by the Issuer (acting on the instructions of the Security Agent) pursuant to the terms and conditions set out in the MLSA and the Pledge Agreement.

Each of the following events, except for the event in (m), is a Notification Event under the MLSA:

(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 MLSA or under any Transaction 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 material obligations under the MLSA or under any other Transaction Document, with a negative impact on the Class A Notes, to which it is a party and if such failure, capable of being remedied, is not remedied within thirty (30) 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 MLSA, other than the representations and warranties made in respect of the Loans

(which the Seller consequently repurchases), or under any of the other Transaction Documents to which it is or will be a party or if any notice or other document, certificate or statement delivered by it pursuant hereto proves to have been, and continues to be after the expiration of any applicable grace period provided for in any Transaction Document, untrue or incorrect in any material respect and with a direct negative impact on the Class A Notes. A representation or warranty will be considered to be untrue or incorrect in a material respect if it affects the validity of the material obligations of the Seller under the Transaction Documents; or

(d) an order being made or an effective resolution being passed for the winding up (*ontbinding/dissolution*) of the Seller except a winding up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Security Agent in writing or by an Extraordinary Resolution of Noteholders; or

(e) the Seller, otherwise than for the purpose of such an amalgamation or reconstruction as referred to in paragraph (d) above, ceases or, through an official action of the board or directors of the Seller, threatens to cease to carry on business or the Seller is unable to pay its debts as and when they fall due or the value of its assets falling to less than the amount of its liabilities or otherwise becomes insolvent;

(f) any steps have been taken or legal proceedings have been instituted or threatened by the Seller for the bankruptcy (*faillissement / faillite*), stay of payment (*uitstel van betaling / sursis de paiement*) or for any analogous insolvency proceedings under any applicable law, or an administrator, receiver or like officer (including a *voorlopig bewindvoerder / administrateur provisoire* (ad hoc administrator)) has been appointed in respect of the Seller or any of its assets;

(g) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into reorganisation measures (*saneringsmaatregel/mesure d'assainissement*) as referred to in article 3, §1, 56° of the Credit Institutions Supervision Law, as amended from time to time, or winding-up procedures (*liquidatieprocedures/procédures de liquidiation*) within the meaning of Article 3 §1, 59° of the Credit Institutions Supervision Law 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

(h) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations hereunder or under any Transaction Document to which it is a party; or

(i) any action is taken by any authority, court or tribunal, which results or may result in the revocation of the license of the Seller (i) to act as a credit institution within the meaning of the Credit Institutions Supervision Law or (ii) as a mortgage institution under the Belgian Mortgage Credit Act or as mortgage credit provider under Book VII, Title 4, Chapter 4 of the Code of Economic Law; or

(j) the service of an Enforcement Notice by the Security Agent; or

(k) a Servicing Termination Event has occurred; or

(l) the Issuer is so required by an order of any court or supervisory authority; or

(m) an attachment or similar claim in respect of any Loan is received, in which case notice shall be given only to the Borrower of the Loan concerned; or

(n) whether as a reason of a change in law (or case law) or for any other reason and to the extent notified thereof by the Servicer, the Security Agent reasonably considers it necessary to protect the interests of the Secured Parties in the Loans, the Loan Security or the Additional Security to do so, and serves notice on the Seller to such effect (setting out its reasons therefor).

The occurrence of any Notification Event other than the Notification Event as referred to under 11.3.5 (m) will constitute a Pledge Notification Event under the Pledge Agreement.

11.4 Mitigation of Commingling Risk

In case, for as long as the Class A Notes are outstanding,

(a) the credit rating of the Seller's short term, unsecured, unsubordinated and unguaranteed debt obligations (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) falls below a rating of F1 by Fitch or such rating is withdrawn; or

(b) the credit rating of the Seller's long term, unsecured, unsubordinated and unguaranteed debt obligations (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) falls below a rating of A by Fitch or such rating is withdrawn; or

(c) the Counterparty Risk Assessment of the Seller falls below Baa3(cr) by Moody's (or such rating which is otherwise acceptable to Moody's),

the Seller shall as soon as reasonably possible following the occurrence of any of the rating events listed in items (a), (b), or (c) above (each of such events, a ***Risk Mitigation Deposit Trigger Event***), credit to a bank account (the ***Deposit Account***) to be held in the name of the Issuer with a third party account bank having the Minimum Account Bank Ratings, the Risk Mitigation Deposit Amount.

The Risk Mitigation Deposit Amount shall be an amount as determined by the Administrator as follows:

(i) upon the first occurrence of a Risk Mitigation Deposit Trigger Event, the Risk Mitigation Deposit Amount shall be equal to the higher of (x) zero and (y) the aggregate amount of the first scheduled interest and principal payment becoming due and payable on each Loan on or immediately following the occurrence of the Risk Mitigation Deposit Trigger Event.

(ii) on the first calendar day of each month following the month in which the Risk Mitigation Deposit Trigger Event occurred (the ***Adjustment Date***) and provided no Notification Event has occurred, the Risk Mitigation Deposit Amount shall be adjusted and be equal to the higher of (x) zero and (y) the aggregate amount of the first scheduled interest and principal payment becoming due and payable on each Loan on or immediately following such Adjustment Date.

To the extent the balance on the Deposit Account exceeds the Risk Mitigation Deposit Amount calculated on the Adjustment Date, the Administrator will immediately (and in any event no later than five (5) Business Days following the Adjustment Date) release the amount in excess to the Seller. To the extent the balance

on the Deposit Account is less than the 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 five (5) Business Days following the notification of the adjusted Risk Mitigation Deposit Amount by the Administrator) credit such shortfall to the Deposit Account;

(iii) as from the time a Notification Event has occurred, the Risk Mitigation Deposit Amount will become fixed and may no longer be adjusted in accordance with paragraph (ii) above and will, as a result, become fixed. Furthermore, as from the time a Notification Event has occurred, the Risk Mitigation Deposit Amount may no longer be released (other than to the Issuer for the purposes set out under (a) or (b) below) unless the Class A Notes have been fully and finally repaid.

The Risk Mitigation Deposit Amount as determined by the Administrator for each first calendar day of the month following the occurrence of a Risk Mitigation Deposit Trigger Event (and as long as the Risk Mitigation Deposit Trigger Event continues) will be reported by the Administrator in the Quarterly Investor Report. The funds credited to the Deposit Account will not be included as Principal Available Amount and/or Interest Available Amount and will not form part of the Priority of Payments, unless if used to mitigate Commingling Risk in which case the Issuer will be required to add such funds to the Interest Available Amount and/or Principal Available Amount, as the case may be. The Risk Mitigation Deposit Amount will not serve as general credit enhancement to the Issuer and can only be used by the Issuer to mitigate Commingling Risk. The Issuer will transfer the interest received on the Deposit Account to the Seller.

The funds credited to the Deposit Account may only be applied by the Issuer for the purpose of indemnifying the Issuer against any losses resulting from the fact that following an insolvency of the Seller the recourse the Issuer would have against the Seller for amounts paid into the accounts held with the Seller at such time would be an unsecured claim against the insolvent estate of the Seller for moneys due at such time (***Commingling Risk***)(See also *Section 4.2.11 – Commingling Risk*).

In such event, the Issuer (or the Administrator on behalf of the Issuer) will transfer the relevant amounts from the Deposit Account to the Transaction Account.

Unless applied in order to indemnify Commingling Risk, the funds credited to the Deposit Account shall remain credited to the Deposit Account until (the earlier of):

(a) the Seller no longer being subject to any Risk Mitigation Deposit Trigger Event; or

(b) a full and final repayment of the Class A Notes on the Final Redemption Date (or such other date upon which the Class A Notes are to be redeemed in full).

If any of the above conditions under (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).

SECTION 12 - OVERVIEW OF THE MORTGAGE AND HOUSING MARKET IN BELGIUM

12.1 Belgian Residential Mortgage Market

Compared to other European countries, the Belgian mortgage market is quite standardised due to regulatory constraints.

The mortgage inscription: A mortgage deed is executed by a notary public. The notary registers the mortgage at the mortgage registration office. The date of such registration determines the lien of the mortgage. The validity of a mortgage can not exceed 30 years.

Maturity & amortisation profile: Because of the legal limit on the validity of a mortgage, the term of a mortgage loan rarely exceeds 30 years (see graph 1). The vast majority of loans is an annuity mortgage loan, whereby interest and capital reimbursement payments are made every month (see graph 2).

Interest rate formulas: The interest rate formulas that can be offered are described by law. Loans have an mortgage interest rate that is fixed for at least 1 year. The interest margin is determined at the moment of the offering as the difference between the initial mortgage interest rate fixing and the reference index for the comparable term as published on the website of the FSMA (www.fsma.be). These reference indices reflect the average of the 12-month Belgian T-bill yields or the Belgian benchmark government bond (*obligations linéaires / lineaire obligaties* or *OLO*) yields in the previous calendar month. This interest margin is fixed for the lifetime of the loan.

When the mortgage interest rate is refixed, this is done by adding the interest margin to the relevant reference index, which is applicable during the month of the refixing. However, this refixing is subject to the following limitations:

- If the mortgage interest rate refixes one (1) year after the loan origination, then the maximum increase in the mortgage interest rate is one (1) percentage point compared to the initial mortgage interest rate.
- If the mortgage interest rate refixes two (2) years after the loan origination, then the maximum increase in the mortgage interest rate is two (2) percentage points compared to the initial mortgage interest rate.
- The mortgage interest rate may not refix at more than double the initial mortgage interest rate.
- Each interest rate formula must specify a symmetric cap and floor on the mortgage interest rate refixing relative to the original interest rate, meaning that it must be specified by how many percentage points the interest rate may increase and decrease, and the maximum percentage points increase is the same as the maximum percentage point decrease, compared to the original interest rate.

The strict regulation of the mortgage interest rate refixings means that the Belgian mortgage borrower are relatively well-insulated against interest rate fluctuations.

Prepayment penalties: Under current legislation, each borrower has the right to prepay part or the whole of his loan. Prepayments are allowed subject to paying a prepayment penalty of maximum three (3) months interest, at the interest rate applicable to the loan at such time, on such prepaid amount.

Because of this relatively low prepayment penalties and the competitive Belgian mortgage market, prepayments can be sizeable, in periods when the mortgage interest rates decline (see graph 4 for prepayment data on the portfolio originated by Belfius Bank).

Registration taxes: According to the Doing Business Report 2015 of the World Bank, Belgium is the most expensive country of all OECD countries to register a property. The costs consist mainly of a registration tax on the purchase of a house, a registration tax on the mortgage registration and notary fees.

The standard registration tax on the purchase of a house ranges between 10% of the sale value in the Flemish Region to 12.5% of the sale value in the Walloon Region and in the Brussels Capital Region.

The registration tax on a mortgage registration is 1% of the sum of the mortgage amount and €7,500. To reduce the tax charge of taking out a loan, borrowers frequently opt to cover their loan partly by a mortgage and partly by a mortgage mandate (which is not subject to this registration tax).

Mortgage mandates: It is market practice in Belgium to grant residential mortgage loans partially covered by a mortgage (frequently up to the maximum tax benefit) and partially by a mortgage mandate. This way the borrower avoids part of the mortgage registration fees.

A mortgage mandate does not constitute an actual security which creates a priority right of payment out of the proceeds of a sale of the mortgaged property, but 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 loan security to certain attorneys enabling them to create unilaterally (this is without further involvement of the borrower) a mortgage as security for the loan, or, as the case may be, for other existing or future loans or all other sums owed by the borrower to the mortgage lender at any stage. The mortgage mandate can be exercised at any time. A mortgage will only become enforceable against third parties upon registration of the mortgage at the Mortgage Registration Office. The ranking of the mortgage is based on the date of registration. The mortgage that is recorded first at the mortgage register will rank first. Mortgages recorded on the same day will rank pari passu. The registration is dated the day on which the mortgage deed pertaining to the creation of the mortgage and the "registration extracts" (*borderellen / bordereaux*) are registered at the Mortgage Registration Office in the mortgage register. When a mortgage mandate is transformed into a mortgage, stamp duties (*registratierechten/droits d'enregistrement*) and other costs will be payable by the borrower.

It may not be possible to create an enforceable mortgage by means of converting a mortgage mandate in certain circumstances, such as for example and without limitation, where a conservatory or an executory attachment of the real property covered by the mortgage mandate has been filed by a third party creditor of the borrower or, as the case may be, of the third party collateral provider as against such third party, where the borrower or the third party collateral provider is the subject of insolvency proceedings or collective debt settlement proceedings or where the borrower or the third party collateral provider dies before the conversion.

12.2 Mortgage Lenders

The Belgian market for mortgage loans is characterised by a relatively high degree of competition, with different players active in the market. The four biggest banks (Belfius Bank, BNP Paribas Fortis, ING Bank and KBC Bank, including their banking subsidiaries

and amounts transferred to SPVs) held 66% of all mortgage loans in 2013. The smaller banks (including amounts transferred to SPVs) held 21%. The remaining amounts were mainly held by insurance companies, social housing lenders and specialised lenders (see graph 5).

12.3 Recent Regulatory Changes

Regionalisation of the living bonus

The living bonus (*woonbonus / bonus logement*) is a system whereby interest payments, capital redemptions and debt insurance payments (*schuldsaldoverzekeirng/assurance solde restant dû*) under a mortgage loan are deductible from taxes for the only and own residence up to a certain amount.

The maximum of the living bonus is composed of a base amount, plus an additional amount in the first ten (10) years of the mortgage loan, plus an extra amount if you have at least three children at charge.

On 1 January 2015, the regionalisation of the living bonus was implemented, meaning that each of the three regions (the Flemish Region, the Walloon Region and the Brussels Capital Region) could from this moment define their own living bonus.

As shown on the table underneath, the regionalisation has led to some changes for mortgage loans originated as from 1 January 2015, compared to the old federal system. The biggest change happened in Flanders where the base amount was reduced from EUR 2,280 to EUR 1,520. Moreover, in all three regions, the tax rate applied for the deduction was revised from the marginal tax rate to a fixed tax rate.

For mortgage loans originated between 2005 and 2014[4], the old system was maintained, with the exception that in Flanders the base amount is no longer indexed for inflation.

So far, the revision of the living bonus does not seem to have had a large impact on house prices, as at the same time the Belgian economy is recovering and mortgage interest rates have reached new lows (see graph 9 below).

It should however be noted that the debate about a further reduction of the living bonus is ongoing in all three regions. Therefore it cannot be excluded that the living bonus may be less generous in the future, both for existing loans and/or for new loans, in any of the three regions.

	Base Amount	Additional Amount (first 10 years)	> 3 children at charge	Tax rate applied
Old Federal System (Tax Income Year 2014)	EUR 2,280	EUR 760	EUR 80	Marginal tax rate
New Regional System (Tax Income Year 2015)				
Flanders: Mortgage loans before 2015	EUR 2,280	EUR 760	EUR 80	Marginal tax rate
Flanders: Mortgage loans as from 2015	EUR 1,520	EUR 760	EUR 80	40%
Brussels: Mortgage loans before 2015	EUR 2,290	EUR 760	EUR 80	Marginal tax rate
Brussels: Mortgage loans as from 2015	EUR 2,290	EUR 760	EUR 80	45%

[4] For mortgage loans originated before 2005, another system still applies, which was unchanged due to the regionalization in all three regions.

Wallonia: Mortgage loans before 2015			EUR 80	Marginal tax rate
Wallonia: Mortgage loans as from 2015	EUR 2,290	EUR 760	EUR 80	40%

(Source: Belfius internal tax department)

<u>Prudential action of the National Bank of Belgium</u>

At the end of 2013, the National Bank of Belgium (NBB) took a series of prudential measures relating to the residential real estate market.

The first measure was macroprudential and imposed a five (5) percentage point rise in the risk weights on Belgian residential real estate exposures for banks calculating regulatory capital requirements through an internal ratings-based (IRB) approach. This measure increased the average risk weight of banks adopting the IRB-approach from around 10 % at the end of 2012 to almost 15 % at the end of 2014.

The additional two measures adopted by the NBB at the end of 2013 were microprudential. One concerned the realisation of a horizontal assessment of the IRB-models on the basis of the results of the back-testing to be carried out by the institutions. Banks using unsatisfactory calibration were required to adapt their Pillar 1 models. The second microprudential measure consisted in requiring 16 credit institutions to conduct a self-assessment on the degree of their compliance with the EBA Opinion on Good Practices for Responsible Mortgage Lending and the EBA Opinion on Good Practices for the Treatment of Borrowers in Mortgage Payment Difficulties.

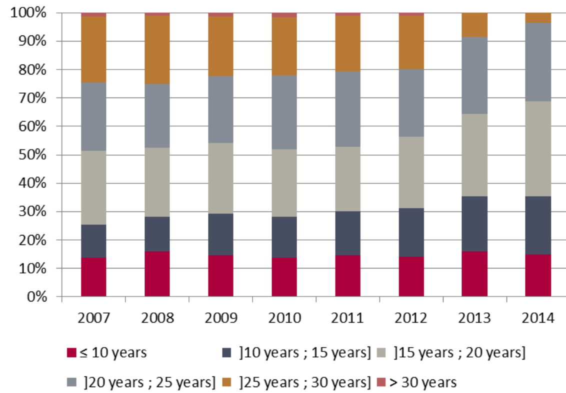
Finally, the NBB issued a soft guidance, asking lenders to be prudent about given loans with long maturities and high loan-to-value ratios. The soft guidance had an immediate effect on lending policies. Graph 1 on the next page shows that the percentage of loans with an initial term longer than 25 years has declined from 20% of all mortgage loans originated in 2012 to less than 4% of all mortgage loans originated in 2014. Graph 6 on the next page shows that the percentage of loans originated in a vintage year with a loan-to-value in excess of 110% declined from 5% in 2012 to 2% in 2014.

12.4 Recent Developments in the Housing Market

The Belgian house price index has been stabilising in nominal terms since 2011, after a period of stronger increases earlier. In the first of quarter of 2015, prices were 0.2% higher than in the same period a year ago (see graph 7).

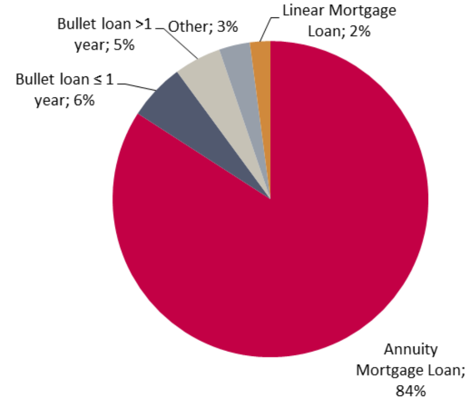
Although residential mortgage debt has been increasing over the past decade, it is not much higher as a percentage of GDP than in France and Germany and is much lower than in the Netherlands (see graph 8).

Graph 1: Maturities at Origination
(in % of total loans granted during a particular vintage)



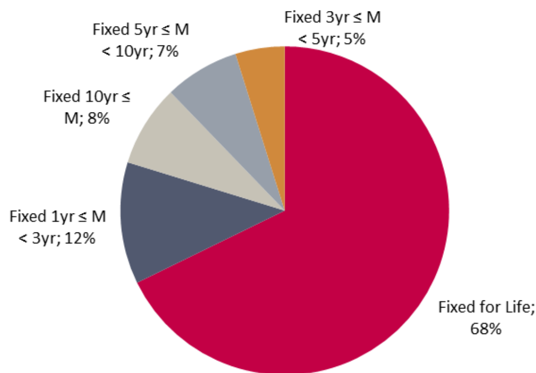
Source: NBB

Graph 2: Amortisation Profile
(in % of total loans granted between July 2005 and June 2015)



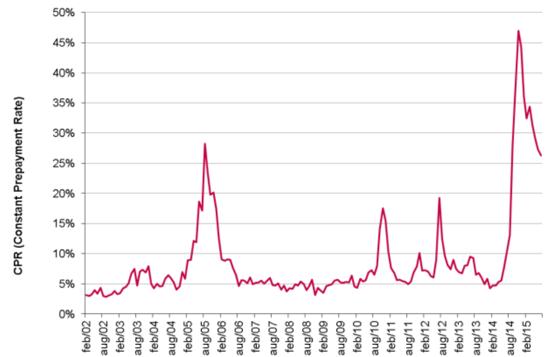
Source: UPC-BVK

Graph 3: Initial Mortgage Interest Rate Fixing Period
(in % of total loans granted between July 2005 and June 2015)



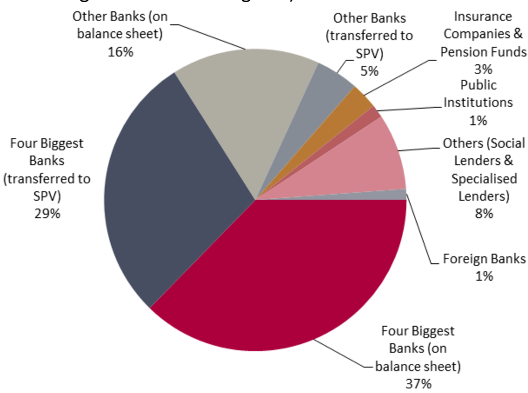
Source: UPC-BVK

Graph 4: Prepayments on Belfius Bank's Mortgage Portfolio
(Annualised monthly dynamic CPR)



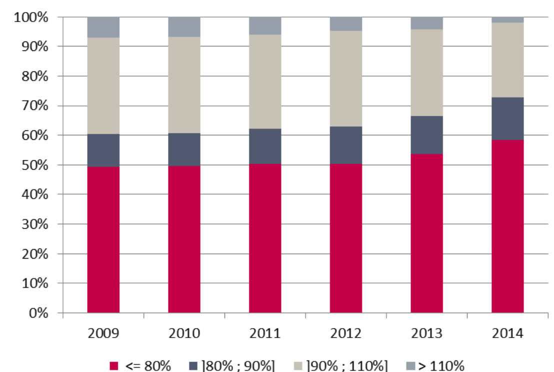
Source: Own calculations

Graph 5: Mortgage Loans Owners
(outstanding amounts: 2013 figures)



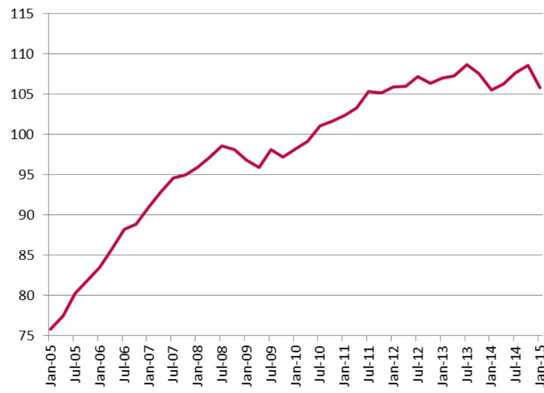
Source: FSMA

Graph 6: Loan-to-value ratios at origination
(in % of total loans granted during a particular vintage)



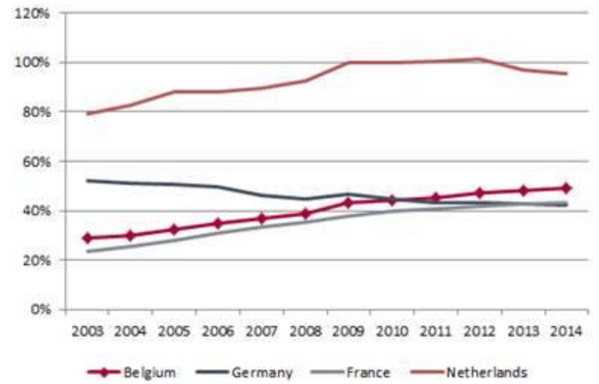
Source: NBB

Graph 7: House Price Index
(quarterly figures)



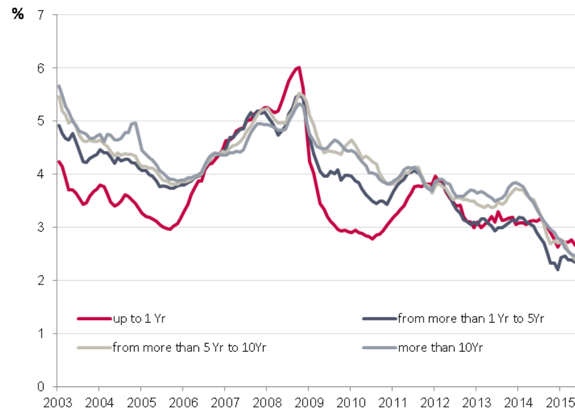
Source: Belgostat

Graph 8: Outstanding Residential Mortgage Debt
(% of GDP)



Source: EMF – Hypostat 2015

Graph 9: Mortgage interest rates on new contracts by initial interest rate fixing period



Source: NBB

SECTION 13 - THE SELLER

13.1 Company Description

Belfius Bank SA/NV (the ***Seller*** or ***Belfius Bank***) is a limited company (*naamloze vennootschap/société anynome*) of unlimited duration incorporated under the Belgian law of 23 October 1962 which collects savings from the public. It is registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185 and has its registered office at 1000 Brussels, Boulevard Pachéco 44, Belgium, telephone +32 22 22 11 11.

Belfius Bank is wholly owned by the Belgian federal state through the Federal Holding and Investment Company (FHIC). Belfius Bank shares are not listed. At the end of 2014, total consolidated balance sheet amounted to EUR 194 billion. At the end of June 2015, total consolidated balance sheet amounted to EUR 180 billion.

Belfius Bank is a credit institution under the Belgian Credit Institutions Supervision Law.. Belfius Bank's object is to carry on the business of a credit institution and it has in furtherance of its object all the necessary powers. As such Belfius Bank may - for its own account and for the account of third parties or in cooperation with third parties - even by intermediary of a natural person or a legal entity, both in Belgium and abroad, undertake any and all activities and carry out all banking transactions including *inter alia*:

(1) transactions regarding deposits, credits within the broadest sense, brokerage, stock exchange related operations, launches of issues, guarantees and surety;

(2) short, medium and long-term credit transactions, sustain investments by provinces, municipalities and organisations of a regional and local character, and likewise investments effected by all public establishments, companies, associations and organisations, which are constituted for regional and local purposes, and which provinces, municipalities and organisations of a regional and local character are authorised to support;

(3) to further, by means of appropriate credit transactions, the day-to-day operation of the budgets of provinces, municipalities and organisations of a regional and local character, and of all other institutions referred to in 2° above, and likewise the day-to-day management of their concerns, public companies and enterprises.

Furthermore, Belfius Bank may acquire, own and sell shares and participations in one or more companies, within the limits provided for by the legal status of credit institutions.

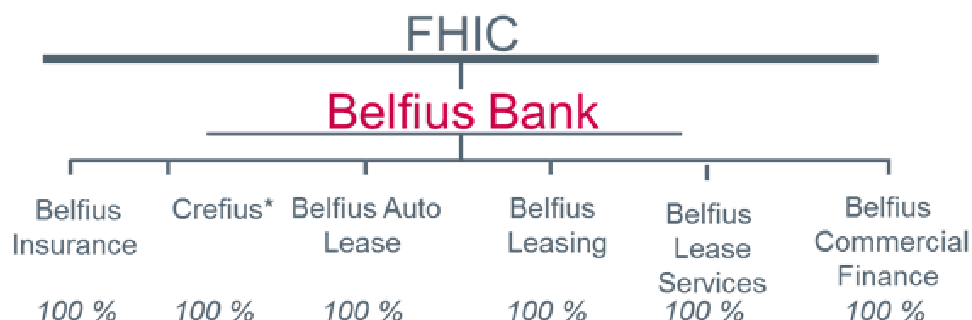
Belfius Bank is entitled to carry out any transactions of whatever nature, *inter alia* financial, commercial, including goods and estate, relating directly or indirectly to the furtherance of its object or of such a nature as to facilitate the achievement thereof. All the provisions of the present article must be interpreted in the broadest sense and within the context of the laws and regulations governing transactions of credit institutions.

13.2 Company History

Belfius was created and developed as the financial institution of municipalities. Belfius Bank has also approached the market of private individuals and set up a network of branches.

Following the merger with Artesia Banking Corporation (Banque Artesia, BACOB, Artesia Services) in 2002, Belfius Bank became one of the major players in the Belgian retail market and strengthened its activity in the field of insurance, financial markets, social profit as well as private and corporate banking.

13.3 Simplified group structure as at the date of this Prospectus



13.4 Auditor

The auditor of Belfius is Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA (Member of Deloitte Touche Tohmatsu International), Berkenlaan 8B, 1831 Diegem (member of *IBR – IRE Instituut der Bedrijfsrevisoren/ Institut des Réviseurs d'Entreprises*), represented by Messrs Philippe Maeyaert and Bart Dewael.

13.5 Financial overview

The financial statements for the financial years 31 December 2013 and 31 December 2014 and for the first half year of 2015 of Belfius can be found on: www.belfius.com.

13.6 Mortgage loan business of Belfius

(i) Origination

Belfius offers a full range of residential mortgage loans via its branch network. All mortgage loan products offered by Belfius need to be approved by the FSMA and any changes made to the tariff list or the prospectus (the originator is obliged to provide information under the form of a prospectus related to the product it offers) are subject to approval by the FSMA as well. Such prospectus and tariff lists can be obtained in every Belfius branch in Belgium and will be handed over to all clients at the moment a loan application is made.

(ii) Decision Process

Credit decisions are made at the branch level. The branches are supported by an integrated mortgage system, Krok. The Krok enables an automatic granting of the loans, by checking loan criteria and standard parameters against input data (decentralised decision taking).

Decisions on loan applications that do not meet the Krok loan criteria and standard parameters are to be made at centralised level by credit analysts or by the credit committee.

After the applicant has been interviewed by the local branch, the most suitable loan is proposed. All material data on the loan application is thereafter checked and kept in the borrower's file.

Before a loan can be granted, there is a mandatory consultation of the Central Credit Register, of the National Bank of Belgium (***NBB***). To the extent following such verification, the Borrower's name appeared for any reason in the Negative Database, the Seller could still grant the Loan to such Borrower provided it has done so in accordance with the Credit Policies acting as a prudent lender. Since 1 January 2003, the NBB established a positive and no longer solely a negative central individual credit register. The NBB keeps a track of all loans (consumer loans and mortgage loans) granted to natural persons for private purposes, and hence no longer just loans that are delinquent or defaulted as was the case before 2003. Consultation of the information recorded by lenders prior to the conclusion or amendment of a consumer credit or mortgage loan contract subject to the Book VII, Title 4, Chapter 3 of the Code of Economic Law is mandatory. This registration aims to strengthen the means of preventing the excessive indebtedness of private individuals. An independent external appraiser values the property and draws up a report which describes the property or such value is determined by the internal appraisal system. The appraiser has to respect strict guidelines on how to perform the valuation. Furthermore, Belfius requires a valid hazard insurance for coverage of the property being used as collateral and also a Debt Insurance is requested. The benefit of such insurances ought to be transferred to Belfius. Additional guarantees - beyond the mortgage and the insurance contracts - may be asked taking into account the client's repayment capacity. Furthermore, each client has to agree on a declaration of assignment of salary which enables Belfius to undertake immediate action in case of default of payment.

After the mortgage offer (including the amortisation scheme) has been made and accepted, a notary drafts the deed and confirms the registration of the mortgage (inscription). The Loan is only disbursed after the mortgage deed has been signed by all parties. Belfius works with an electronic creditfile from 2012 onwards, all physical documents are scanned and linked to that electronic creditfile.

(iii) Loan Administration Procedures

Virtually all borrowers have a bank account with Belfius (99% of the borrowers). Monthly payments are generally made by automatic debit from these accounts. Interest and principal amounts are due on the first day of every month.

Under current legislation, each client has the right to prepay part of or the whole of its loan. Prepayments are allowed subject to paying a prepayment penalty of (maximum) three months interest (at the rate applicable to the loan) on such prepaid amount.

(iv) Late payment and follow up procedures

The follow up by reminder letters is fully automated. Late payment penalties apply when any payment is 1 day past its due date for payment and such penalties being payable as of 15 days in arrears. After 15 days past the due date for payment, the first reminder letter is automatically generated by the loan servicing system and sent to the borrower notifying him that his payment is late. This is followed after 45 days (after the due date for payment) by a second letter via registered mail indicating that payment is still delinquent and stating that a

default to pay can give rise to the issuing of a notice of default. This letter will inform the borrower that the delinquency will be reported to the Central Credit Register at NBB when the loan will be 90 days delinquent.

When the loan is two instalments in arrears, 75 days after the first due date a third letter is sent by registered mail declaring the borrower in default and requiring that all payments and late fees be paid within 8 days otherwise the loan will be accelerated and be payable immediately. Belfius also informs the borrower that the delinquency will be reported to the Central Credit Register at NBB when the loan will be 90 days delinquent.

When the repayment is 90 days past its due date for payment, the loan will be accelerated and declared fully payable if the amount unpaid equals or exceeds the amount of three instalments due. The department 'default management' and the branch have the opportunity to try and resolve the delinquency with the borrower. If there is no repayment plan, or any other agreement to settle the arrears, reached during the 15 day period after the loan has been declared due and payable, a lawyer is appointed by the bank to start foreclosure procedure. According to Article VII.147 of the Code of Economic Law, any foreclosure procedure has to be preceded by a conciliation procedure, otherwise it would be void.

Any workout agreement or debt restructuring with the borrower must be approved by the head of the department 'default management'. The final auction and liquidation process is completed solely under the direction of this department. The foreclosure procedures take around 19 months on average (from the date of the default notice to the sale of the property). If the entire loan is not satisfied once the property has been sold, the bank can have the bailiff seize the borrower's wages and other income within limits set by law.

(v) Write-offs

A borrower's file will migrate to the write-off phase if there is no longer any possibility of recovering the debt via the foreclosure procedure, i.e. when the balance remaining after the mortgaged property has been sold. The claims outstanding will in this case be written off.

13.7 Miscellaneous

More information on Belfius can be found in the annual report 2014 and the semi-annual report of H1 2015 on: www.belfius.com.

SECTION 14 - SERVICING

14.1 The Servicer

Belfius Bank NV/SA, with its registered office at Pachecolaan 44, B-1000 Brussels, Belgium will agree to act as Servicer in accordance with the Servicing Agreement.

In the Servicing Agreement, the Servicer will agree to provide administration and management services to the Issuer on a day-to-day basis in relation to the Loans, including, without limitation, the provision of a daily cash sweep (whereby the collection of payments of principal, interest and other amounts in respect of the Loans are transferred on a daily basis to the Transaction Account; see also *Section 5.2 (Cash Collection)*), the reporting on such collections on a monthly basis and the implementation of arrear procedures including the enforcement of mortgage rights (see further *Section 13.8 (Mortgage loan business of Belfius)* above). The Servicer will be obliged to administer the Loans 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.

The Servicer may delegate any of its obligations under the Servicing Agreement to an affiliate company (*verbonden vennootschap/société liée)* within the meaning of the Company Code.

Taking into account potential conflicts of interest and for as long as the Seller is the same entity as the Servicer, the Servicing Agreement sets out in detail the respective rights and obligations of the Servicer and the reporting requirements of the Issuer and the Servicer.

Following the occurrence of certain Servicing Termination Events listed in the Servicing Agreement (including, inter alia, payment default, breach of material obligations and insolvency events), the Issuer (with consent of the Security Agent) may terminate the appointment of the Servicer (except in the case of bankruptcy where such termination will occur automatically). In such case, the Servicer shall be under the obligation to continue to properly perform its services for as long as no substitute servicer has effectively replaced the Servicer.

The Issuer has appointed Intertrust Financial Services B.V. as Back-up Servicer Facilitator. The Back-up Servicer Facilitator shall assist the Issuer in appointing a third party back-up servicer in the event the Servicer needs to be replaced upon termination of its appointment by the Issuer following the occurrence of one of the Servicing Termination Events listed in the Servicing Agreement.

SECTION 15 - DESCRIPTION OF THE PORTFOLIO

The Initial Portfolio will be selected from a pool of Loans owned by the Seller on 1 September 2015 with an aggregate Current Balance on such date of approximately EUR 1,050,091,656.84 (the ***Provisional Pool***), which has the characteristics as indicated in Tables A to O (inclusive) below.

The Initial Portfolio will be selected so that it complies with the representations and warranties and the Eligibility Criteria specified in *Sections 11.2.1 and 11.2.2* of this Prospectus. The selection will be made such that at the Closing Date the Current Balance of the aggregate of all Loans that have been purchased by the Issuer pursuant to the MLSA and that are at the relevant time still owned by the Issuer (the ***Portfolio***) will be approximately equal to EUR 1 billion.

A. Summary Statistics	
Outstanding balance of Loans (EUR)	1,050,091,656.84
Number of Loans	10,226
Number of borrowers	8,153
Number of borrowers with mandates	1,478
Average outstanding balance per borrower (EUR)	128,798,19
Weighted average current interest rate	2.77%
Weighted average Seasoning (months)	9.86
Weighted average Remaining Term to Maturity (months)	216.86
Weighted average Initial Loan to Initial Value (ILTIV)	79.18%
Weighted average Current Loan to Current Value (CLTCV)	69.86%
Weighted average Mortgage Inscription to Current Loan ratio (MTCL)	108.05%
Weighted average Debt to Income	42.38%

		Weighted Average
B. Initial Loan to Initial Value (ILTIV)		79.18%
From (>) - Until (≤)	Aggregate Outstanding Amount	% of Total
0 - 10%	1,050,283.96	0.10%
10 - 20%	10,880,284.24	1.04%
20 - 30%	19,523,276.04	1.86%
30 - 40%	39,565,904.43	3.77%
40 - 50%	59,185,782.25	5.64%
50 - 60%	85,925,077.09	8.18%
60 - 70%	102,156,966.45	9.73%
70 - 80%	144,171,799.50	13.73%
80 - 90%	157,517,801.90	15.00%
90 - 100%	350,843,472.02	33.41%
100 - 110%	79,271,008.96	7.55%
>110%	0.00	0.00%
Total	1,050,091,656.84	100.00%

		Weighted Average
C. Current Loan to Current Value (CLTCV)		69.86%
From (>) - Until (≤)	Aggregate Outstanding Amount	% of Total
0 - 10%	7 932 572.58	0.76%
10 - 20%	34 505 432.63	3.29%
20 - 30%	52 829 314.55	5.03%
30 - 40%	70 477 931.57	6.71%
40 - 50%	82 792 831.40	7.88%
50 - 60%	97 549 640.19	9.29%
60 - 70%	107 033 782.61	10.19%
70 - 80%	138 761 591.37	13.21%
80 - 90%	159 502 116.83	15.19%
90 - 100%	256 732 680.00	24.45%
100 - 110%	41 973 763.11	4.00%
> 110%	0.00	0.00%
Total	1,050,091,656.84	100.00%

		Weighted Average
D. Remaining term to maturity		216.86
From (>) - Until (≤) (in months)	Aggregate Outstanding Amount	% of Total
0 – 24	68,949.29	0.01%
24 – 48	988,079.21	0.09%
48 – 72	4,460,581.65	0.42%
72 – 96	15,865,910.25	1.51%
96 – 120	99,043,330.61	9.43%
120 – 144	19,709,732.29	1.88%
144 – 168	66,360,596.59	6.32%
168 – 192	87,716,763.95	8.35%
192 – 216	96,167,157.32	9.16%
216 – 240	409,883,886.25	39.03%
240 – 264	5,981,937.00	0.57%
264 – 288	51,632,891.44	4.92%
288 – 312	191,251,948.84	18.21%
312 – 336	239,002.50	0.02%
336 – 360	720,889.65	0.07%
Total	1,050,091,656.84	100.00%

		Weighted Average
E. Distribution of Outstanding Balance per Borrower		128,798,19
From (>) - Until (≤) (in EUR)	Aggregate Outstanding Amount	% of Total
0 - 50,000	41,800,612.91	3.98%
50,000 - 100,000	148,180,542.53	14.11%
100,000 - 150,000	263,825,236.00	25.12%
150,000 - 200,000	258,924,972.44	24.66%
200,000 - 250,000	179,229,563.31	17.07%
250,000 - 300,000	84,035,214.76	8.00%
300,000 - 350,000	33,951,830.67	3.23%
350,000 - 400,000	14,509,926.89	1.38%
400,000 - 450,000	12,728,323.78	1.21%
450,000 - 500,000	2,845,995.50	0.27%
500,000 - 1,000,000	10,059,438.05	0.96%
> 1,000,000	0.00	0.00%
Total	1,050,091,656.84	100.00%

F. Mortgage Inscription-to-Current Loan Ratio		Weighted Average 108.05%
From (>) - Until (≤)	Aggregate Outstanding Amount	% of Total
0% - 10%	0.00	0.00%
10% - 20%	1,682,741.80	0.16%
20% - 40%	19,137,908.95	1.82%
40% - 60%	125,867,163.48	11.99%
60% - 80%	72,774,899.12	6.93%
80% - 100%	22,828,143.67	2.17%
> 100%	807,800,799.82	76.93%
Total	1,050,091,656.84	100.00%

G. Seasoning		Weighted Average 9.86 months
From (>) - Until (≤) (in months)	Aggregate Outstanding Amount	% of Total
0 – 12	840,303,752.76	80.02%
12 – 24	177,585,974.30	16.91%
24 – 36	30,274,743.79	2.88%
36 – 48	1,582,870.11	0.15%
48 – 60	306,530.05	0.03%
> 60	44,257.75	0.00%
Total	1,050,091,656.84	100.00%

H. Debt-to-Income Ratio		Weighted Average 42.38%
From (>) - Until (≤)	Aggregate Outstanding Amount	% of Total
0% - 10%	5,693,786.95	0.54%
10% - 20%	30,014,012.91	2.86%
20% - 30%	133,261,372.62	12.69%
30% - 40%	351,724,247.52	33.49%
40% - 50%	282,323,655.35	26.89%
50% - 60%	129,771,795.80	12.36%
60% - 70%	58,244,852.85	5.55%
70% - 80%	34,467,113.87	3.28%
80% - 90%	15,374,340.47	1.46%
90% - 100%	9,216,478.50	0.88%
Total	1,050,091,656.84	100.00%

I. Interest Type		
Description	Aggregate Outstanding Amount	% of Total
Fixed rate (until maturity)	1,050,091,656.84	100.00%

J. Interest Rate Bucket		Weighted Average 2.77%
From (>) - Until (≤)	Aggregate Outstanding Amount	% of Total
≤ 2.20%	0.00	0.00%
2.20% - 2.25%	48,422,456.28	4.61%
2.25% - 2.50%	243,770,813.86	23.21%
2.50% - 2.75%	230,216,677.23	21.92%
2.75% - 3.00%	236,895,426.87	22.56%
3.00% - 3.25%	172,405,848.02	16.42%
3.25% - 3.50%	118,380,434.58	11.27%
> 3.50%	0.00	0.00%
Total	1,050,091,656.84	100.00%

K. Loan Purpose		
Description	Aggregate Outstanding Amount	% of Total
Construction & renovation	87,089,164.41	8.29%
Payment of inheritance tax	1,394,241.66	0.13%
Purchase of real estate	496,149,406.11	47.25%
Refinancing	459,619,669.63	43.77%
Other	5,839,175.03	0.56%
Total	1,050,091,656.84	100.00%

L. Employment Type		
Description	Aggregate Outstanding Amount	% of Total
Employed	865,930,803.73	82.46%
Self-Employed	82,079,551.65	7.82%
Unemployed	22,169,075.47	2.11%
Other or NA	79,912,225.99	7.61%
Total	1,050,091,656.84	100.00%

M. Property Type		
Description	Aggregate Outstanding Amount	% of Total
House	857,309,462.59	81.64%
Appartment	175,178,525.71	16.68%
Land	12,038,715.37	1.15%
Mixed property	1,843,423.78	0.18%
Other or NA	3,721,529.39	0.35%
Total	1,050,091,656.84	100.00%

N. Geographic Distribution		
Description	Aggregate Outstanding Amount	% of Total
Brussels	97,132,044.64	9.25%
Brabant wallon	54,035,341.08	5.15%
Liège	114,085,493.91	10.86%
Namur	66,591,059.37	6.34%
Luxembourg	28,110,997.21	2.68%
Hainaut	114,206,065.01	10.88%
Vlaams-Brabant	104,368,053.11	9.94%
Antwerpen	164,975,390.95	15.71%
Limburg	71,517,667.51	6.81%
West-Vlaanderen	103,859,485.51	9.89%
Oost-Vlaanderen	131,210,058.55	12.50%
Total	1,050,091,656.84	100.00%

O. Repayment Type		
Description	Aggregate Outstanding Amount	% of Total
Annuity Mortgage Loan	1,011,140,370.09	96.29%
Linear Mortgage Loan	13,232,731.37	1.26%
Progressive Mortgage Loan	25,718,555.38	2.45%
Total	1,050,091,656.84	100.00%

SECTION 16 - SUBSCRIPTION AND SALE

16.1 Subscription and sale

The Managers will enter into a subscription agreement in respect of the Class A Notes (the ***Class A Subscription Agreement***) with the Issuer, the Seller and the Security Agent, pursuant to which the Managers will agree to subscribe for the Class A Notes at their Issue Price on the Closing Date. Furthermore, Belfius Bank will enter into a subscription agreement in respect of the Class B Notes and Class C Notes (the ***Class B and C Subscription Agreement***) with the Issuer, the Seller and the Security Agent, pursuant to which Belfius Bank will agree to subscribe for the Class B Notes and the Class C Notes at their Issue Price on the Closing Date.

The Issuer and the Seller have each severally agreed to reimburse the Managers for certain of their costs and expenses in connection with the issue of the Class A Notes. The Managers are entitled to terminate the offering of, and refuse receipt of acceptances in respect of, the Class A Notes and be released and discharged from its obligations from the Class A Subscription Agreement in certain circumstances at any time prior to or on the Closing Date. Any decision to terminate the offering early will be communicated promptly to the Issuer, the Seller, the Security Agent and those that have duly entered an acceptance. As a consequence of such termination, the issue of the Class A Notes and all acceptances and sales shall be cancelled automatically and the Issuer, the Seller and the Managers shall be released and discharged from their obligations and liabilities in connection with the issue and sale of the Class A Notes. The Issuer and the Seller have each agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

Belfius Bank NV/SA might purchase a part of the Class A Notes.

Sales (in any jurisdiction) only permitted to Eligible Holders

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

(a) qualify as Qualifying Investors that are acting for their own account (See for more detailed information Section *Important Information*);

(b) do not constitute investors that, in accordance with annex A, (I), second indent, of the Royal Decree of 3 June 2007 concerning further rules for implementation of the directive on markets in financial instruments (MIFID), have registered to be treated as non-professional investors; and

(c)

(i) in respect of the Class A Notes, are holders of an X-Account with the Securities Settlement System operated by the NBB-SSS or (directly or indirectly) with a participant in such system; and

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

In the event that the Issuer becomes aware that particular Notes are held by an investor other than a Qualifying Investor, the Issuer will suspend interest payments relating to these Notes until such Notes will have been transferred to and held by a Qualifying Investor.

The Managers have represented and agreed that in respect of the initial distribution, it has not and will not sell any Class A Notes to parties who are not Eligible Holders. The Issuer, the Managers and Belfius Bank represent and agree severally but not jointly that each of them has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes contrary to the Selling Restrictions as set out in this Prospectus and in the Subscription Agreements. The Managers and Belfius Bank will not, after the initial distribution, offer and sale ofrespectively the Class A Notes and the Class B Notes and the Class C Notes as provided in the Subscription Agreements, have any obligation whatsoever to ensure that the Notes are offered, sold, delivered or held by Eligible Holders.

16.2 European Economic Area Standard Selling Restriction

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a ***Relevant Member State***), the Managers have represented and agreed that they have not made and will not make an offer of the Notes to the public in that Relevant Member State, except that they may make an offer of the Notes to the public in that Relevant Member State at any time:

(a) to any legal entity which is a qualified investors as defined in the Prospectus Directive;

(b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the Directive 2010/73 (amending the Prospectus Directive) 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer;; or

(c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 (2) of the Prospectus Directive,

provided always that such offering shall be restricted to Qualifying Investors only and that not such offer shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of the Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression ***Prospectus Directive*** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State. This expression “offer of the Notes to the public” should however not be understood as defined in the Prospectus Directive.

16.3 United States of America

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered, sold or delivered within the United States or to, or for the account of, a U.S.

person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

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

16.4 United Kingdom

The Managers represent and agree that:

(a) they have only communicated or caused to be communicated and they 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 them 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) they have complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by them in relation to the Notes in, from or otherwise involving the United Kingdom.

16.5 France

This Prospectus has not been prepared in the context of a public offering in France within the meaning of Article L.411-1 of the French *Code Monétaire et Financier* and Title I of Book II of the *Réglement Général* of the *Autorité des Marchés Financiers* (the ***AMF***) and therefore has not been approved by, registered or filed with the AMF. Each of the Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to, (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) when acting for their own account, qualified investors (*investisseurs qualifiés*) other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2, and D.411-1 of the French *Code monétaire et financier*.

16.6 Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Manager has represented and agreed that it has not offered, sold or distributed, and will not offer, sell or distribute any Notes or any copies of this Prospectus or any other document relating to the Notes in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No 58 of 24 February 1998, as amended (the ***Financial Services***

Act) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No 11971 of 14 May 1999, as amended from time to time (***Regulation No 11971***); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation No 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No 385 of 1 September 1993, as amended (the ***Banking Act***); and

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other Italian authority.

16.7 Excluded holders

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

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) 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 on a tax haven jurisdiction as referred to in Article 307, §1, fifth indent of the Belgian Income Tax Code of 1992.

16.8 General

The selling restrictions set out under Sections 16.2 to 16.7 (inclusive) are without prejudice to the general restrictions applicable to all investors as set out in Section 16.1.

Furthermore, the distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions.

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

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

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

SECTION 17 - USE OF PROCEEDS

17.1 Use of Proceeds

The Issuer will use the proceeds from the issue of the Notes other than the Class C Notes, to pay to the Seller the principal component of the Initial Purchase Price for the Loans pursuant to the MLSA. See further *Section 11(Mortgage Loan Sale Agreement)*. The net proceeds from the issue of the Class C Notes will be used to pay to the Seller the accrued interest on the Loans, i.e. the interest component of the Initial Purchase Price, to pay the upfront cap premium to the Cap Provider and the remaining amounts will be credited to the Reserve Fund.

SECTION 18- GENERAL INFORMATION

The issue of the Notes is authorised by a resolution of the board of directors of the Issuer adopted on 12 November 2015.

The Class A Notes have been accepted for clearance through the Securities Settlement System and by the Securities Settlement System Participants with the following ISIN and Common Codes:

(i) the ISIN Code for the Class A1 Notes is BE0002492677 and the Common Code is 130998143; and

(ii) the ISIN Code for the Class A2 Notes is BE0002493683 and the Common Code is 130998062.

As of the date of this Prospectus, the last audited financial statements of the Issuing Company are those in relation to the accounting year that started on 1 January 2014 and ended on 31 December 2014, approved by the general meeting of shareholders of 30 June 2015. See also *Section 6.19*.

The Issuer is not involved in any legal or arbitration proceedings which may have, or have had, since the date of its incorporation, a significant effect on its financial position nor is the Issuer aware that any such proceedings are pending or threatened against the Issuer.

To date only the first four Compartments have effectively started their activities (the Penates-1 Securitisation as far as Compartment Penates-1 is concerned, the Penates-2 Securitisation as far as Compartment Penates-2 is concerned, the Penates-3 Securitisation as far as Compartment Penates-3 is concerned, the Penates-4 Securitisation as far as Compartment Penates-4 is concerned, and the Transaction described in the current Prospectus as far as Compartment Penates-5 is concerned). To date the notes that were issued under Penates-2 Securitisation Transaction and under Penates-3 Securitisation Transaction have been repaid.

Since the date of its incorporation, the Issuing Company has not entered into any material contract other than a contract entered into in its ordinary course of business (including the transaction documents under the Penates-1 Securitisation, the Penates-2 Securitisation, the unwinding of the Penates-2 Securitisation, the Penates-3 Securitisation, the unwinding of the Penates-3 Securitisation, and the Penates-4 Securitisation).

The Issuing Company has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, and the Issuing Company has not created any mortgages, charges or given any guarantees other than under the Transaction described in this Prospectus, the Penates-1 Securitisation, the Penates-2 Securitisation, the Penates-3 Securitisation and the Penates-4 Securitisation.

The Issuer shall publish the accounts and reports and shall make available to the public at least as long as the Notes have not been redeemed in full as a whole on www.belfius.com the Quarterly Investor Reports to be prepared by the Administrator pursuant to the Administration, Corporate and Accounting Services Agreement. In addition, the Issuer is required to make available to the public 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, as amended from time to time) 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) at least as long as the Notes have not been redeemed in full.

The audited annual financial statements of the Issuing Company prepared annually will be made available, free of charge, at the specified offices of the Domiciliary Agent and on www.belfius.com.

A copy of the Issuing Company's articles of association is available, free of charge, at the office of the Issuer and at the offices of the Domiciliary Agent and on www.belfius.com.

Copies of the following documents may be inspected during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the registered office of the Issuer and at the specified offices of the Domiciliary Agent at any time after the Closing Date or will be communicated in accordance with applicable laws and regulations:

(a) Account Bank Agreement;

(b) Administration, Corporate and Accounting Services Agreement;

(c) Clearing Agreement;

(d) Master Definitions Agreement;

(e) MLSA;

(f) Pledge Agreement;

(g) Servicing Agreement;

(h) Back-up Servicer Facilitator Appointment Agreement;

(h) Cap Agreement;

(i) Standby Cap Agreement;

(j) any other Transaction Document; and

(i) the most recent balance sheet of the Issuer and the auditors' report thereon.

SECTION 19 - RELATED PARTY TRANSACTIONS – MATERIAL CONTRACTS

19.1 The Seller

19.1.1 Name and Status

The Loans have been originated by the Seller or the other Originators as legal predecessors of the Seller.

For a description of the Seller, see *Section 13 (The Seller)* above.

19.1.2 Mortgage Loan Sale Agreement

Under the MLSA, the Issuer will on the Closing Date purchase and accept the transfer by way of assignment of legal title to the Loans, Loan Security and Additional Security.

For a description of the Mortgage Loan Sale Agreement, see above in *Section 11(Mortgage Loan Sale Agreement).*

19.2 Servicer

19.2.1 Name and Status

The Seller has been appointed as Servicer.

For a description of the Seller, see *Sections 21.1 and 13 (The Seller)* above.

19.2.2 The Servicing Agreement

Pursuant to the Servicing Agreement the Seller has been appointed as Servicer and, in this capacity as Servicer, will agree to provide loan administration and collection services and the other services as agreed in the Servicing Agreement in relation to the Loans.

Under the Servicing Agreement the Servicer will be entitled to delegate the performance of its obligations thereunder to a sub-contractor, agent or delegate. The Servicer shall thereby however not be released or discharged from any liability under the Servicing Agreement and shall remain responsible for the performance of the obligations of the Servicer thereunder and the performance or non-performance or the manner of performance of any sub-contractor, agent or delegate of any of the Services shall not affect the Servicer's obligations thereunder.

For a description of the Servicer Agreement, see above in *Section 14 (Servicing)*.

19.2.3 Remuneration

In consideration of the Servicer's agreement to carry out certain services as agreed in the Servicing Agreement, the Issuer shall pay quarterly in arrears on each Quarterly Payment Date to the Servicer a servicing fee of 5.3 bps per annum (exclusive of taxes, if any) calculated (on the basis of the actual number of calendar days elapsed during the immediately preceding Interest Period and a calendar year of 360 calendar days) over the aggregate Current Balance of all Loans as determined at the beginning of the relevant Quarterly Collection Period (or, in respect of the first Quarterly Payment Date, the Closing Date).

19.2.4 Termination

In certain circumstances, the Security Agent or the Issuer (with the prior consent of the Security Agent) may terminate the appointment of the Servicer.

19.2.5 Conflict of Interest

The Servicer may have a conflict of interest resulting from its responsibilities as Servicer for the Issuer pursuant to the Servicing Agreement, on the one hand, and its concern to preserve its commercial relations with the Borrowers, on the other hand. This conflict of interest risk is mitigated by the terms of the Servicing Agreement. The Servicing Agreement provides, among other things, that the Servicer must at all times act in such a manner as would be reasonable to expect from a reasonably prudent professional of high standing in providing services similar to the services provided by the Servicer. In addition, the Servicing Agreement contains certain specific undertakings to protect the interests of the Issuer.

19.3 The Back-up Servicer Facilitator

19.3.1 Name and Status

Pursuant to the Back-Up Servicer Facilitor Agreement, Intertrust Financial Services B.V.has been appointed as the Back-Up Servicer Facilitator to assist the Issuer in appointing a Back-Up Servicer upon the termination of the appointment of the Servicer in accordance with the Servicing Agreement.

19.3.2 Remuneration

The Issuer shall pay to the Back-Up Servicer Facilitator an annual fee of Euro 2,500, exclusive of VAT (if any), which shall be paid annually up front starting from the Closing Date of the Security Agent and which shall be increased annually with a percentage equal to the Dutch consumer price index.

19.4 The Security Agent

19.4.1 Name and Status

Stichting Security Agent Penates is a foundation (*stichting / fondation*) incorporated under the laws of the Netherlands on 20 October 2008, with its registered office at Prins Bernhardplein 200, 1097 JB 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. See *Section 12*.

19.4.2 Remuneration

The Issuer shall pay to the Security Agent for the performance of the Security Agent Services as described in the Pledge Agreement an annual fee of Euro 5,570, exclusive of VAT (if any), which shall be paid annually up front starting from the Closing Date of the Security Agent and which shall be increased annually with a percentage equal to the Dutch consumer price index.

19.4.3 Replacement

See Conditions 12.20 to 12.22

19.5 The Administrator, Corporate Services Provider and Accounting Services Provider

19.5.1 Name and Status

The Seller has been appointed as Administrator.

Belfius Fiduciaire NV/SA has been appointed as Corporate Services Provider and as Accounting Services Provider.

19.5.2 The Administration, Corporate and Accounting Services Agreement

Under the Administration, Corporate and Accounting Services Agreement, the Administrator will agree to provide certain administration, calculation and cash management services for the Issuer and the Corporate Services Provider will agree to provide general corporate services to support the Issuer in terms of the corporate and bookkeeping management of the Issuer.

Under the Administration, Corporate and Accounting Services Agreement, the Accounting Services Provider will agree to provide certain accounting and bookkeeping services for the Issuer.

19.5.3 Remuneration

On each Quarterly Payment Date (starting on the first Quarterly Payment Date falling on 22 February 2016), the Issuer shall pay in arrears to the Administrator for the performance of the Administrator's services a fee of 5 bps per annum (calculated over the aggregate Current Balance of all Loans as determined at the beginning of the relevant Quarterly Collection Period or, in case of the First Quarterly Payment Date, the Closing Date; exclusive of taxes, if any).

On each Quarterly Payment Date (starting on the first Quarterly Payment Date falling on 22 Febuary 2016), the Issuer shall pay in arrears to the Corporate Services Provider for the performance of the corporate services a fee of Euro 2,500 per annum exclusive of VAT (if any).

The Issuer shall pay to the Accounting Services Provider a minimum annual fee of EUR 25,000and a maximum annual fee of EUR 34,050 per annum, exclusive of VAT (if any) which shall be paid quarterly in arrears on each Quarterly Payment Date starting on the first Quarterly Payments Date falling on 22 February 2016.

In addition, the Issuer will reimburse to the Administrator, the Corporate Services Provider and the Accounting Services Provider all reasonable out-of pocket costs, expenses and charges properly incurred by the Administrator, the Corporate Services Provider or the Accounting Services Provider in connection with the services and the preparation, execution, delivery, administration, modification or amendment in respect of its rights, obligations and responsibilities under the Administration, Corporate and Accounting Services Agreement.

19.5.4 Replacement

In certain circumstances, the Security Agent or the Issuer (with the prior consent of the Security Agent) may terminate the appointment of the Administrator, the Corporate Services Provider and/or the Accounting Services Provider. Upon termination, the Issuer shall appoint a new Administrator, Coporate Services Porvider and/or Accounting Services Provider.

19.6 Account Bank

19.6.1 Name and Status

Pursuant to the Account Bank Agreement, BNP Paribas Fortis SA/NV with its registered seat at Montagne du Parc 3, 1000 Brussels, has been appointed as the Account Bank to hold the Transaction Account, the Deposit Account (if any), the Cap Collateral Account, the Standby Cap Collateral Account and the Reserve Account.

19.6.2 Remuneration

The Issuer shall pay any costs and expenses related to the management of the Transaction Account, the Deposit Account (if any), the Cap Collateral Account, the Standby Cap Collateral Account and the Reserve Account. Such amounts will be paid upon receipt of an invoice sent by the Account Bank in accordance with the general terms and conditions of the Account Bank for current accounts.

19.6.3 Replacement

The Issuer may at any time (but, if prior to the date on which the Notes are redeemed or written off in full, only with the prior written consent of the Security Agent), by written notice terminate the appointment of the Account Bank with immediate effect upon the occurrence of certain events.

See further Section 5.2.3 (Replacement of the Account Bank).

19.7 The Cap Provider

19.7.1 Name and Status

Pursuant to the Cap Agreement, Belfius has been appointed as Cap Provider.

19.7.2 Cap Agreement

For a description of the Cap Agreement and the termination thereof and the hedging of interest rates, see Section 5.8, above.

19.8 The Standby Cap Provider

Pursuant to the Standby Cap Agreement, BNP Paribas has been appointed as Standby Cap Provider.

19.8.1 Standy Cap Agreement

For a description of the Standby Cap Agreement and the termination thereof and the hedging of interest rates, see Section 5.8, above.

19.9 The Domiciliary Agent, the Listing Agent and the Calculation Agent

19.9.1 Name and Status

The Seller has been appointed as Domiciliary Agent, Listing Agent and Calculation Agent.

For a description of the Seller, see *Sections 18 (General Information) and 13 (The Seller)* above.

19.9.2 The Domiciliary Agency Agreement

Under the Domiciliary Agency Agreement, the Domiciliary Agent will undertake to ensure the payment of the sums due on the Notes and perform all other obligations and duties imposed on it by the Conditions and the Domiciliary Agency Agreement.

The Domiciliary Agent will also perform the tasks described in the Clearing Agreement, which comprise inter alia providing the Securities Settlement System Operator with information relating to the issue of Notes, the Prospectus and other documents required by law.

The Listing Agent will cause an application to be made to Euronext Brussels NV/SA for the admission to trading of the Class A Notes.

The Calculation Agent shall determine rates of interest and perform other duties in respect of the Notes as set out in the Conditions and the Domiciliary Agency Agreement.

19.9.3 Remuneration

An annual fee of Euro 10,000 per annum, exclusive of VAT (if any).

19.9.4 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.

19.10 The Rating Agencies

At the Closing Date, the following rating agencies have been requested to rate the Class A Notes:

(a) Fitch; and

(b) Moody's

19.11 The Securities Settlement System Operator

Pursuant to the Clearing Agreement, the Securities Settlement System Operator will provide clearing services to the Issuer.

SECTION 20- MAIN TRANSACTION EXPENSES

20.1 General Income and Expenses

In addition to the expenses relating specifically to the Issuer (see below), the Issuer will need to pay the expenses relating to its operations generally (including its possible liquidation). The expenses of the Transaction payable in respect of the Closing of the Transaction will be paid by the Seller in consideration of the Deferred Purchase Price. All other expenses shall be paid by the Issuer.

20.2 The Administrator, the Corporate Services Provider and the Account Services Provider

(a) Administrator: a fee of 5 bps per annum payable quarterly in arrears on each Quarterly Payment Date (starting on the first Quarterly Payment Date falling on 22 February 2016) calculated over the aggregate Current Balance of all Loans as determined at the beginning of the relevant Quarterly Collection Period or, in case of the First Quarterly Payment Date, the Closing Date.

(b) Corporate Services Provider: an annual fee of Euro 2,500 per annum, exclusive of VAT (if any) (see *Section 19.5.3 above).*

(c) Accounting Services Provider: a minimum annual fee of EUR 25,000 and a maximum annual fee of EUR 34,050, exclusive of VAT (if any).

See *Section 19.5.3* above.

20.3 The Security Agent

An annual fee of Euro 5,570 (indexed), - exclusive of VAT (if any) (see *Section 19.4 above*).

20.4 The Servicer

A servicing fee of 5.3 bps per annum (exclusive of taxes, if any) payable quarterly in arrears on each Quarterly Payment Date and calculated (on the basis of the actual number of calendar days elapsed during the immediately preceding Interest Period and a calendar year of 360 calendar days) over the aggregate Current Balance of all as determined at the beginning of the relevant Quarterly Collection Period (or, in respect of the first Quarterly Payment Date, the Closing Date) (see *Section 19.2 above*).

20.5 Other expenses payable by the Issuer

The Issuer shall, in addition, also pay expenses to the following parties:

(a) the Domiciliary Agent and the Calculation Agent;

(b) the Issuer Directors (whereby each Issuer Director, other than Martin Gelissen, is entitled to a yearly fee; as from 2009, each active Compartment shall pay a *pro rata* share of such fee, which *pro rata* shall be calculated on the basis of the aggregate Current Balances of all the Loans held by the relevant Compartment on the first calendar date in each calendar year);

(c) the Standby Cap Provider;

(d) the Auditor;

(e) the Rating Agencies;

(f) the Back-up Servicer Facilitator;

(g) the National Bank of Belgium;

(h) Euronext Brussels.

(i) the FSMA (and/or FOD Economie);

(j) the Centrale Credit Register (*Centrale voor kredieten aan particulieren/central des créditsaux particuliers)*;

(k) contribution to the Accesso VZW;

(l) Prime Collateralised Securities UK Limited;

(m) European Data Warahouse GmbH;

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

(o) the amounts due and payable to the Fonds voor bestrijding van de overmatige schuldenlast/Fonds de Traitement du Surendettement.

The total amount of expenses related to the admission to trading are such as described in Euronext "The Book: Listing Fees."

ANNEX 1: TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions (the ***Conditions***, and each a ***Condition***) *of the Notes. They will be incorporated by reference into the Notes. Except where the context otherwise requires, each of the Conditions will apply to each Class of the Notes and any reference herein to the Notes means the Notes of that Class.*

The Notes are obligations solely of Penates Funding NV/SA, Institutionele VBS naar Belgisch recht/SIC institutionnelle de droit belge (the ***Issuing Company***), acting through its Compartment Penates-5 and are not obligations of, or guaranteed by, any of the other parties to the Transaction Documents. In particular, the Notes will not be the obligations or responsibilities of the Seller and the Seller will not be under any obligation whatsoever to provide additional funds to the Issuer.

The Issuing Company is organised into separate subdivisions, each a Compartment. On the date of issuance of the Notes, ten Compartments have been created: Compartment Penates-1, Compartment Penates-2, Compartment Penates-3, Compartment Penates-4, Compartment Penates-5, Compartment Penates-6, Compartment Penates-7, Compartment Penates-8, Compartment Penates-9 and Compartment Penates-10 each for the purpose of investment of funds collected in accordance with the articles of association of the Issuing Company in a portfolio of selected loans. Obligations of the Issuer to the Noteholders and all other Secured Parties are allocated exclusively to Compartment Penates-5 and the recourse for such obligations is limited so that only the assets of Compartment Penates-5 subject to the relevant Security will be available to meet the claims of the Noteholders and the other Secured Parties.

By subscribing or otherwise acquiring the Notes, the Noteholders (i) shall be deemed to have acknowledged receipt of, accept and be bound by the Conditions, (ii) acknowledge and accept that the Notes are allocated to Compartment Penates-5, (iii) acknowledge that they are Qualifying Investors and Eligible Investors and that they can only transfer their Notes to Qualifying Investors and (iv) shall be deemed to have undertaken that they will comply (and arrange for any transferee to comply) with any procedural formalities necessary for the Issuer to obtain the authorisation to make a payment to which that holder is entitled without a tax deduction.

Except as expressly provided otherwise, all Conditions apply exclusively to the Notes as allocated to Compartment Penates-5 of the Issuer and all appointments, rights, title, assignments, covenants, representations, assets and liabilities generally in relation to this transaction are exclusively allocated to, or binding on, Compartment Penates-5 and will not be recoverable against any other compartments of the Issuer or any assets of the Issuer other than those allocated to Compartment Penates-5.

Unless otherwise stated, defined terms used in these Conditions shall have the meaning given to them in the Master Definitions Agreement. In this Prospectus the term "Issuer" shall generally refer only to Penates Funding NV/SA *institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge* acting through and for the account of its Compartment Penates-5, unless where the context requires, in which case such term may refer to the entire company as such, but in each case without prejudice to the limitation of recourse set out in Condition 11.4.

PART 1 DESCRIPTION OF THE NOTES

General

1. The issue of EUR 350,000,000 Class A1 Mortgage-Backed Floating Rate Notes due November 2049 (the ***Class A1 Notes***) and the EUR 450,000,000 Class A2 Mortgage-Backed Floating Rate Notes due November 2049 (the ***Class A2 Notes***) (the Class A1 Notes and the Class A2 Notes, together the ***Class A Notes*** and each a ***Sub-Class of Class A Notes***), the EUR 200,000,000 Subordinated Class B Floating Rate Notes due November 2049 (the ***Subordinated Class B Notes*** or the ***Class B Notes***) and the EUR 30,000,000 Subordinated Class C Floating Rate Notes due November 2049 (the ***Subordinated Class C Notes*** or the ***Class C Notes*** and together with the Class A Notes and the Class B Notes, the ***Notes***, is to be authorised by a resolution of the board of directors of Penates Funding NV/SA, an *institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge* (an institutional company for investment in receivables under Belgian law) acting through its Compartment Penates-5 (the ***Issuer***) to be adopted on or about 12 November2015.

2. The Notes will be issued on or about 16 November 2015 (the ***Closing Date***), in accordance with the provisions of a domiciliary agency agreement to be entered into on or before the Closing Date (the ***Domiciliary Agency Agreement***) between the Issuer, Belfius Bank NV/SA, (the ***Domiciliary Agent***, the ***Listing Agent*** and the ***Calculation Agent***) and Stichting Security Agent Penates (the ***Security Agent***) as security agent for, *inter alios*, the holders for the time being of the Notes (the ***Noteholders***).

3. Pursuant to the Domiciliary Agency Agreement, provision is made for the payment of principal and interest in respect of the Notes and for the determination of the rate of interest payable on the Notes.

4. The Notes are secured by the security created pursuant to, and on the terms set out in, an agreement for the creation of a parallel debt (the ***Parallel Debt Agreement***) and a Belgian law pledge agreement establishing security over certain assets of the Issuer (the ***Pledge Agreement***) to be entered into on or before the Closing Date between, *inter alios*, the Issuer, the Security Agent, the Seller and the Servicer.

5. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of:

(i) the Domiciliary Agency Agreement;

(ii) the Parallel Debt Agreement;

(iii) the Pledge Agreement;

(iv) the administration, corporate and accounting services agreement (the ***Administration, Corporate and Accounting Services Agreement***) to be entered into on or before the Closing Date between the Issuer, the Security Agent and Belfius Bank NV/SA (***Belfius***) in its capacity as administrator (the ***Administrator***) and Belfius Fiduciaire NV/SA as corporate services provider (the ***Corporate Services Provider***) and as accounting services provider (the ***Accounting Services Provider***);

(v) the account bank agreement (the ***Account Bank Agreement***) to be entered into on or before the Closing Date between, *inter alios*, the Issuer, the Security Agent, BNP Paribas Fortis NV/SA in its capacity as the account bank (the ***Account Bank***);

(vi) the servicing agreement (the ***Servicing Agreement***) to be entered into on or before the Closing Date between the Issuer, the Security Agent and Belfius in its capacity as the servicer (the ***Servicer***);

(vii) the back-up servicer facilitator appointment agreement (the ***Back-up Servicer Facilitator Appointment Agreement***) to be entered into on or before the Closing Date between *inter alios,* the Issuer, the Servicer, the Security Agent and the Back-up Servicer Facilitator (the ***Back-up Servicer Facilitator***);

(viii) the mortgage loan sale agreement (the ***Mortgage Loan Sale Agreement*** or the ***MLSA***) to be entered into on or before the Closing Date between Belfius in its capacity as seller (the ***Seller***), the Security Agent and the Issuer;

(ix) the clearing agreement (the ***Clearing Agreement***) to be entered into on or before the Closing Date between the Issuer, the Domiciliary Agent and the Securities Settlement System Operator;

(x) the master definitions agreement (the ***Master Definitions Agreement***) to be entered into on or before the Closing Date between, *inter alios,* the Issuer, the Seller and the Security Agent;

(xi) the cap agreement (the ***Cap Agreement***) to be entered into on or before the Closing Date between, amongs others, the Issuer, the Security Agent and Belfius as Cap Provider (the ***Cap Provider***);

(xii) the standby cap agreement (the ***Standby Cap Agreement***) to be entered into on or before the Closing Date between the Issuer, the Security Agent and BNP Paribas in its capacity as the standby cap provider (the ***Standby Cap Provider***);

(xiii) the issuer management agreements

(a) entered into on 27 October 2008 between the Issuer, the Security Agent and (i) Stichting Vesta and (ii) Intertrust Financial Services BVBA (formerly Sterling Consult BVBA), each as Issuer directors, as supplemented on 15 December 2008 for the purpose of activating Compartment Penates-2, on 28 June 2010 for the purpose of activating Compartment Penates-3, on 19 December 2011 for the purpose of activating Compartment Penates-4, and to be supplemented on or before the Closing Date for the purpose of activating Compartment Penates-5, and

(b) entered into on or before the Closing Date between the Issuer, the Security Agent and Mrs. Martine Gelissen as Issuer director, to be supplemented and amended on the Closing Date for the purpose of activating Compartment Penates-5;

together the ***Issuer Management Agreements***; and

(xiv) the Stichting Vesta management agreements (the ***Stichting Vesta Management Agreements***) entered into on 27 October 2008 between Stichting Vesta, the Security Agent and each of the Stichting Vesta Directors, as supplemented on 15 December 2008 for the purpose of activating Compartment Penates-2, on 28 June 2010 for the purpose of activating Compartment Penates-3, on 19 December 2011 for the purpose of activating Compartment Penates-4, and to be supplemented on or before the Closing Date for the purpose of activating Compartment Penates-5.

6. Pursuant to the MLSA, a portfolio of Belgian mortgage loans (the ***Loans***) will be sold by the Seller to the Issuer acting through its Compartment Penates-5 on the Closing Date.

7. The Issuer and the Seller will enter into two subscription agreements on or before the Closing Date with respectively the Managers for the Class A Notes (the ***Class A Subscription Agreement***) and Belfius Bank for the Class B Notes and the Class C Notes (the ***Class B and C Subscription Agreement,*** together with the Class A Subscription Agreement, the ***Subscription Agreements***).

8. The MLSA, the Account Bank Agreement, the Administration, Corporate and Accounting Services Agreement, the Domiciliary Agency Agreement, the Servicing Agreement, the Back-up Servicer Facilitator Appointment Agreement, the Parallel Debt Agreement, the Pledge Agreement, the Subscription Agreements, the Cap Agreement, the Standby Cap Agreement, the Clearing Agreement, the Master Definitions Agreement, the Deposit Agreement, Issuer Management Agreements, the Stichting Vesta Management Agreements and all other agreements, forms and documents executed pursuant to or in relation to such documents collectively, will be referred to as the ***Transaction Documents***.

9. Any reference in these Conditions to any Transaction Document, is to such document, as may be from time to time amended, varied or novated in accordance with its provisions and includes any deed or other document expressed to be supplemental to it, as from time to time so amended.

10. References to the Transaction Parties shall, where the context permits, include references to its successors, transferees and permitted assigns.

11. The Issuer has been incorporated as an Institutional VBS subject to the provisions the Act of 20 July 2004 on certain forms of collective management of investment portfolios (*Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles/Loi relative à certaines formes de gestion collective de portefeuilles d'investissement*) as replaced by the Act of 3 August 2012 on institutions for collective investment that satisfy the criteria of directive 2009/65/EC and on institutions for investment in receivables (*Wet betreffende de instellingen voor collectieve belegging die voldoen aan de criteria van richtlijn 2009/65/EG en de instellingen voor belegging in schuldvorderingen / Loi relative aux organismes de placement collectif qui répondent aux conditions de la Directive 2009/65/CE et aux organismes de placement en créances*), as amended from time to time (the ***UCITS Act***).

12. Copies of the Transaction Documents are available for inspection at the specified offices of the Domiciliary Agent as of the Closing Date. By subscribing for, or otherwise acquiring the Notes, the Noteholders and all persons claiming through them or under the Notes will be deemed to have notice of, accept and be bound by all the provisions of the Conditions, the Pledge Agreement, the Parallel Debt Agreement, the Domiciliary Agency Agreement, the Servicing Agreement, the Back-up Servicer Facilitator Appointment Agreement, the Account Bank Agreement, the Administration, Corporate and Accounting Services Agreement, the Subscription Agreements, the Clearing Agreement, the Master Definitions Agreement, the MLSA, the Cap Agreement, the Standby Cap Agreement, the Issuer Management Agreements, the Stichting Vesta Management Agreements and all the other Transaction Documents.

PART 2 TERMS AND CONDITIONS OF THE NOTES

1. FORM, DENOMINATION, TITLE, TRANSFER AND SELLING RESTRICTIONS - ELIGIBLE HOLDERS

Form

1.1 The Class A Notes (the ***Dematerialised Notes***) are issued in dematerialised form under the Belgian Company Code as amended from time to time. The Notes are accepted for clearance through the securities settlement system operated by the National Bank of Belgium (the ***NBB-SSS***) or any successor thereto (the ***Securities Settlement System***), and are accordingly subject to the applicable clearing regulations of the National Bank of Belgium. The Notes may be cleared through the securities settlement clearing system in accordance with the Act of 6 August 1993 on transactions in certain securities (*loi relative aux opérations sur certaines valeurs mobilières / wet betreffende de transacties met bepaalde effecten*) and the corresponding royal decrees of 26 May 1994 and 14 June 1994.

1.2 If at any time the Class A Notes are transferred to another clearing system, not operated or not exclusively operated by the National Bank of Belgium, these provisions shall apply *mutatis mutandis* to such successor clearing system and successor securities settlement system operator or any additional clearing system and additional securities settlement system operator (any such clearing system, an ***Alternative Clearing System***).

1.3 The Class B and C Notes (the ***Registered Notes***) will be registered in a register maintained by the Issuer or by a registrar on behalf of the Issuer (the ***Registrar***) in accordance with Article 462 et seq. of the Belgian Companies Code. Holders of Class B or C Notes can obtain a certificate demonstrating the registration of Notes in the register.

1.4 Denomination

The Notes will be issued in denominations of EUR 250,000.

Title and Transfer

1.5 Title to and transfer of Dematerialised Notes will be evidenced only by records maintained by the Securities Settlement System or other Securities Settlement System Participants and in accordance with the rules and applicable operating procedures of the Securities Settlement System and other Securities Settlement System Participants.

1.6 The Registered Notes will be represented exclusively by book entries in the notes registered held at the registered seat of the Issuer. Title to and transfer of Registered Notes shall pass by registration of the transfer by the Issuer or by the Registrar in a register in accordance with Article 462 et seq. of the Belgian Company Code. In case of a sale or transfer of any of the Registered Notes, the transferor and transferee thereof will be obliged to complete the relevant transfer documents and certificates which can be found on www.belfius.com or can be obtained from the Registrar.

1.7 Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

1.8 Transfer of Notes on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer and/or the Registrar, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar may require).

Selling, Holding and Transfer Restrictions - Only Eligible Holders

1.9 ***Noteholder*** means the person in whose name a Registered Note is registered or, as the case may be, the person evidenced as holding the Dematerialised Note by the book-entry system maintained in the records of the Securities Settlement System, any Securities Settlement System Participant or any Recognised Accountholder.

1.10 The Notes may only be acquired, by subscription, transfer or otherwise and may only be held by Eligible Holders. ***Eligible Holders*** are holders that satisfy the following criteria:

(a) they qualify as qualifying investors within the meaning of Article 5, §3/1 of the UCITS Act (***Qualifying Investors***), acting for their own account. A list of Qualifying Investors is attached in Annex 2 (*Qualifying Investors under the UCITS Act*);

(b) they do not constitute investors that, in accordance with annex A, (I), second indent, of the Royal Decree of 3 June 2007 concerning further rules for implementation of the directive on markets in financial instruments (MIFID), have registered to be treated as non-professional investors; and

(c)

(i) in respect of the Class A Notes, they are holders of an exempt securities account (***X-Account***) with the Securities Settlement System operated by the National Bank of Belgium or (directly or indirectly) with a participant in such system;

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

In the event that the Issuer becomes aware that any Notes are held by an investor other than a Qualifying Investor, the Issuer will suspend interest payments relating to these Notes until such Notes have been transferred to, and are held by a Qualifying Investor.

Excluded holders

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

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) 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 on a tax haven jurisdiction as referred to in Article 307, §1, fifth indent of the Belgian Income Tax Code of 1992.

2. STATUS, SECURITY AND PRIORITY

Status and Priority

2.1 (a) The Class A Notes (and the Notes of each of the Sub-Classes of Class A Notes) constitute direct, secured and unconditional obligations of the Issuer and rank (subject to the provisions of Condition 10 (*Subordination*)) *pari passu* without preference or priority amongst themselves. Prior to an Enforcement Notice being served, the Sub-Classes within the Class A Notes are repaid sequentially with the Class A1 Notes being repaid prior to the Class A2 Notes and the Class A2 Notes being repaid after the Class A1 Notes. Following the service of an Enforcement Notice, the Notes of the Sub-Classes of Class A Notes are repaid without preference or priority among the Sub-Classes of Class A Notes. The rights of the Class A Notes, in respect of priority of payment and security are further set out in this Condition 2 (*Status, Security and Priority*) and Condition 10 (*Subordination*).

(b) The Class B Notes constitute direct and unconditional obligations and are equally secured by the Security as the Class A Notes. The Class B Notes rank *pari passu*, without preference or priority amongst themselves. The Class B Notes are subordinated to the Class A Notes upon service of an Enforcement Notice as well as prior to such service, as set out in this Condition 2 (*Status, Security and Priority*) and Condition 10 (*Subordination*).

(c) The Class C Notes constitute direct and unconditional obligations and are equally secured by the Security as the Class A Notes and the Class B Notes. The Class C Notes rank *pari passu*, without preference or priority amongst themselves. The Class C Notes are subordinated to the Class A Notes and the Class B Notes upon service of an Enforcement Notice as well as prior to such service, as set out in Conditions 2 (*Status, Security and Priority*) and 10 (*Subordination*).

(d) The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other parties to the Transaction Documents.

(e) The Notes are allocated exclusively to Compartment Penates-5.

Security

2.2 As Security for the obligations of the Issuer under the Notes and the Transactions Documents, the Issuer will pursuant to the Pledge Agreement, create a first ranking pledge in favour of the Secured Parties, including the Security Agent acting in its own name, as creditor of the Parallel Debt, and as representative of the Noteholders over:

(a) all right and title of the Issuer to and under or in connection with all the Loans, all Loan Security and all the Additional Security;

(b) all right and title of the Issuer to and under all the Transaction Documents and all other documents to which the Issuer is a party;

(c) the Issuer's right and title in and to the Issuer Accounts, Share Capital Account and Daily Collection Account and any amounts standing to the credit thereof from time to time; and

(d) all other assets of the Issuer (including, without limitation, the Loan Documents, the Contract Records and any other documents).

2.3 The security created by the Issuer (in favour of all the Secured Parties) pursuant to the Pledge Agreement is collectively referred to herein as the ***Security***. The assets over which the Security is created are referred to herein as the ***Collateral***. The Collateral will, amongst other things, provide security for the Issuer's obligation to pay amounts due to the Secured Parties under the Transaction Documents, including amounts payable to:

(a) the Noteholders;

(b) the Security Agent under the Parallel Debt Agreement and Pledge Agreement;

(c) the Servicer under the Servicing Agreement;

(d) the Administrator, the Corporate Services Provider and the Accounting Services Provider under the Administration, Corporate and Accounting Services Agreement;

(e) the Seller under the MLSA;

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

(g) the Domiciliary Agent, the Listing Agent and the Calculation Agent under the Domiciliary Agency Agreement;

(h) the Cap Provider under the Cap Agreement;

(i) the Standby Cap Provider under the Standby Cap Agreement;

(j) the Back-Up Servicer Facilitator under the Back-up Servicer Facilitator Appointment Agreement; and

(k) Intertrust Financial Services BVBA and Stichting Vesta in their capacity as Issuer Directors under the Issuer Management Agreements,

(all such beneficiaries of such security referred to as the ***Secured Parties***), in accordance with the applicable Priority of Payments, but only to the extent that such amounts as listed above have been properly and specifically allocated to Compartment Penates-5.

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

2.5 The Pledge Agreement also contains provisions regulating the priority of the application of amounts forming part of the Security among the persons entitled thereto.

Interest Available Amount

2.6 On each Quarterly Calculation Date, the Administrator shall calculate the amount of interest funds which will be available to the Issuer in the Transaction Account on thefollowing Quarterly Payment Date. The interest funds available (for items (b) to (m)) shall be calculated by reference to the interest receipts received in respect of any relevant Quarterly Payment Date, as from the period from (and including) the sixth (6th) calendar day of the month in which the immediately preceding Quarterly Payment Date fell to (but excluding) the sixth (6th) calendar day of the month in which such relevant Quarterly Payment Date falls, which shall be the ***Quarterly Collection Period*** except for the first Quarterly Collection Period which shall be the period from (and including) 16 November 2015 to (but excluding) 6 February 2016. The interest funds available with respect to item (a) shall be the amounts received three (3) Business Days prior to the respective Quarterly Payment Date. Such interest funds (the ***Interest Available Amount***) shall be the sum of the following:

(a) any amounts received under the Cap Agreement (or, following activation thereof, the Standby Cap Agreement) excluding any Cap Collateral (as defined below) (or Standby Cap Collateral) transferred by the Cap Provider (or the Standby Cap Provider, as applicable) pursuant to the Cap Agreement (or the Standby Cap Agreement);

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

(c) any Prepayment Penalties and default interest received by the Issuer on the Loans;

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

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

(f) any interest accrued and received on sums standing to the credit of the Issuer Accounts (with the exception of the Deposit Account, the Cap Collateral Account and the Standby Cap Collateral Account);

(g) any amounts received in respect of any Defaulted Loan including Recoveries;

(h) any remaining amount (other than (i) an amount yet included in the Interest Available Amount under items (a) to (g)(inclusive) and items (i) to (m)(inclusive) or the Principal Available Amount, (ii) amounts received in respect of the new running Quarterly Collection Period and (iii) amounts of retained interest for non-Eligible Holders) standing to the credit of the Transaction Account;

(i) any amounts (which are to be transferred to the Transaction Account) to be applied from the Reserve Fund (to the extent available) on the immediately following Quarterly Payment Date to cover any shortfalls that would otherwise exist (A) for as long as any of the Class A Notes remains outstanding on items (i) to (iii) (inclusive) of the Pre-FORD Interest Priority of Payments or items (i) to (iii) (inclusive) of the Post-FORD Interest Priority of Payments;

(j) any amount standing to the credit of the Reserve Fund in excess of the Reserve Fund Required Amount;

(k) as long as any Class A Notes are outstanding, the Principal Available Amount that may be used to fund a Class A Interest Shortfall in accordance with the Principal Priority of Payments, to the extent that the sum of items (a) to (j) (inclusive) above is not sufficient to cover item (i) to (iii) of the Pre-FORD Interest Priority of Payments or in item (i) to (iii) of the Post-FORD Interest Priority of Payments;

(l) if, and to the extent the Class B Notes have been redeemed, any amount referred to in item (f) of the Principal Priority of Payments; and

(m) any amounts (as indemnity for losses of scheduled interest on the Loans as a result of Commingling Risk) to be received from the Deposit Account in accordance with Clause 6 of the MLSA , which are to be transferred from the Deposit Account to the Transaction Account,

minus

funds deducted from the Transaction Account during the applicable Quarterly Collection Period as referred to in Condition 2.7.

Payments during any Interest Period

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

(a) to satisfy any expenses referred to in items (i) and (ii) of the Pre-FORD Interest Priority of Payments or in items (i) and (ii) of the Post-FORD Interest Priority of Payments that become due and payable at such time; and

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

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

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

Share Capital Account means the bank account opened by the Issuer at Belfius Bank in which (i) the share capital portion allocated to Compartment Penates-5, (ii) the Dividend Reserve and (iii) the interests accrued on the Share Capital Account are held.

Dividend Reserve means an amount of distributable profit (if any) of no more than EUR 9,300 which shall be reserved (if any) by the Issuer as from the first Quarterly Payment Date of each accounting year (and for the first time, on the first Quarterly Payment Date in 2016) in accordance with the Interest Priority of Payments on the basis of the following formula:

A x B

whereby

A = the aggregate of the Current Balances of all the Loans held by Compartment Penates-5 on the first calendar day of such accounting year divided by the aggregate of the

Current Balances of the aggregate of all Loans held by all compartments on the first calendar day of such accounting year of Penates Funding NV/SA, *Institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge*; and

B = EUR 9,300,

and which shall be distributed to the shareholders annually with regard to the immediately preceding accounting year if decided thereto by the general meeting.

Interest Priority of Payments before the First Optional Redemption Date

2.9 On each Quarterly Payment Date prior to the issuance of an Enforcement Notice and up to (and including) the First Optional Redemption Date, the Administrator on behalf of the Issuer shall apply the Interest Available Amount in making the following payments or provisions, in the following order of priority (in each case, only if, and to the extent that the Transaction Account would not be overdrawn, and to the extent that payments or provisions of a higher order of priority have been made in full, and to the extent that such liabilities are due by and recoverable against the Issuer) (the ***Pre-FORD Interest Priority of Payments***):

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

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

(B) the amounts due and payable to the Back-up Servicer;

(C) the amounts due and payable to the Back-up Servicer Facilitator;

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

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

(F) the amounts due and payable to the National Bank of Belgium in relation to the use of the Securities Settlement System, or any Alternative Clearing System ;

(G) the amounts due and payable to the FSMA and/or to the FOD Economie;

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

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

(J) the amounts due and payable to the Fonds voor *bestrijding van de overmatige schuldenlast/Fonds de Traitement du Surendettement*;

(K) the amounts due and payable to Accesso VZW;

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

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

(N) the amounts due and payable to the Security Agent;

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

(P) the amounts (other than any upfront payment) due and payable to the Standby Cap Provider;

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

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

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

(T) the amounts due and payable to the Prime Collateralised Securities UK Limited;

(U) the amounts due and payable to European Data Warehouse GmbH;

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

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

(X) as from the first Quarterly Payment Date of each accounting year (and for the first time, on the first Quarterly Payment Date in 2016), the amounts needed for the funding the Dividend Reserve;

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

(iii) *third*, in or towards satisfaction of, *pro rata* and *pari passu*, (a) all amounts of Accrued Interest due and payable in respect of the Class A1 Notes, and (b) all amounts of Accrued Interest due and payable in respect of the Class A2 Notes;

(iv) *fourth*, in or towards satisfaction of all amounts debited to the Class A Principal Deficiency Ledger, until any debit balance on the Class A Principal Deficiency Ledger is reduced to zero;

(v) *fifth*, in or towards satisfaction of all amounts required to replenish (as the case may be) the Reserve Fund up to the Reserve Fund Required Amount;

(vi) *sixth*, in or towards satisfaction of all amounts debited to the Class B Principal Deficiency Ledger, until any debit balance on the Class B Principal Deficiency Ledger is reduced to zero;

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

(viii) *eighth,* in or towards satisfaction of all amounts debited to the Class B Interest Deficiency Ledger, until any debit balance on the Class B Interest Deficiency Ledger is reduced to zero;

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

(x) *tenth,* in or towards satisfaction of all amounts debited to the Class C Interest Deficiency Ledger, until any debit balance on the Class C Interest Deficiency Ledger is reduced to zero;

(xi) *eleventh,* in or towards satisfaction of, *pari passu* and *pro rata*, amounts of principal due and unpaid in respect of the Class C Notes, in accordance with Condition 5.4; and

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

Accesso VZW is the compensation fund, established in accordance with article 220 of the Insurance Act and the Royal Decree of 10 april 2014 with regard to the regulation of certain insurance policies (*koninklijk besluit van 10 april 2014 tot regeling van sommige verzekeringsovereenkomsten tot waarborg van de terugbetaling van het kapitaal van een hypothecair krediet/ Arrêté royal du 10 Avril 2014 réglementant certains contrats d'assurance visant à garantir le remboursement du capital d'un crédit hypothécaire*) and the Royal Decree of 4 March 2015 by which Accesso VZW is recognised as compensation fund within the meaning of article 220 of the act of 4 April 2014 on insurances

Class A Additional Amounts

2.10 On each Quarterly Payment Date as from the First Optional Redemption Date and in accordance with the Post-FORD Interest Priority of Payments and until the Class A Notes have been redeemed in full, the Class A Additional Amounts will be equal to the positive amount (if any) of the Interest Available Amount remaining after amounts payable under items (i) to (viii) (inclusive) of the Post-FORD Interest Priority of Payments have been fully satisfied on such Quarterly Payment Date (the ***Class A Additional Amounts***).

2.11 Until Class A Notes have been fully redeemed, and provided amounts are available as described in the preceding paragraph, any Class A Additional Amounts will be added to the Principal Available Amount.

Interest Deficiency Ledgers

2.12 Interest Deficiency Ledgers will be established by the Administrator on behalf of the Issuer in respect of the Class B Notes (the ***Class B Interest Deficiency Ledger***) and the Class C Notes (the ***Class C Interest Deficiency Ledger***) in order to record any shortfalls in the payment of interest on the Class B Notes and the Class C Notes, as applicable, in accordance with Conditions 4.22 to 4.25.

2.13 Non-payment of interest due on the Class B Notes and the Class C Notes will not cause an Event of Default.

Interest Deficiency Allocation and Coupon Excess Consideration

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

2.14 Subject to Condition 9 (*Events of Default*), it shall be an Event of Default under the Class A Notes if on any Quarterly Payment Date, the interest (excluding Coupon Excess Consideration) under and in respect of the Class A Notes has not been paid in full and remain unpaid ten (10) Business Days after such due date.

2.15 Non-payment of Coupon Excess Consideration will not cause an Event of Default.

Coupon Excess Consideration

2.16 Two ledgers, known as the Class A1 Coupon Excess Consideration Deficiency Ledger and the Class A2 Coupon Excess Consideration Deficiency Ledger (together referred to as the ***Coupon Excess Consideration Deficiency Ledgers***) will be established by the Administrator on behalf of the Issuer in respect of each of the Sub-Classes of Class A Notes in order to record any amounts of Coupon Excess Consideration that have not been (fully) paid out on the relevant Quarterly Payment Date(s) to the Class A Noteholders. The balance of the respective Coupon Excess Consideration Deficiency Ledger existing on any Quarterly Calculation Date shall on the next succeeding Quarterly Payment Date be reduced with the amount of Coupon Excess Consideration Surplus, if any, to be allocated pro-rata – according to the balances of the respective Coupon Excess Deficiency Ledgers existing on the most recent Quarterly Calculation Date - to the Class A1 Coupon Excess Consideration Deficiency Ledger and the Class A2 Coupon Excess Consideration Deficiency Ledger.

Coupon Excess Consideration means, in respect of each relevant Sub-Class of Class A Notes, the amount obtained by the product of, in respect of any Quarterly Calculation Date as from the First Optional Redemption Date, (i) the Principal Amount Outstanding of the relevant Class A1 Notes and Class A2 Notes respectively and (ii) the positive difference (excess) between the relevant Coupon Rate and the relevant Maximum Rate, multiplied by the actual number of days elapsed in the then current Interest Period divided by 360 days (the ***Coupon Excess Consideration***).

Class A1 Coupon Excess Consideration Deficiency Ledger means the coupon excess consideration deficiency ledger relating to the Class A1 Notes.

Class A2 Coupon Excess Consideration Deficiency Ledger means the coupon excesss consideration deficiency ledger relating to the Class A2 Notes.

For the avoidance of doubt, upon the final redemption of the Class A1 Notes and if the Class A1 Coupon Excess Consideration Deficiency Ledger has not been reduced to zero at such time, the Noteholders of the Class A1 Notes shall continue to have a claim on the Coupon Excess Consideration due but not paid and such Coupon Excess Consideration shall be payable as soon as amounts are available to that effect in accordance with the applicable Priority of Payments. Upon the final redemption of the Class A2 Notes and if the Class A2 Coupon Excess Consideration Deficiency Ledger has not been reduced to zero at such time, the Noteholders of the Class A2 Notes shall continue to have a claim on the Coupon Excess Consideration due but not paid and such Coupon Excess Consideration shall become payable as soon as amounts are available to that effect in accordance with the applicable Priority of Payments.

2.17 ***Coupon Excess Consideration Deficiency*** means any shortfall reflected in the Coupon Excess Consideration Deficiency Ledgers, if any, of the relevant Coupon Excess Consideration.

Coupon Excess Consideration Surplus means, on any Quarterly Calculation Date, the sum of (i) the Interest Available Amount and (ii) the Principal Available Amount to be allocated to the Coupon Excess Consideration Deficiency Ledgers on the next succeeding Quarterly Payment Date in accordance with the Interest Priority of Payments or the Principal Priority of Payments, as applicable.

2.18 On each Quarterly Payment Date as from (but excluding) the First Optional Redemption Date, the Class A Noteholders will, in accordance with the Post-FORD Interest Priority of Payments, on a *pro-rata* and *pari passu* basis and in accordance with the amount

of Coupon Excess Consideration due among them, be entitled to the Coupon Excess Consideration, if sufficient amounts remain available for such purpose in accordance with the application of the Post- FORD Interest Priority of Payments.

2.19 The Coupon Excess Consideration will be subordinated to payments of a higher order of priority including, but not limited to, any amounts necessary to (i) make good any shortfall reflected in the Class A Principal Deficiency Ledgers until the debit balance, if any, on the Class A Principal Deficiency Ledgers is reduced to zero and (ii) replenish the Reserve Fund up to the amount of the Reserve Fund Required Amount.

2.20 The credit ratings assigned by the Rating Agencies do not address the likelihood of any payment of the Coupon Excess Consideration and failure to pay any Coupon Excess Consideration will not cause an Event of Default.

Interest Priority of Payments as from the First Optional Redemption Date

2.21 Prior to the service of an Enforcement Notice and as from the First Optional Redemption Date, the Interest Available Amount will be applied by the Issuer on the immediately succeeding Quarterly Payment Date following the First Optional Redemption Date, and on each Quarterly Payment Date thereafter as follows (in each case, only if, and to the extent that the Transaction Account would not be overdrawn, and to the extent that payments or provisions of a higher order of priority have been made in full, and to the extent that such liabilities are due by and recoverable against the Issuer) (the ***Post-FORD Interest Priority of Payments*** and together with the Pre-FORD Interest Priority of Payments, each (where relevant) the ***Interest Priority of Payments***):

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

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

(B) the amounts due and payable to the Back-up Servicer;

(C) the amounts due and payable to the Back-up Servicer Facilitator;

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

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

(F) the amounts due and payable to the National Bank of Belgium in relation to the use of Securities Settlement System, or any Alternative Clearing System;

(G) the amounts due and payable to the FSMA and/or to the FOD Economie;

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

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

(J) the amounts due and payable to the Fonds voor *bestrijding van de overmatige schuldenlast/Fonds de Traitement du Surendettement*;

(K) the amounts payable to Accesso VZW;

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

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

(N) the amounts due and payable to the Security Agent;

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

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

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

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

(S) the amounts due and payable to the Prime Collateralised Securities UK Limited;

(T) the amounts due and payable to European Data Warehouse GmbH;

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

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

(W) as from the first Quarterly Payment Date of each accounting year, the amounts funding the Dividend Reserve;

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

(iii) *third*, in or towards satisfaction of, *pro rata* and *pari passu*, all amounts of Accrued Interest due and payable in respect of the Class A1 Notes and the Class A2 Notes;

(iv) *fourth*, in or towards satisfaction of all amounts debited to the Class A Principal Deficiency Ledger, until any debit balance on the Class A Principal Deficiency Ledger is reduced to zero;

(v) *fifth*, in or towards satisfaction of all amounts required to replenish (as the case may be) the Reserve Fund up to the Reserve Fund Required Amount;

(vi) *sixth,* for as long as the Class A Notes have not been redeemed in full, in or towards satisfaction *pro-rata* and *pari passu*, of all amounts of Coupon Excess Consideration due and payable in respect of the Class A1 Notes and the Class A2 Notes;

(vii) *seventh,* in or towards making good (*pro-rata* and *pari passu*) any shortfall reflected in the Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero;

(viii) *eighth*, in or towards satisfaction of all amounts debited to the Class B Principal Deficiency Ledger, until any debit balance on the Class B Principal Deficiency Ledger is reduced to zero;

(ix) *ninth,* for as long as the Class A Notes are not redeemed in full, in or towards funding the Class A Additional Amounts to be added to the Principal Available Amounts on the same Quarterly Calculation Date;

(x) *tenth,* in or towards satisfaction of all amounts debited to the Class B Interest Deficiency Ledger, until any debit balance on the Class B Interest Deficiency Ledger is reduced to zero;

(xi) *eleventh,* in or towards satisfaction of all amounts debited to the Class C Interest Deficiency Ledger, until any debit balance on the Class C Interest Deficiency Ledger is reduced to zero;

(xii) *twelfth,* in or towards satisfaction of, *pari passu* and *pro rata*, amounts of principal due and unpaid in respect of the Class C Notes, in accordance with Condition 5.4; and

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

Principal Available Amount

2.22 On each Quarterly Calculation Date, the Administrator will calculate the amount of the principal funds which will be available to the Issuer in the Transaction Account on the following Quarterly Payment Date to satisfy its obligations under the Notes. The principal funds available shall, in respect of any Quarterly Payment Date, be calculated by reference to the principal receipts received in the relevant Quarterly Collection Period. Such principal funds (the ***Principal Available Amount***) shall be the sum of the following:

(i) the aggregate amount of any repayment and prepayment of principal amounts under the Loans received from any person (but excluding Prepayment Penalties, if any);

(ii) the aggregate of any amounts received:

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

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

in each case, to the extent such amounts relate to principal amounts and do not relate to amounts received in respect of any Defaulted Loan including Recoveries;

(iii) any amounts to be credited to the Principal Deficiency Ledgers on the immediately following Quarterly Payment Date pursuant to items (iv) and (vi) of the Pre-FORD Interest Priority of Payments and (iv) and (viii) of the Post-FORD Interest Priority of Payments;

(iv) any Principal Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards satisfaction of the items set forth in the Principal Priority of Payments on the immediately preceding Quarterly Payment Date;

(v) the Class A Additional Amounts as calculated on the same Quarterly Calculation Date;

(vi) any amounts (as indemnity for losses of scheduled principal on the Loans as a result of Commingling Risk) to be received from the Deposit Account in accordance with Clause 6 of the MLSA , which are to be transferred from the Deposit Account to the Transaction Account; and

(vii) in respect of the first (1st) Quarterly Payment Date, the difference between the Principal Amount Outstanding of the Collateralized Notes on the Closing Date and the Current Balances of all Loans on the Closing Date.

Pre-enforcement Principal Priority of Payments

2.23 Prior to the issuance of an Enforcement Notice, the Issuer shall, on each Quarterly Payment Date, apply the Principal Available Amount (if any) in making the following payments or provisions, in the following order of priority (in each case, only if, and to the extent that the Transaction Account would not be overdrawn, and to the extent that payments or provisions of a higher order of priority have been made in full, and to the extent that such liabilities are due by and recoverable against the Issuer) (the ***Principal Priority of Payments***):

(a) for so long as any Class A Notes are outstanding, *first*, in or towards funding, *pari passu* and *pro rata*, any Class A Interest Shortfall which has become due during the relevant Interest Period in accordance with the Interest Priority of Payments;

(b) *second*, in redeeming, *pari passu* and *pro rata*, all principal amounts outstanding in respect of the Class A1 Notes until all of the Class A1 Notes have been redeemed in full;

(c) *third,* in redeeming, *pari passu* and *pro rata*, principal amounts outstanding in respect of the Class A2 Notes until all of the Class A2 Notes have been redeemed in full;

(d) *fourth*, as from the First Optional Redemption Date, in or towards satisfaction *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts of Coupon Excess Consideration due or accrued but unpaid (after the application of the Post-Ford Interest Priority of Payments) in respect of the Class A1 Notes and the Class A2 Notes which payment has been reflected by crediting any shortfall in the Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero;

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

(f) *sixth,* if, and to the extent the Class B Notes have been fully redeemed, any remaining amount will be added to the Interest Available Amount.

Redemption of Class C Notes from Interest Available Amount only

2.24 Principal Available Amount shall not be used to redeem the Class C Notes. Amounts due and payable under the Class C Notes shall be paid from the Interest Available Amount under item (ix) to (xi) of the Pre-FORD Interest Priority of Payments and item (xi) to (xii) of the Post-FORD Interest Priority of Payments in accordance with Condition 5.4.

Post-enforcement Priority of Payments

2.25 Following the service of an Enforcement Notice and up to (but excluding) the First Optional Redemption Date, all monies standing to the credit of the Issuer Accounts and received by the Issuer (or the Security Agent or the Administrator) will be applied in the following priority (the ***Pre-FORD Post-enforcement Priority of Payments***) (if and to the extent that payments or provisions of a higher order have been made and to the extent that such liabilities are due by and recoverable against the Issuer):

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

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

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

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

(A) all amounts due and payable to the Servicer;

(B) all amounts due and payable to the Back-up Servicer;

(C) all amounts due and payable to the Back-up Servicer Facilitator; and

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

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

(A) all amounts due and payable to the National Bank of Belgium in relation to the use of Securities Settlement System or any Alternative Clearing System;

(B) all amounts due and payable to the FSMA and/or the FOD Economie;

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

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

(E) all amounts due and payable to the *Fonds voor bestrijding van de overmatige schuldenlast/ Fonds de Traitement du Surendettement*;

(F) all amounts due and payable to Accesso VZW;

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

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

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

(J) all amounts due and payable (other than any upfront payment) to the Standby Cap Provider;

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

(L) all amounts due and payable to the Calculation Agent;

(M) all amounts due and payable to the Prime Collateralised Securities UK Limited;

(N) the amounts due and payable to European Data Warehouse GmbH;

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

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

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

(vii) *seventh*, in or towards satisfaction of, *pari passu* and *pro rata*, (a) all amounts of interest due or overdue in respect of the Class A1 Notes, and (b) all amounts of interest due or overdue in respect of the Class A2 Notes;

(viii) *eighth*, until the Class A Notes have been redeemed in full, in or towards redemption of, *pari passu* and *pro rata*, according to the respective amounts thereof, all amounts of principal outstanding in respect of the Class A1 Notes until redeemed in full, and (b) all amounts of principal outstanding in respect of the Class A2 Notes until redeemed in full;

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

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

(xi) *eleventh*, in or towards satisfaction of, *pari passu* and *pro rata,* all interest due or overdue and principal due in respect of the Class C Notes;

(xii) *twelfth*, in or towards satisfaction of the Deferred Purchase Price then due and payable to the Seller; and

(xiii) *thirteenth*, finally, to pay the Surplus (if any) to the Issuer

it being understood that:

(1) amounts resulting from collateral standing to the credit of the Cap Collateral Account (or the Standby Cap Collateral Account) shall only be applied in accordance with the Pre-FORD Post-enforcement Priority of Payments to the extent such amounts cover the Cap Provider's (or the Standby Cap Provider’s) liability to the Issuer under the Cap Agreement (or the Standby Cap

Agreement) as at the date of termination of the transaction under the Cap Agreement (or the Standby Cap Agreement), the remainder of the amount standing to the credit of the Cap Collateral Account (or the Standby Cap Collateral Account) shall be released directly to the Cap Provider (or the Standby Cap Provider); and

(2) amounts standing to the credit of the Deposit Account shall only be applied in accordance with the Pre-FORD Post-enforcement Priority of Payments to the extent such amounts cover for losses incurred by the Issuer of scheduled interest or principal on the Loans as a result of Commingling Risk, the remainder of the amount standing to the credit of the Deposit Account shall be released directly to the Seller.

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

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

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

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

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

(A) all amounts due and payable to the Servicer;

(B) all amounts due and payable to the Back-up Servicer;

(C) all amounts due and payable to the Back-up Servicer Facilitator; and

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

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

(A) all amounts due and payable to the National Bank of Belgium in relation to the use of Securities Settlement System or any Alternative Clearing System;

(B) all amounts due and payable to the FSMA and/or the FOD Economie;

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

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

(E) all amounts due and payable to the *Fonds voor bestrijding van de overmatige schuldenlast/ Fonds de Traitement du Surendettement*;

(F) all amounts due and payable to Accesso VZW;

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

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

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

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

(K) all amounts due and payable to the Calculation Agent;

(L) all amounts due and payable to the Prime Collateralised Securities UK Limited;

(M) the amounts due and payable to European Data Warehouse GmbH;

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

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

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

(vii) *seventh*, in or towards satisfaction of, *pari passu* and *pro rata*, according to the respective amounts thereof, (a) all amounts of interest due or overdue in respect of the Class A1 Notes, and (b) all amounts of interest due or overdue in respect of the Class A2 Notes, which are calculated on the basis of the Coupon Rate capped at the Maximum Rate;

(viii) *eighth*, until the Class A Notes have been redeemed in full, in or towards redemption of, *pari passu* and *pro rata,* according to the respective amounts thereof, all amounts of principal outstanding in respect of the Class A1 Notes until redeemed in full, and (b) all amounts of principal outstanding in respect of the Class A2 Notes until redeemed in full;

(ix) *ninth*, in or towards satisfaction *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts of Coupon Excess Consideration due or accrued but unpaid in respect of the Class A1 Notes and the Class A2 Notes which payment has been reflected by crediting any shortfall in the Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero;

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

(xi) *eleventh*, in or towards redemption of, *pari passu* and *pro rata,* all amounts of principal outstanding and any other amount due but unpaid in respect of the Class B Notes until redeemed in full;

(xii) *twelfth*, in or towards satisfaction of, *pari passu* and *pro rata,* all interest overdue and principal due but unpaid and any other amount due but unpaid due in respect of the Class C Notes;

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

(xiv) *fourteenth*, finally, to pay the Surplus (if any) to the Issuer,

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

Surplus means any amounts that would become available to the Issuer at the time no further liability is due.

Calculations in case of Disruption

2.27 If due to an operational or technical failure, the Servicer fails to prepare and distribute the monthly report provided by the Servicer to the Issuer and the Administrator dealing with the monthly incoming and outgoing cash flows, indicating their respective source and proposed application (the ***Servicer Monthly Report***) in accordance with the provisions of the Servicing Agreement (a ***Disruption***), and no information is available to calculate the exact amount of the Interest Available Amount, the Principal Available Amount, the amounts due on the Notes and/or any of the other amounts payable in accordance with the relevant Priority of Payments, the Administrator shall in good faith and in a commercially reasonable manner, having regard to all relevant information at the Administrator's disposal (which for the avoidance of doubt may, but need not, include information set-out in the three most recent Servicer Monthly Reports) (a) make an estimate of the Interest Available Amount and the Principal Available Amount available on and the amounts due on the Notes and any of the other amounts payable in accordance with the relevant Priority of Payments on the immediately succeeding Quarterly Payment Date, (b) determine the amount available to it to satisfy such amount (estimated to be) due and payable, and (c) pay such amount estimated due and payable up to the amount available to it at the relevant Quarterly Payment Date. Any amount overpaid at such time (the ***Disruption Overpaid Amount***) shall be withheld from the payments to be made on the following Quarterly Payment Date. Any amount underpaid at such time (the ***Disruption Underpaid Amount***) shall be paid on the next succeeding Quarterly Payment Date.

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

but not limited to Notification Events), provided such Disruption is remedied within 15 Business Days following the relevant Quarterly Payment Date on which the provisions of these Conditions 2.27 and 2.28 were applied.

3. COVENANTS

3.1 Save with the prior written consent of the Security Agent or as otherwise provided in, or envisaged by the Transaction Documents, the Issuer undertakes with the Secured Parties that, so long as any Note remains outstanding, it (or the Issuing Company, as the case may be) shall not:

(a) engage in or carry on any business or activity other than the business of purchasing receivables from a third party by using different compartments and to finance such acquisitions by issuing securities or by attracting other forms of funding through such compartments and the related activities described therein and in respect of that business;

(b) in relation to Compartment Penates-5 and the Transaction, engage in any activity or do anything whatsoever except:

(i) own and exercise its rights in respect of the Collateral and its interests therein and perform its obligations in respect of the Collateral;

(ii) preserve and/or exercise and/or enforce any of its rights and perform and observe its obligations under the Transaction Documents;

(iii) to the extent permitted by the terms of any of the Transaction Documents, pay dividends or make other distributions in the manner permitted by applicable law;

(iv) use, invest or dispose of any of its property or assets in the manner provided in or contemplated by the Transaction Documents; and

(v) perform any act incidental to or necessary in connection with (i), (ii), (iii) or (iv) above;

(c) in relation to Compartment Penates-5 and the Transaction, save as permitted by the Transaction Documents, create, incur or suffer to exist any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness;

(d) in relation to Compartment Penates-5 and the Transaction, create or agree to create or permit to exist (or consent to cause or permit in the future upon the occurrence of a contingency or otherwise) any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets other than as expressly contemplated by the Transaction Documents;

(e) sell, transfer, exchange or otherwise dispose of any part of its property or assets or undertaking, present or future (including any Collateral) in relation to Compartment Penates-5 other than as expressly contemplated by the Transaction Documents;

(f) consolidate or merge with or into any other person or convey or transfer its property or assets substantially or as an entirety to any person, other than as contemplated by the Transaction Documents;

(g) permit the validity or effectiveness of the Pledge Agreement or any other Transaction Document or the priority of the Security to be amended, terminated postponed or discharged, or permit any person whose obligations form part of the Collateral to be released from such obligations;

(h) amend, supplement or otherwise modify its by-laws (*statuten/statuts*) or any provisions of these covenants save to the extent that such modifications are required by law or relate only to other securitisation transactions that do not adversely affect the assets and liabilities of Compartment Penates-5 or as agreed upon with the Security Agent;

(i) have any employees or premises or own shares in or otherwise form or cause to be formed any subsidiary or any company allowing the Issuer to exercise a significant influence on the Administrator;

(j) in relation to Compartment Penates-5 and the Transaction, have an interest in any bank account, other than the Issuer Accounts, unless such account or interest is pledged or charged to the Secured Parties on terms acceptable to the Security Agent;

(k) in relation to Compartment Penates-5 and the Transaction, issue any further Notes or any other type of security;

(l) reallocate any assets from Compartment Penates-5 to any other Compartment;

(m) have an established place of business in any other jurisdiction than Belgium;

(n) enter into transactions which are not at arm's length;

(o) sell, exchange or transfer any property or assets of Compartment Penates-5 to any third party except in accordance with the Transaction Documents;

(p) amend or procure that the Servicer does not amend, any terms of the Loans other than in accordance with the provisions or variations as set out in the Pledge Agreement and/or the Servicing Agreement;

(q) waive or alter any rights it may have with respect to the Transaction Documents or take any action, or fail to take any action, if such action or failure to take action may interfere with the validity, effectiveness or enforcement of any rights under the Transaction Documents with respect to the rights, benefits or obligations of the Security Agent; and

(r) fail to pay any tax which it is required to pay, or fail to defend any action, if such failure to pay or defend may adversely affect the priority or enforceability of the Security created by or pursuant to the Pledge Agreement or which would have the direct or indirect effect of causing any amount to be deducted or withheld from any payment in relation to the Notes or the Transaction Documents to which it is a party on account of tax.

3.2 In giving any consent to any of the foregoing, the Security Agent may, without the consent of the Noteholders, require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Security Agent may deem reasonably necessary (in its absolute discretion) in the interest of the Noteholders.

3.3 In determining whether or not to give any proposed consent, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from a valuer, accountant, banker, broker, securities company or other company or adviser (other than the Rating Agencies) whether obtained by itself or the Issuer and it shall not be liable for any loss occasioned by such action, save where such loss is due to its gross negligence, being negligence of such a serious nature that no other prudent security agent would have acted similarly (***Gross Negligence***), wilful misconduct or fraud.

3.4 The Issuer, further covenants towards the Secured Parties as follows:

(a) at all times to carry on and conduct its affairs in a proper, prudent and efficient manner in accordance with Belgian law;

(b) to give to, and procure that is given to, the Security Agent such information and evidence (and in such form) as the Security Agent shall reasonably require for the purpose of the discharge of the duties, powers, authorities and discretions vested in it under or pursuant to Condition 12 (*The Security Agent*) and the Pledge Agreement;

(c) to cause to be prepared and certified by its auditors, in respect of each financial year for the Issuing Company, accounts in such forms as will comply with the requirements for the time being of Belgian laws and regulations;

(d) in respect of Compartment Penates-5, to keep proper books of accounts at all times separate from any other person or entity (or compartment) and allow the Security Agent and any person appointed by the Security Agent free access to such books of account at all reasonable times during normal business hours;

(e) forthwith after becoming aware thereof and without waiting for the Security Agent to take any action, to give notice in writing to the Security Agent of the occurrence of any Event of Default or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute an Event of Default;

(f) at all times to execute all such further documents and do all such acts and things as may be necessary or appropriate at any time or times to give effect to the Transaction Documents;

(g) at all times to comply with and perform all its obligations under or pursuant to the Transaction Documents and to use its best endeavours to procure, so far as it is lawfully and reasonably able to do so, that the other parties thereto, comply with and perform all their respective obligations thereunder and pursuant thereto and not to terminate any of the Transaction Documents or any right or obligation arising pursuant thereto or make any amendment or modification thereto or agree to waive or authorise any material breach thereof, except as permitted under the Transaction Documents;

(h) at all times to comply with any reasonable direction given by the Security Agent in relation to the Security in accordance with the Pledge Agreement;

(i) upon occurrence of a termination event under the Account Bank Agreement, subject to the terms of the Account Bank Agreement, to use its best endeavours to appoint a substitute account bank;

(j) upon resignation of the Domiciliary Agent or upon the revocation of its appointment of the Domiciliary Agent to use its best endeavours to appoint a substitute domiciliary agent within twenty (20) Business Days, in accordance with the provisions of the Domiciliary Agency Agreement;

(k) to promptly exercise and enforce its rights and discretions in relation to the Cap Agreement and the Standby Cap Agreement and in particular those rights to require a transfer, collateralisation, an indemnity or a guarantee of the Cap Provider or the Standby Cap Provider, as applicable, in each case with the objective of preserving its rights under the Cap Agreement and the Standby Cap Agreement and to maintain the Cap Agreement and (as long as needed in order to comply with the rating agency criteria) the Standby Cap Agreement in the best interest of the Noteholders;

(l) at no time to pledge, change or encumber the assets allocated to Compartment Penates-5 otherwise than pursuant to the Pledge Agreement;

(m) that it and the Issuing Company shall at all times keep separate bank accounts allocated to its separate Compartments;

(n) at all times will clearly identify itself as acting through Compartment Penates-5;

(o) at all times to pay its own liabilities with its own funds;

(p) that the Issuing Company shall at all times have adequate corporate capital or at least EUR 62,000 to run its business in accordance with the corporate purpose as set out in its by-laws;

(q) at all times not to commingle its own assets allocated to Compartment Penates-5 with the assets of another Compartment or the assets of any third parties ;

(r) that it and the Issuing Company shall observe at all times all applicable corporate formalities set out in its by-laws, the UCITS Act, the Belgian Company Code and any other applicable legislation, including any requirement applicable as a consequence of admission of the Class A Notes to Euronext Brussels;

(s) that it and the Issuing Company shall comply in all respects with the specific statutory and regulatory provisions applicable to an *institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge* and refrain from all acts which could prejudice the continuation of such status at any time;

(t) it will procure that at all times, in respect of the shares of the Issuing Company:

(i) the shares of the Issuing Company will be registered shares;

(ii) the by-laws of the Issuing Company contain transfer restrictions stating that its shares can only be transferred to Qualifying Investors acting for their own account;

(iii) the by-laws of the Issuing Company provide that the Issuing Company will refuse the registration (in its share register) of the prospective purchase of shares, if it becomes aware that the prospective purchaser is not a Qualifying Investor acting for its own account;

(iv) the by-laws of the Issuing Company provide that the Issuing Company 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 a Qualifying Investor acting for its own account; and

(v) the certificates confirming the inscription of the shares in the share register, mention that the shares may only be acquired by Qualifying Investors, acting for their own account;

(u) it will procure that, in respect of the Notes:

(i) the Notes will contain the selling and holding restrictions described in Section 16 *(Subscription and Sale of the Prospectus)*;

(ii) the Managers will undertake pursuant to the Class A Subscription Agreement, to sell the Class A Notes in the primary sales only to Eligible Holders acting for their own account;

(iii) the Class A Notes are issued in dematerialised form and are cleared through the Securities Settlement System operated by the National Bank of Belgium;

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

(v) the nominal value of each individual Note is EUR 250,000 on the Closing Date;

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

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

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

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

(v) to conduct at all times its business in its own name; for the avoidance of doubt, this requirement does not prejudice those provisions under the Transaction Documents which provide that certain transaction parties (including the Administrator, the Servicer, and the Account Bank) shall for certain purposes act on behalf of the Issuer;

(w) if it becomes aware of any event which is or may become (with the lapse of time and/or the giving of notice and/or the making of any determination) a Notification Event or an Event of Default under this Agreement, it will without delay inform the Security Agent of such event; and

(x) if it finds or has been informed that a substantial change has occurred in the development of the Loans or the cash flows generated by the Loans or that any particular event has occurred which may materially change the ratings of the Notes, the expected financial results of the Transaction or the expected cash flows, it will without delay inform the Security Agent of such change or event.

3.5 As long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a provider of administration services and a servicer for the Loans, the relating Loan Security and the Additional Security. The appointment of the Security Agent, the Administrator, the Calculation Agent, the Domiciliary Agent, the Corporate Servicer Provider, the Servicer, the Back-up Servicer Facilitator, the Accounting Services Provider, the Listing Agent, the Account Bank, Securities Settlement System Operator, the Cap Provider or the Standby Cap Provider may be terminated only as provided in the Transaction Documents.

3.6 The Issuer undertakes that from the Closing Date until the Notes have been redeemed in full, it will make available a cash flow model to investors on Bloomberg, on Intex or on its website.

3.7 The Issuer undertakes that it will make available loan level data to investors on a quarterly basis at least as long as the Notes have not been redeemed in full.

3.8 The Issuer undertakes that (A) the first Quarterly Investor Report will disclose the amount of Class A Notes (i) privately-placed with investors who are not affiliates of Belfius (the ***Belfius Related Noteholders***); (ii) retained by any of the Belfius Related Noteholders; (iii) publicly-placed with investors which are not Belfius Related Noteholders and (B) in relation to any amount initially retained by a Belfius Related Noteholder, but subsequently placed with investors which are not a Belfius Related Noteholder, it will (to the extent permissible) disclose such placement in the subsequent investor report.

4. INTEREST

Period of Accrual

4.1 Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Interest on each Class of Notes will accrue at an annual rate equal to the Interest Rate (as defined in Condition 4.4) in respect of the Principal Amount Outstanding on the first day of the applicable Interest Period and payable in each case on the Quarterly Payment Date at the end of an Interest Period. Interest on the Class A Notes shall cease to accrue on any part of the Principal Amount Outstanding of a Note as from (and including) the due date for redemption of such part unless, payment of the relevant amount of principal is improperly withheld or refused. In such event, interest will continue to accrue thereon in accordance with this Condition (as well after as before any judgment) up to (but excluding) the date on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, or (if earlier) the seventh (7th) calendar day after notice is

duly given by the Domiciliary Agent to the relevant Noteholder (in accordance with Condition 4.4) that it has received all sums due in respect of such Note (except to the extent that there is any subsequent default in payment). For the avoidance of doubt, interest shall cease to accrue in respect of the Class B Notes and the Class C Notes, as from the First Optional Redemption Date.

4.2 Whenever it is necessary to compute an amount of interest in respect of any Note for any period (including any Interest Period (as defined in Condition 4.3), such interest shall be calculated on the basis of the actual number of days elapsed in the relevant Interest Period and a 360 day year.

Quarterly Payment Dates and Interest Periods

4.3

(i) Subject to this Condition 4, interest on a Note is payable quarterly in arrears in Euro on each day which is the twenty-second (22nd) calendar day of February, May, August and November in every year (or, if such day is not a Business Day, the immediately succeeding Business Day) (each a ***Quarterly Payment Date***), the first Quarterly Payment Date, being 22 February 2016 in respect of its Principal Amount Outstanding (if any). The period from (and including) a Quarterly Payment Date (or the Closing Date in respect of the first Interest Period) to (but excluding) the immediately succeeding (or first) Quarterly Payment Date is called an ***Interest Period*** in these Conditions.

(ii) ***Business Day*** means a day on which banks are open for business in Brussels and on which the Trans-European Automated Real-Time Gross Settlement Express Transfer Systems (***TARGET2 System***) or any successor to the TARGET System is operating credit or transfer instructions in respect of payments in Euros.

(iii) The first Interest Period will commence on (and include) the Closing Date and will end on (but exclude) the first Quarterly Payment Date.

Interest Rate

4.4 The rate of interest payable from time to time in respect of each Class of Notes (each an ***Interest Rate***) and the relevant Coupon Amount (as defined in Condition 4.16 below) will be determined on the basis of the provisions set out below.

There shall be no minimum Interest Rate in respect of any Class of Notes, the Interest Rate never being in any event less than zero on each Note respectively.

There shall be no maximum Interest Rate in respect of any Class of Notes, save for:

(a) the Maximum Rate applicable in respect of the Class A Notes as from the First Optional Redemption Date;

(b) the maximum rate of 5% per annum applicable in respect of the Class B Notes up to (but excluding) the First Optional Redemption Date; and

(c) the maximum rate of 6% per annum applicable in respect of the Class C Notes up to (but excluding) the First Optional Redemption Date.

Interest on the Notes as from the Closing Date up to (but excluding) the First Optional Redemption Date

4.5 Up until (but excluding) the First Optional Redemption Date, the Interest Rate applicable to the Class A Notes and the Class C Notes will accrue at an annual rate equal to the sum of:

(a) Euro Reference Rate determined in accordance with Condition 4.11; plus

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

(i) in respect of the Class A1 Notes: 0.30% per annum;

(ii) in respect of the Class A2 Notes: 0.48% per annum.

4.6 Until but excluding the First Optional Redemption Date, the Interest Rate on the Class B Notes will accrue at an annual rate equal to the lower of:

(a) 5.00% per annum; and

(b) the sum of:

(i) the Euro Reference Rate, as determined in accordance with Condition 4.11; plus

(ii) a margin: 1.50% per annum.

Until but excluding the First Optional Redemption Date, the Interest Rate on the Class C Notes will accrue at an annual rate equal to the lower of:

(a) 6.00% per annum; and

(b) the sum of:

(i) the Euro Reference Rate, as determined in accordance with Condition 4.11; plus

(ii) a margin: 2.50% per annum.

The margin on the Class A1 Notes and the Class A2 Notes, the Class B Notes and the Class C Notes each being a ***Margin***

Interest on the Notes as from the First Optional Redemption Date

4.7 If on the First Optional Redemption Date, the Issuer has not exercised the Optional Redemption Call, the Interest Rate on the Class A Notes will accrue at an amount equal to the lower of:

(A) the ***Maximum Rate***, being 6.00% per annum; and

(B) the ***Coupon Rate***, being the sum of:

(a) the Euro Reference Rate, as determined in accordance with Condition 4.11; plus

(b) a step-up margin (the **Step-Up Margin**) on the Class A Notes which will be:

(i) in respect of the Class A1 Notes: 0.60% per annum; and

(ii) in respect of the Class A2 Notes: 0.96% per annum.

4.8 As from the First Optional Redemption Date, the Interest Rate on the Class B Notes will be zero.

4.9 As from the First Optional Redemption Date, the Interest Rate on the Class C Notes will be zero.

Coupon Excess Consideration as from (but excluding) the First Optional Redemption Date and before the service of an Enforcement Notice

4.10 On each Quarterly Payment Date as from (but excluding) the First Optional Redemption Date and if the Coupon Rate exceeds the Maximum Rate, the Class A Noteholders will, in accordance with the Post- FORD Interest Priority of Payments be entitled to an amount equal to, in respect of each Sub-Class of Class A Notes, the relevant Principal Amount Outstanding of such Sub-Class of Class A Notes multiplied by the excess of the relevant Coupon Rate over the Maximum Rate and calculated on the basis of the actual number of days elapsed in an Interest Period and a year of 360 days.

The Coupon Excess Consideration will only be paid after (i) all Accrued Interest due and payable to Class A Noteholders have been satisfied in full; (iii) any shortfall reflected in the Class A Principal Deficiency Ledger has been made good until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero; and (iv) the Reserve Fund has been replenished up to the amount of the Reserve Fund Required Amount; and (iv) all payments that are senior to Coupon Excess Consideration in accordance with the relevant Priorty of Payments. The Coupon Excess Consideration will be taken into account in the calculation of the Coupon Amounts as fully described in Condition 4.16.

Determination of the Euro Reference Rate

4.11

(a) The Calculation Agent shall calculate the Euro Reference Rate for each Interest Period and the Euro Reference Rate shall mean EURIBOR as determined in accordance with the following (or the relevant successor rate):

(i) EURIBOR shall mean for any Interest Period the rate per annum equal to the European Interbank Offered Rate for three (3) months euro deposits (except in the case of the first Interest Period in which case it shall be the rate equal to the linear interpolation between the European Interbank Offered Rate for the relevant periods euro deposits) as determined by the Calculation Agent in accordance with this Condition 4.16.

(ii) Two (2) Business Days prior to the Closing Date (in respect of the first Interest Period) and two (2) Business Days prior to each Quarterly Payment Date in respect of the subsequent Interest Periods (each of these days an ***Interest Determination Date***), the Calculation Agent shall determine EURIBOR by using the EURIBOR rate determined and published jointly by the European Banking Federation and ACI — The Financial Market Association and which appears for information purposes on the EURIBOR01 (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 and which shall be selected by the Calculation Agent as at or about 11.00 am (CET time).

(iii) If, on the relevant Interest Determination Date, the EURIBOR rate in paragraph (ii) above, is not determined and published jointly by the European Banking Association and ACI — The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under paragraph (ii) above, the Calculation Agent will:

(A) request the principal euro-zone office of each of four (4) major banks in the euro-zone interbank market (each a ***Euro-Reference Bank*** and together the ***Euro-Reference Banks***) to provide a quotation for the rate at which three (3) months euro deposits (except in the case of the first Interest Period in which case it shall be the rate equal to the linear interpolation between the relevant periods euro deposits) offered by it in the euro-zone interbank market at approximately 11.00 am (CET time) on the relevant Interest Determination Date to prime banks in the Euro-zone interbank market in an amount that is representative for a single transaction at that time;

(B) if at least two (2) quotations are provided, determine the arithmetic mean (rounded, if necessary, to the fifth (5th) decimal place with 0.000005 being rounded upwards) of such quotations as provided; and

(C) if fewer than two (2) such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary to the fifth (5th) decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two (2) in number, in the euro-zone, selected by the Calculation Agent, at approximately 11.00 am (CET time) on the relevant Interest Determination Date for three months euro deposits (except in the case of the first Interest Period in which case it shall be the rate equal to the linear interpolation between the relevant periods euro deposits) to leading euro-zone banks in an amount that is representative for a single transaction in that market at that time.

(iv) If the Calculation Agent is unable to determine EURIBOR in accordance with this Condition 4.16 in relation to any Interest Period, EURIBOR applicable to the Notes during such Interest Period will be EURIBOR last determined in relation thereto.

Determination and notification of Interest Rates

4.12 The Calculation Agent shall, as soon as practicable after 11.00 a.m. (CET) on each Interest Determination Date, determine and notify the Domiciliary Agent and the Administrator of the Interest Rate applicable to the Interest Period beginning on and including the first succeeding Quarterly Payment Date in respect of the Notes of each Class of Notes.

4.13 If the Calculation Agent does not at any time for any reason determine the Interest Rate for the Notes in accordance with the foregoing paragraphs, the Calculation Agent shall forthwith notify the Administrator and the Security Agent thereof and the Administrator shall,

after consultation with the Security Agent, determine the Interest Rate at such rate as, in its reasonable opinion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all circumstances and any such determination and/or calculation shall be deemed to have been made by the Calculation Agent.

Calculation of Coupon Amounts by the Administrator

4.14 The Administrator shall calculate the Euro amount of coupon payable on each of relevant Class of Notes for the relevant Interest Period (the ***Coupon Amount(s)***) and shall notify the Coupon Amount and the Principal Amount Outstanding in respect of each Note to the Domiciliary Agent by no later than 11:00 am (CET) on the Quarterly Calculation Date.

Calculation of Coupon Amounts

4.15

(a) The Coupon Amount for the Class A Notes will be equal to:

(i) the Accrued Interest for the Class A Notes;

(ii) *plus* the Coupon Excess Consideration, in accordance with Condition 4.10;

(iii) *(A) plus* the Coupon Excess Consideration Surplus and (B) *minus* the Coupon Excess Consideration Deficiency;

(b) the Coupon Amount for the Class B Notes will be equal to:

(i) the Accrued Interest for the Class B Notes;

(ii) (A) *plus* the Class B Interest Surplus and (B) *minus* the Class B Interest Deficiency, in accordance with Conditions 4.22 and 4.23;

(c) the Coupon Amount for the Class C Notes will be equal to:

(i) Accrued Interest of the Class C Notes;

(ii) (A) *plus* the Class C Interest Surplus and (B) *minus* the Class C Interest Deficiency, in accordance with Condition 4.24 and 4.25;

(d) With respect to the payment of Coupon Amounts on the Notes, for rounding purposes only, the Coupon Amounts due and payable to the Notes will be calculated:

(i) for the purpose of providing the Securities Settlement System or the Domiciliary Agent with the necessary funds for the payment of the Coupon Amounts on a Quarterly Payment Date to the Noteholders, by multiplying the Coupon Amount for a Note of the relevant Class of Notes with the aggregate number of all Notes of such Class of Notes and rounding the resultant figure to the nearest Euro cent (half a Euro cent being rounded upwards); and

(ii) in the event of the payment of the Coupon Amounts on a Quarterly Payment Date by the Securities Settlement System or the Domiciliary Agent, by multiplying the Coupon Amount for a Note of a particular Class of Notes with the aggregate number of all Notes of such Class of Notes and rounding the resultant figure down to the lower Euro cent.

Accrued Interest means, in respect of any Quarterly Calculation Date and in respect of any Class of the Notes then outstanding, the amount obtained by applying the relevant Interest Rate to the Principal Amount Outstanding of the relevant Class of the Notes on the first (1st) day of the relevant Interest Period, multiplied by the actual number of days elapsed in the then current Interest Period (or such other period) divided by 360.

Publication of Interest Rate, Coupon Amount and other Notices

4.16 As soon as practicable after receiving notification thereof and in any event by 11:00 a.m. (CET) on the Quarterly Calculation Date, the Administrator will cause the Interest Rate, the Coupon Excess Consideration and the Coupon Amount as applicable to each Class of Notes for each Interest Period on the Quarterly Payment Date falling at the end of such Interest Period to be notified to the Securities Settlement System Operator and the relevant entities or affiliates of Euronext Brussels (as far as the Class A are concerned), the Issuer, the Administrator, the Servicer, the Security Agent, the Cap Provider, the Domiciliary Agent and will cause notice thereof to be given to the relevant Class of Noteholders in accordance with the Conditions. The Interest Rate, the Coupon Excess Consideration, the Coupon Amount and the Quarterly Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period or of a manifest error.

Notifications to be final

4.17 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Euro-Reference Banks (or any of them), the Calculation Agent, the Administrator or the Security Agent shall (in the absence of wilful misconduct, bad faith or manifest error) be binding on the Issuer, the Euro-Reference Banks, the Calculation Agent, the Security Agent and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Issuer, the Euro-Reference Banks, the Calculation Agent, the Administrator or the Security Agent in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

Calculation Agent

4.18 The Issuer will procure that, as long as any of Notes remain outstanding, there will at all times be a Calculation Agent. The Issuer has, subject to prior written consent of the Security Agent, the right to terminate the appointment of the Calculation Agent by giving at least ninety (90) calendar days' notice in writing to that effect. Notice of any such termination will be given to the holders of the Notes in accordance with Condition 14.1 (C)(i). If any person shall be unable or unwilling to continue to act as a Calculation Agent (as the case may be) or if the appointment of the Calculation Agent shall be terminated, the Issuer will, with the prior written consent of the Security Agent, appoint a successor Calculation Agent (as the case may be) to act in its place, provided that neither the resignation nor removal of the Calculation Agent shall take effect until a successor approved in writing by the Security Agent has been appointed.

Payments subject to Priority of Payments

4.19 All payments of interest and principal in respect of the Notes are subject to the applicable Priority of Payments and all other fiscal laws and regulations applicable in the place of payment.

Class A Interest Shortfall

4.20 ***Class A Interest Shortfall*** means, in relation to any Quarterly Payment Date, any shortfall of the aggregate amount under items (a) to (j)(inclusive) of Interest Available Amount to pay Accrued Interest on the Class A Notes on the relevant Quarterly Payment Date and any other amount as referred to in items (i) and (ii) of the Pre-FORD Interest Priority of Payments or items (i) and (ii) of the Post-FORD Interest Priority of Payments.

Class B Interest Roll-Over

4.21 Until the First Optional Redemption Date and to the extent that on any Quarterly Payment Date, the amount of Interest Available Amount is not sufficient to pay the Accrued Interest in respect of all Class B Notes, the amount of such shortfall (the ***Class B Interest Deficiency***) shall be recorded in the Class B Interest Deficiency Ledger.

4.22 The balance of the Class B Interest Deficiency Ledger existing on any Quarterly Calculation Date shall be aggregated with the Accrued Interest otherwise due on the Class B Notes on the next succeeding Quarterly Payment Date (in accordance with Condition 4.16) to the extent sufficient Interest Available Amount is available on such date (the amount of Interest Available Amount, if any, which is available on the next succeeding Quarterly Payment Date after payment of the Accrued Interest on the Class B Notes, in accordance with the Interest Priority of Payments, to reduce the balance of the Class B Interest Deficiency Ledger, the ***Class B Interest Surplus***) and such Class B Interest Surplus will be paid under the Class B Notes and the Class B Interest Deficiency Ledger will be reduced with such paid amount.

Class C Interest Roll-Over

4.23 Until the First Optional Redemption Date and to the extent that on any Quarterly Payment Date, the amount of Interest Available Amount is not sufficient to pay the Accrued Interest in respect of all Class C Notes, the amount of such shortfall (the ***Class C Interest Deficiency***) shall be recorded in the Class C Interest Deficiency Ledger.

4.24 The balance of the Class C Interest Deficiency Ledger existing on any Quarterly Calculation Date shall be aggregated with the Accrued Interest otherwise due on the Class C Notes on the next succeeding Quarterly Payment Date (in accordance with Condition 4.16) to the extent sufficient Interest Available Amount is available on such date (the amount of Interest Available Amount, if any, which is available on the next succeeding Quarterly Payment Date after payment of the Accrued Interest on the Class C Notes, in accordance with the Interest Priority of Payments, to reduce the balance of the Class C Interest Deficiency Ledger, the ***Class C Interest Surplus***) and such Class C Interest Surplus will be paid under the Class C Notes and recorded on the Class C Interest Deficiency Ledger to reduce any debit balance on it (if any).

Class Interest Deficiency of the relevant Class of Notes means the Class B Interest Deficiency, or the Class C Interest Deficiency, as applicable.

Class Interest Surplus of the relevant Class of Notes means the Class B Interest Surplus or the Class C Interest Surplus, as applicable.

5. REDEMPTION AND CANCELLATION

Final Redemption

5.1 Unless previously redeemed or cancelled as provided in this Condition and subject always to Condition 10 (*Subordination*) the Issuer shall redeem the Notes at their Principal Amount Outstanding together with the accrued interest thereon on the Quarterly Payment Date falling in November 2049 (or, if such day would at that time not be a Business Day, the next following Business Day), such date being the ***Final Redemption Date***.

5.2 The Issuer may not redeem Notes in whole or in part prior to the Final Redemption Date except as provided in Conditions 5.3(a), 5.3(b), 5.3(d) and 5.3 (f), but without prejudice to Condition 9 (*Events of Default*). For the avoidance of doubt, this Condition is without prejudice to the exercise of the optional redemption rights of the Issuer as provided in Conditions 5.12 to 5.21.

Mandatory *pro rata* and *pari passu* Redemption in whole or in part

5.3 Subject to and in accordance with the Principal Priority of Payments, the Issuer will be obliged to apply the Principal Available Amount on the Quarterly Payment Date falling on 22 February 2016 and on each Quarterly Payment Date thereafter as set out in this Condition prior to the service of an Enforcement Notice.

(a) The Class A1 Notes shall be subject to mandatory *pari passu* and *pro rata* redemption in whole or in part on each Quarterly Payment Date, if, on the Quarterly Calculation Date relating thereto there is any Principal Available Amount (after funding any Class A Interest Shortfall).

(b) If there are no Class A1 Notes outstanding, the Class A2 Notes shall be subject to mandatory *pari passu* and *pro rata* redemption in whole or in part on each Quarterly Payment Date (including the Quarterly Payment Date on which the Class A1 Notes are redeemed in full) if on the Quarterly Calculation Date relating thereto there is any Principal Available Amount (after providing for all payments to be made in respect of the redemption of the Class A1 Notes).

(c) as from the First Optional Redemption Date and, if there are no Class A2 Notes outstanding (or including the Quarterly Payment Date on which the Class A2 Notes are redeemed in full) in or towards satisfaction *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts of Coupon Excess Consideration due or accrued but unpaid in respect of the Class A1 Notes and the Class A2 Notes which payment will be reflected by crediting any shortfall in the Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero.

(d) If there are no Class A2 Notes outstanding and if the debit balance (if any) of the Coupon Excess Consideration Deficiency Ledgers has been reduced to zero, the Class B Notes shall be subject to mandatory *pari passu* and *pro rata* redemption in part on each Quarterly Payment Date (including the Quarterly Payment Date on which the Class A2 Notes are redeemed in full and/or the debit balance of the Coupon Excess Consideration Deficiency Ledgers has been reduced ot zero) if on the Quarterly Calculation Date relating thereto there is any Principal Available Amount (after providing for all payments to be made in respect of the redemption of the Class A2 Notes and for the reduction of the debit balance of the Coupon Excess Consideration Deficiency Ledgers).

(e) The principal amount so redeemable in respect of a Collateralized Note on any Quarterly Payment Date shall be (i) the amount (if any) of Principal Available Amount that can be applied in redemption of Notes of the relevant Class subject to the appropriate priority of payments on the applicable Quarterly Calculation Date, divided by (ii) the number of Notes of that Class then outstanding (rounded down to the nearest Euro cent).

(f) The Class C Notes shall be subject to mandatory *pari passu* and *pro rata* redemption in whole or in part on each Quarterly Payment Date for an amount up to the Class C Redemption Amount to the extent that on the Quarterly Calculation Date relating thereto there is sufficient Interest Available Amount available for such purpose after providing for all payments to be made that rank higher in priority, subject to and in accordance with the Interest Priority of Payments set out in Condition 2. The principal amount so redeemable on any Quarterly Payment Date in respect of a Class C Note shall be (i) an amount which is equal to the lower of (x) the amount (if any) of the Interest Available Amount available to the Issuer after satisfaction of the amounts due in respect of all items with a higher priority of payment listed at at items (i) to (and including) (viii) of the Pre-FORD Interest Priority of Payments or items (i) to (and including (x) of the Post-FORD Interest Priority of Payments, as set out in Condition 2, (the **Excess Cash**) (rounded down to the nearest Euro cent) and (y) the Class C Redemption Amount, divided by (ii) the number of Class C Notes then outstanding (rounded down to the nearest Euro cent).

5.4 ***Class C Redemption Amount*** means, in respect of any Quarterly Calculation Date, an amount equal to the positive difference between the Principal Outstanding Amount of the Class C Notes on such date and the Reserve Fund Required Amount for such date.

5.5 Following the making of a payment of a principal amount in respect of a Note, the Principal Amount Outstanding of the relevant Note shall be reduced accordingly.

The Reserve Fund

5.6 The Issuer will on the Closing Date establish and maintain the Reserve Fund by crediting the net proceeds of the Class C Notes to the Reserve Account (minus the accrued interest component of the Initial Purchase Price and the Initial Cap Payment) to fund such Reserve Fund. As long as the Class A Notes have not been redeemed in full and if the Interest Available Amount (excluding any amounts available to the Issuer from the Reserve Fund) is insufficient to meet the Issuer's obligations under items (i) to (iii) (inclusive) of the Pre-FORD Interest Priority of Payments or under iterms (i) to (iii) (inclusive) of the Post-FORD Interest Priority of Payments in full, then amounts standing to the credit of the Reserve Fund will be available to the Issuer to satisfy such obligations on the relevant Quarterly Payment Date.

5.7 If, and to the extent that the Interest Available Amount (excluding any amounts available to the Issuer from the Reserve Fund and any double counting) calculated on any Quarterly Calculation Date exceeds the amount required by the Issuer to satisfy its obligations under items (i) to (iv) (inclusive) of the Pre-FORD Interest Priority of Payments or under items (i) to (iv) (inclusive) of the Post-FORD Interest Priority of Payments in full, such excess amounts will be credited, on the immediately following Quarterly Payment Date to the Reserve Fund (to replenish the Reserve Fund, as the case may be) until the balance standing to the credit of the Reserve Fund is an amount not less than the Reserve Fund Required Amount.

5.8 The ***Reserve Fund Required Amount*** shall be equal to:

(a) EUR 30,000,000 for as long as the Class A Notes are not redeemed in full;

(b) be equal to zero, on the date on which the Class A Notes stand to be redeemed in full.

Excess funds in the Reserve Fund

If, for as long as the Class A Notes have not been redeemed in full, the balance standing to the credit of the Reserve Fund on any Quarterly Calculation Date (following any credits of excess Interest Available Amount in the circumstances described in this paragraph 5.8), exceeds the Reserve Fund Required Amount, such excess amount shall be drawn from the Reserve Fund on the following Quarterly Payment Date and credited to the Transaction Account and form part of the Interest Available Amount in order to be applied in accordance with the Interest Priority of Payments.

Reduction of Reserve Fund Required Amount

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

Calculation of payments of principal

5.9 On each Quarterly Calculation Date, the Administrator shall determine (a) the amount (if any) of any principal amounts due in respect of each Note of each Class on the next Quarterly Payment Date and (b) the Principal Amount Outstanding of each Note of each Class on the next Quarterly Payment Date (after taking into account of the amount in (a)) and (c) the fraction expressed as a decimal to the twelfth point (the ***Note Factor***), of which the numerator is the Principal Amount Outstanding of a Note of each Class of Notes (as referred to in (b) above) and the denominator is the Principal Amount Outstanding of a Note of such Class of Notes on the Closing Date). Each determination by or on behalf of the Issuer of any payment of principal, and the Principal Amount Outstanding of each Note of each Class of Notes shall in each case (in the absence of wilful misconduct, bad faith or manifest error) be final and binding on all persons.

5.10 The Administrator on behalf of the Issuer will determine the payment of principal in respect of each Class of Notes, the Note Factor and the Principal Amount Outstanding and shall notify forthwith the Security Agent, the Issuer, the Domiciliary Agent, the Servicer, the Calculation Agent, and (for so long as the Notes are listed on one or more stock exchanges) the relevant stock exchanges, of each determination of the payment of principal, the Note Factor and the Principal Amounts Outstanding in respect of each Class of Notes in accordance with Condition 14 (*Notices*) by no later than 11:00 a.m. (CET time) on that Quarterly Calculation Date.

5.11 If the Issuer does not at any time for any reason determine (or cause the Administrator to determine) a payment of principal or the Principal Amount Outstanding in respect of any Class of Notes in accordance with the preceding provisions of this paragraph and this is not remedied within a period of ten (10) Business Days as from the date of receipt

of a letter from the Security Agent, such payment of principal and Principal Amount Outstanding may be determined by the Security Agent in accordance with this paragraph and each such determination or calculation shall be deemed to have been made by the Issuer. Any such determination shall be binding on the Issuer, the Servicer, the Administrator, the Domiciliary Agent and the Calculation Agent.

Optional Redemption Call and Clean-Up Call

Optional Redemption Call

5.12 Unless previously redeemed in full, the Issuer shall, upon giving not more than sixty (60) calendar days' notice and not less than thirty (30) calendar days' notice in accordance with Condition 14 (*Notices*) prior to the relevant Quarterly Payment Date, have the right (but not the obligation) to redeem all the Notes on the First Optional Redemption Date or on the Second Optional Redemption Date, provided that it has sufficient funds available to redeem all the Collateralized Notes in full on such date. In such circumstances, the redemption of the Collateralized Notes will be for an amount equal to the Principal Amount Outstanding of such Collateralized Notes plus accrued but unpaid interest (including, for the avoidance of doubt Coupon Excess Consideration) thereon, after payment of all amounts that are due and payable in priority to such Collateralized Notes.

The ***First Optional Redemption Date*** is the Quarterly Payment Date falling on 22 November 2020 (or, if such day would at that time not be a Business Day, the next following Business Day).

The ***Second Optional Redemption Date*** is the Quarterly Payment Date falling on 22 February 2021 (or, if such day would at that time not be a Business Day, the next following Business Day).

5.13 On the Third Optional Redemption Date and on each Quarterly Payment Date thereafter, the Issuer, upon giving not more than sixty (60) calendar days' notice and not less than thirty (30) calendar days' notice in accordance with Condition 14 (*Notices*) prior to the relevant Quarterly Payment Date, will have the option to redeem all of the Notes of all of the relevant Classes at their Principal Amount Outstanding provided that it has sufficient funds available to redeem the Class A Notes in full on such date (such call, together with the call on the First Optional Redemption Date and the Second Optional Redemption Date, the ***Optional Redemption Call***). In such circumstances, the redemption of the Class A Notes will be for an amount equal to the Principal Amount Outstanding of such Class A Notes plus accrued but unpaid interest (including, for the avoidance of doubt Coupon Excess Consideration) thereon, after payment of all amounts that are due and payable in priority to such Class A Notes.

The ***Third Optional Redemption Date*** is the Quarterly Payment Date falling on 22 May 2021 (or, if such day would at that time not be a Business Day, the next following Business Day).

An ***Optional Redemption Date*** means the First Optional Redemption Date or any Quarterly Payment Date thereafter (for the avoidance of doubt, including the Second Optional Redempt1ion Date and the Third Optional Redemption Date).

Clean-Up Call

5.14 Upon giving not more than sixty (60) calendar days' notice nor less than thirty (30) calendar days' notice in accordance with Condition 14 (*Notices*) prior to the relevant Quarterly Payment Date, the Issuer shall have the right (but not the obligation) to redeem all of the Notes at their Principal Amount Outstanding on each Quarterly Payment Date if on the

Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Principal Amount Outstanding of the Collateralized Notes is less than 10 per cent of the aggregate Principal Amount Outstanding of the Collateralized Notes on the Closing Date, and if all amounts that are due and payable in priority to the Collateralized Notes have been paid and provided that it has sufficient funds available to redeem all the Collateralized Notes on such date.

Exercise of Optional Redemption Call or Clean-Up Call

5.15 The Optional Redemption Call or Clean-Up Call may be exercised at the option of the Issuer provided in each case that:

(a) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes;

(b) prior to giving any such notice, the Issuer shall have provided to the Security Agent a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to the interest of any other person, required to discharge all its liabilities in respect of the Collateralized Notes (or the Class A Notes, as the case may be under Condition 5.13) and any amounts required under the Pledge Agreement to be paid in priority to the Collateralized Notes (or the Class A Notes, as the case may be under Condition 5.13) in accordance with these Conditions;

(c) the Security Agent is satisfied in its reasonable opinion, following such certification, that the Issuer will be able to discharge such liabilities as provided in the Conditions;

(d) the Issuer undertakes that all payments that are due and payable in priority to such Notes will be made at such date;

(e) in respect of the Class C Notes (and the Class B Notes in case of an Optional Redemption Call in accordance with Condition 5.13), any amount outstanding of principal or interest, shall only be payable by the Issuer to the extent that sufficient funds are available after the liabilities referred to under (b) above have been satisfied (including all costs, fees and expenses ranking in priority to the specified Class C Notes in accordance with the applicable Priority of Payments.)

5.16 The amount of principal and accrued interest (and Coupon Excess Consideration, if any) payable by the Issuer to the Noteholders upon such redemption pursuant to an Optional Redemption Call or a Clean-Up Call will be equal to the Optional Redemption Amount.

5.17 ***Optional Redemption Amount*** shall, in all cases of early redemption in full of the Notes, be equal to:

(i) in respect of the Class A Notes and the Class B Notes, the aggregate Principal Amount Outstanding of the relevant Class(es) of Notes, *plus* all accrued and unpaid interest (including, for the avoidance of doubt Coupon Excess Consideration) thereon up to, but excluding, the date of the redemption; and

(ii) in respect of the Class C Notes, the lower of:

  (a) the aggregate Principal Amount Outstanding of the Class C Notes, plus all accrued and unpaid interest thereon up to, but excluding, the date of the redemption; and

(b) the amount of available funds determined in accordance with Condition 5.13 above.

5.18 The amounts payable by the Issuer upon such redemption will be calculated by the Administrator. For these purposes, interest will accrue on the Notes up to, but excluding, the date of redemption.

Optional Redemption for Tax Reasons

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

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

(b) if, on the next Quarterly Payment Date, the Issuer, the Securities Settlement System Operator, the Domiciliary Agent or any other person is or would become required to deduct or withhold any amounts for or on account of FATCA in respect of any payment of principal or interest in respect of Notes of any Class held by or on behalf of any Noteholder; or

(c) if, on the next Quarterly Payment Date, the Issuer, the Cap Provider, the Standby Cap Provider or any other person would be required to deduct or withhold any amounts for or on account of FATCA and/or of any present or future taxes, duties assessments or governmental charges of whatever nature imposed by the Kingdom of Belgium (or any sub-division thereof or therein) or of any authority therein or thereof having power to tax or any other sovereign authority having the power to tax, in respect of any payment under the Cap Agreement or under the Standby Cap Agreement; or

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

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

after payment of all amounts that are due and payable in priority to the Collateralized Notes subject to and in accordance with the Conditions and provided that it has sufficient funds

available to redeem all the Collateralized Notes on such date (an ***Optional Redemption for Tax Reasons***), by giving not more than sixty (60) calendar days' nor less than thirty (30) calendar days notice in accordance with Condition 14 (*Notices*) prior to the relevant Quarterly Payment Date, provided that:

(a) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes;

(b) prior to giving such notice, the Administrator shall have provided to the Security Agent a certificate signed by two directors of the Issuer to the effect that it will have the funds in the Issuer Accounts, not subject to the interest of any other person, required to discharge all its liabilities in respect of the Collateralized Notes and any amounts required under the Pledge Agreement to be paid in priority to the Collateralized Notes in accordance with these Conditions;

(c) the Security Agent is satisfied in its reasonable opinion, following such certification, that the Issuer will be able to discharge such liabilities as provided in the Conditions;

(d) the Issuer undertakes that all payments that are due and payable in priority to such Notes will be made at such date; and

(e) no Class of Notes may be redeemed under such circumstances unless the higher ranking Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

5.20 The amounts payable by the Issuer upon such redemption will be calculated by the Administrator and, for these purposes interest will accrue on the Notes up to but excluding the date of redemption. The amounts payable to the Noteholders shall be equal to the Optional Redemption Amount (as defined in Condition 5.17).

Optional Redemption in case of Change of Law

5.21 In addition, on each Quarterly Payment Date, the Issuer may at its option (but shall not be under any obligation to do so) redeem all (but not some only) of the Notes at the Optional Redemption Amount, if there is a change in, or any amendment to the laws, regulations, decrees or guidelines of the Kingdom of Belgium or of any authority therein or thereof having legislative or regulatory powers or in the interpretation by a relevant authority or a court of, or in the administration of, such laws, regulations, decrees or guidelines after the Closing Date which would or could affect participation of the Issuer or the Seller in the Transaction in a materially adverse way (including, but without limitation, the regulatory requirements to be adhered to by the Issuer or the Seller in order to be able to lawfully perform their obligations under the Transaction and the laws and regulations (other than the regulations referred to in connection with the Regulatory Call Option) governing the validity, enforceability and effectiveness of the rights and obligations of the Issuer, Seller and Secured Parties under the Transaction Documents) (such change, a ***Change of Law***). In order to exercise this option, the Issuer shall give not more than sixty (60) calendar days' notice nor less than thirty (30) calendar days' notice in accordance with Condition 14 (*Notices*) in which it states the reasons for the exercise of the optional redemption, before the Optional Redemption Date, prior to the relevant Quarterly Payment Date, provided that:

(a) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes;

(b) prior to giving such notice, the Administrator shall have provided to the Security Agent a certificate signed by two directors of the Issuer to the effect that it will have the funds in the Issuer Accounts, not subject to the interest of any other person, required to discharge all its liabilities in respect of the Collateralized Notes and any amounts required under the Pledge Agreement to be paid in priority to or *pari passu* with the Collateralized Notes in accordance with these Conditions;

(c) the Security Agent is satisfied in its reasonable opinion, following such certification, that the Issuer will be able to discharge such liabilities as provided in the Conditions;

(d) the Issuer undertakes that all payments that are due and payable in priority to such Notes will be made at such date; and

(e) no Class of Notes may be redeemed under such circumstances unless the higher ranking Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

5.22 The amounts payable by the Issuer upon such redemption will be calculated by the Administrator and, for these purposes interest will accrue on the Notes up to but excluding the date of redemption. The amounts payable to the Noteholders shall be equal to the Optional Redemption Amount (as defined in Condition 5.17).

Regulatory Call Option

5.23 On any Quarterly Payment Date, the Issuer shall redeem all (but not some only) of the Notes in each Class (the ***Regulatory Call Option***), if the Seller exercises its option to repurchase the Loans from the Issuer upon the occurrence of a change published after the Closing Date in the Basel Capital Accords promulgated by the Basel Committee on Banking Supervision (the Basel Accords) or in the international, European or Belgian regulations, rules and instructions (which includes the solvency regulation of the NBB or the ECB as applicable) (the ***Bank Regulations***) applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basel Accord) or a change in the manner in which the Basel Accords or such Bank Regulations are interpreted or applied by the Basel Committee on Banking Supervision or by any relevant competent international, European or national body (including the NBB or any relevant international, European or other competent regulatory or supervisory authority) which, in the opinion of the Seller, has the effect of adversely affecting the rate of return on capital of the Seller or increasing its cost or reducing its benefit with respect to the transaction contemplated by the Notes (a ***Regulatory Change***).

In order to exercise the Regulatory Call Option the Issuer shall give not more than sixty (60) calendar days' notice nor less than thirty (30) calendar days' notice in accordance with Condition 14. Furthermore, in order for the Seller to exercise its option to repurchase the Loans upon the occurrence of a Regulatory Change and, consequently, for the Issuer to exercise the Regulatory Call Option, the following conditions need to be satisfied:

(a) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes;

(b) the Issuer will have (upon repurchase of the Loans by the Seller) the funds in the Issuer Accounts, not subject to the interest of any other person, required to discharge all its liabilities in respect of the Collateralized Notes and any amounts required under the Pledge Agreement to be paid in priority to the Collateralized Notes in accordance

with these Conditions (if this condition is satisfied, prior to giving the notice of exercise of the Regulatory Call Option, the Administrator shall have provided to the Security Agent a certificate signed by two directors of the Issuer to the effect that it will have the necessary funds in the Issuer Accounts as set out in this paragraph);

(c) the Security Agent is satisfied in its reasonable opinion, following such certification, that the Issuer is able to discharge such liabilities as provided in the Conditions;

(d) the Issuer undertakes that all payments that are due and payable in priority to such Notes will be made at such date; and

(e) taking into account that no Class of Notes may be redeemed under such circumstances unless the higher ranking Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

5.24 The amounts payable by the Issuer upon such redemption will be calculated by the Administrator and, for these purposes interest will accrue on the Notes up to but excluding the date of redemption. The amounts payable to the Noteholders shall be equal to the Optional Redemption Amount (as defined in Condition 5.17).

Notice of Redemption

5.25 Any such notice as is referred to in Conditions 5.12, 5.13, 5.14, 5.19, 5.21 and 5.25 above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Collateralized Notes (in case of Conditions 5.12 and 5.19) or all the Notes (Conditions 5.21 and 5.23) or the Class A Notes (in case of Condition 5.13) at their Principal Amount Outstanding together with accrued interest.

Cancellation

5.26 All Notes redeemed in full pursuant to the foregoing provisions, or in part (in the event that any claim on the Notes remains unsatisfied after the enforcement of the Security and the application of the proceeds in accordance with the Post-Enforcement Priority of Payments) or otherwise surrendered, will be cancelled upon such redemption or surrender of rights or title to the Notes and may not be resold or re-issued.

6. PAYMENTS

6.1 All payments of principal or interest (including the Coupon Excess Consideration) (if any) owing under the Class A Notes shall be made through the Domiciliary Agent and the Securities Settlement System in accordance with the rules of the Securities Settlement System.

6.2 All payments of principal or interest owing under the Class B Notes and the Class C Notes shall be made through the Domiciliary Agent directly to the relevant Class B Noteholder(s) and Class C Noteholders, as identified in the notes register held with the Issuer on such account communicated by such Noteholders.

6.3 No commissions or expenses shall be charged by the Domiciliary Agent to the Noteholders in respect of such payments.

6.4 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, including FATCA, without prejudice to Condition 8 (*Taxation – No Grossing-up*) and any withholding or deduction

required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986 (the ***Code***).

6.5 If the due date for payment of any amount of principal or interest (including the Coupon Excess Consideration) in respect of any Note is not a Business Day in the jurisdiction where payment is to be received, no further payments of additional amounts by way of interest, principal or otherwise shall be due.

7. PRESCRIPTION ("VERJARING / PRESCRIPTION")

7.1 Claims for principal or interest under the Notes shall become time barred ten years after their relevant due date in respect of the principal and five years in respect of the interests.

8. TAXATION – NO GROSSING-UP

8.1 All payments of, or in respect of, principal of and interest (including Coupon Excess Consideration) on, the Notes will be made without withholding of, or deduction for, or on account of FATCA and/or 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 (a ***Tax Deduction***), unless the Tax Deduction is required by law. In that event, the Issuer, the Securities Settlement System Operator, or the Domiciliary Agent or any other person (as the case may be) will make the required Tax Deduction 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 the Securities Settlement System Operator nor any other person will be obliged to gross up the payments in respect of the Notes of any Class or to make any additional payments to any Noteholders.

8.2 The Issuer, the Securities Settlement System Operator, the Domiciliary Agent or any other person being required to make a Tax Deduction shall not constitute an Event of Default.

9. EVENTS OF DEFAULT

9.1 The Security Agent at its discretion may and, if so requested in writing by the holders of not less than twenty-five (25) per cent. in aggregate Principal Amount Outstanding of the highest ranking Class of Notes outstanding or if so directed by or pursuant to an Extraordinary Resolution of the holders of the highest ranking Class of Notes (subject, in each case, to being indemnified to its satisfaction) (but in the case of the events mentioned in Condition 9.2 (e) and 9.2(f) below, only if the Security Agent shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders of the highest ranking Class of Notes then outstanding), shall be bound to give notice (an ***Enforcement Notice***) to the Issuer declaring the Notes to be immediately due and payable at their Principal Amount Outstanding together with accrued interest (including Coupon Excess Consideration, if any) at any time after the occurrence of an Event of Default, and a copy of such notice shall be sent to the Administrator, the Servicer and the Rating Agencies.

9.2 Each of the following events is an ***Event of Default***:

(a) default is made (i) for a period of ten (10) Business Days or more in any payment of principal in respect of the Class A Notes when due to be paid in accordance with the Conditions or default is made (ii) for a period of ten (10) Business Days or more in

any payment of interest (excluding Coupon Excess Consideration) in respect of the Class A Notes when due to be paid in accordance with the Conditions (for the avoidance of doubt: (x) to the extent that there is any Class A Principal Deficiency, Class B Interest Deficiency, any Class B Principal Deficiency, any Class C Interest Deficiency or any Coupon Excess Consideration Deficiency, such deficienc(ies) shall not be construed to be an Event of Default; and (y) any suspension of payment of interest in accordance with Condition 1.10 shall not be construed as an Event of Default); or

(b) an order being made or an effective resolution being passed for the winding-up (*ontbinding / dissolution*) of the Issuing Company or Compartment Penates-5 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

(c) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in sub-paragraph (b) above, ceasing or, through an official action of the board of directors of the Issuer, threatening to cease to carry on business or the Issuer being unable to pay its debts allocated to Compartment Penates-5 as and when they fall due or the value of its assets allocated to Compartment Penates-5 falling to less than the amount of its liabilities or otherwise becomes insolvent; or

(d) proceedings shall be initiated against or by the Issuing Company or Compartment Penates-5 under any applicable liquidation, reorganisation, insolvency or other similar law including the *Faillissementswet / Loi sur les faillites* (Law on Bankruptcies of 8 August 1997) and the *Wet betreffende de continuïteit van ondernemingen / Loi relative à la continuité des entreprises* (Laws on Continuity of Enterprises of 31 January 2009) or an administrative receiver or other receiver, administrator or other similar official (including a *voorlopig bewindvoerder / administrateur provisoire* (ad hoc administrator)) has been appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer or a *bevel tot betalen* (notice of demand) is notified to the Issuer under Articles 1499 or 1564 of the *Gerechtelijk Wetboek / Code Judiciaire* (Judicial Code), or *uitvoerend beslag / saisie exécutoire* (distraint) is carried out in respect of the whole or any substantial part of the undertaking or assets allocated to Compartment Penates-5 and in any of the foregoing cases it can not be discharged within thirty (30) Business Days; or

(e) the Issuer fails to perform or observe any of its other obligations or is in breach under any of the representations and warranties under or in respect of the Notes or the other Transaction Documents and, except where such failure or breach, in the reasonable opinion of the Security Agent, is incapable of remedy, such default or breach continues for a period of one thirty (30) Business Days (or such longer period as the Security Agent may agree) after written notice by the Security Agent to the Issuer requiring the same to be remedied (save that if the Issuer fails to comply with the order of the Priority of Payments prior to the service of an Enforcement Notice), such period being reduced to fifteen calendar days to rectify any technical errors); or

(f) any action is taken by any authority, court or tribunal, which has resulted in the loss of the Issuer of its status as an "institutional VBS" or which in the reasonable opinion of the Security Agent, after consultation with the Issuer and the Administrator, is very likely to result in the loss of such status and would adversely affect the Transaction.

9.3 Upon any declaration being made by the Security Agent in accordance with Condition 9.1 above that the Notes are due and repayable, the Notes shall, subject to Condition 10 (*Subordination*), immediately become due and repayable at their Principal Amount Outstanding together with accrued interest (including Coupon Excess Consideration, if any) as provided in these Conditions and the Domiciliary Agency Agreement.

9.4 If an Event of Default has occurred, and unless the Security Agent shall be bound to give an Enforcement Notice in accordance with Condition 9.1 above, the Security Agent may call a meeting of Noteholders and propose to the Noteholders (a) not to give an Enforcement Notice, (b) to proceed with an amicable sale of the Portfolio of Loans (part of the Security), and where practical other Collateral, pursuant to a limited private auction procedure on terms set out in the Pledge Agreement (the private auction sale), and (c) to redeem in full all, but not some only, of the Notes of all Classes, after completion of the sale of the Portfolio, in accordance with the relevant Post-Enforcement Priority of Payments (***Enforcement***) set out in Condition 2 (*Status, Security and Priority*). Such proposal shall be deemed approved if the holders of the highest ranking Class of Notes shall have approved the proposal in accordance with the provisions (including the required majority and quorum) for a Basic Term Modification (but for the avoidance of doubt, such provisions are to be applied so that the Noteholders of the other Class(es) shall be invited to the meeting, but that no approval of such Noteholders is required and such Notes shall not be taken into account to determine the minimum required quorum). Notwithstanding any other provision in these Conditions, such decision shall be binding on all Noteholders of all Classes and all other Secured Parties.

10. SUBORDINATION

Senior Class A Notes

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

10.2 Within the Class A Notes, any Principal Available Amount remaining after item (a) of the Principal Priority of Payments will be used (i) first to redeem the Class A1 Notes, until fully redeemed; and (ii) second to redeem the Class A2 Notes, until fully redeemed.

10.3 In respect of:

(a) payment of interest prior to enforcement on the Class A Notes;

(b) payment of Coupon Excess Consideration; and

(c) payment of any amount due in respect of the Class A Notes in case of enforcement,

the Class A1 Notes and the Class A2 Notes shall rank *pari passu* and be paid *pro rata*.

Class B Notes

10.4 The Class B Notes will be subordinated to the Class A Notes (including, as from the First Optional Redemption Date, if applicable, to the Coupon Excess Consideration payable in respect to the Class A Notes) as follows:

(a) no payment of principal by the Issuer on the Class B Notes will be made whilst any Class A Note remains outstanding or, after the First Optional Redemption Date, any shortfall on the Coupon Excess Consideration Deficiency Ledgers remains outstanding;

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

(c) in case of the service of an Enforcement Notice by the Security Agent of any amount due in respect of the Class B Notes, any amounts due in respect of the Class A Notes and, after the First Optional Redemption Date, any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers will rank in priority to any amounts due in respect of the Class B Notes, in accordance with the Post-enforcement Priority of Payments.

Class C Notes

10.5 The Class C Notes will be subordinated to (i) the Class A Notes (including, as from the First Optional Redemption Date, if applicable, to the Coupon Excess Consideration payable in respect to the Class A Notes); and (ii) the Class B Notes as follows:

(a) principal and interest on the Class C Notes will only be paid by the Issuer in accordance with the Interest Priority of Payments; and

(b) in case of the service of an Enforcement Notice by the Security Agent, any amount due in respect of the Class C Notes will rank after any amounts due in respect of the Class A Notes, any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers and the Class B Notes in accordance with the Post-enforcement Priority of Payments.

General Subordination following enforcement

10.6 Following an Enforcement Notice being served:

(a) any amount due or overdue in respect of the Class B Notes will:

   (i) in terms of payment and security, rank lower in priority than any amount due or overdue in respect of the Class A Notes and any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers; and

   (ii) only become payable after any amounts due in respect of any Class A Notes and any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers, have been paid in full;

(b) any amount due or overdue in respect of the Class C Notes will:

   (i) in terms of payment and security, rank lower in priority than any amount due or overdue in respect of the Class A Notes, any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers and the Class B Notes; and

   (ii) only become payable after any amounts due in respect of any Class A Note, any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers and any Class B Notes, sequentially have been paid in full;

Waiver in case of lack of funds on the Final Redemption Date

10.7 Subject to Condition 11.4, to the extent that available funds are insufficient to repay any principal and accrued interest (including Coupon Excess Consideration, if any) outstanding on any Class of Notes on its Final Redemption Date or following enforcement of the Security and payment of all claims ranking in priority to the Notes, any amount of the Principal Amount Outstanding of, and accrued interest on (including any Coupon Excess Consideration), such Notes in excess of the amount available for redemption or payment at such time, will cease to be payable by the Issuer and the Issuer shall be under no obligation to pay any interest or damages or other form of compensation to Noteholders in respect of any amounts of interest that remain unpaid as a result.

Principal Deficiencies and Allocation

10.8 **Principal Deficiency Ledgers**

Principal deficiency ledgers will be established on behalf of the Issuer by the Administrator in respect of the Class A Notes (***Class A Principal Deficiency Ledger***), the Class B Notes (***Class B Principal Deficiency Ledger***) (together, the ***Principal Deficiency Ledgers***) in order to record (i) the Current Balance of any Defaulted Loan(s), (ii) any Principal Available Amount which in accordance with the Principal Priority of Payments is used to cover any Class A Interest Shortfall and (iii) any Principal Available Amount which in accordance with the Principal Priority of Payments is used to cover any Coupon Excess Consideration Deficiency.

10.9 **Allocation**

The Current Balance of Loans which have become Defaulted Loans during the relevant Quarterly Collection Period, any Principal Available Amount which in accordance with the Principal Priority of Payments is used to cover any Class A Interest Shortfall on the following Quarterly Payment Date and any Principal Available Amount which in accordance with the Principal Priority of Payments is used to cover any Coupon Excess Consideration Deficiency on the following Quarterly Payment Date, will, on the relevant Quarterly Calculation Date, be recorded on the Principal Deficiency Ledgers sequentially as follows

(a) *first*, to the Class B Principal Deficiency Ledger up to an amount equal to the aggregate Principal Amount Outstanding of the Class B Notes, and if there is sufficient Interest Available Amount then any debit balance on the Class B Principal Deficiency Ledger shall be reduced by crediting such funds at item (vi) of the Pre-FORD Interest Priority of Payments or item (viii) of the Post-FORD Interest Priority of Payments and

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

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

11. ENFORCEMENT OF SECURITY AND/OR NOTES – LIMITED RECOURSE, WAIVER AND NON-PETITION

Enforcement

11.1 At any time after the Notes have become due and repayable the Security Agent may, at its discretion and without further notice, take such steps and proceedings against the Issuer as it may think fit to enforce the Security and to enforce repayment of the Notes together with payment of accrued interest (including Coupon Excess Consideration, if any), but it shall not be bound to take any such proceedings unless:

(a) it shall have been so directed by an Extraordinary Resolution of the highest ranking Class of Notes then outstanding or so requested in writing by the holders of at least twenty-five (25) per cent. in aggregate Principal Amount Outstanding of the highest ranking Class of Notes at such date; and

(b) it shall have been indemnified to its satisfaction.

11.2 Only the Security Agent may enforce the security interests created by or pursuant to the Pledge Agreement and no other Secured Party or Noteholder shall be entitled to enforce such security or proceed against the Issuer to enforce the performance of any of the provisions of the Pledge Agreement, unless the Security Agent, having become bound to take such steps as provided in the Pledge Agreement, fails to do so within a reasonable period (thirty (30) Business Days being deemed for this purpose to be a reasonable period) and such failure shall be continuing.

11.3 The Security Agent cannot, while any of the Notes are outstanding, be required to enforce the Security at the request of any Secured Party under the Pledge Agreement other than the Noteholders of the Class A Notes.

Limited Recourse

11.4 If, on the earlier of (a) the Final Redemption Date; (b) or the date on which a Class of Notes is redeemed in full in accordance with Condition 5.3(a), 5.3(b), 5.3(d) or 5.3 (f); or (c) the date following the enforcement of the Security and after payment of all other claims ranking in priority to the Notes under the Pledge Agreement in accordance with the Post-Enforcement Priority of Payments, to the extent that Principal Available Amount and Interest Available Amount are insufficient to repay any principal and accrued interest (including accrued Coupon Excess Consideration) outstanding on any Class of Notes, any amount of the Principal Amount Outstanding of, and accrued interest (including accrued Coupon Excess Consideration) on, such Notes in excess of the amount available for redemption or payment at such time, will cease to be payable by the Issuer. Each of the Noteholders of the Notes agrees with the Issuer and Security Agent that all obligations of the Issuer to the Noteholders and all other Secured Parties are limited in recourse such that only the assets of the Issuer allocated to Compartment Penates-5 subject to the relevant Security will be available to meet the claims of the Noteholders and the other Secured Parties.

11.5 Any claim remaining unsatisfied after the enforcement and realisation of the Security and the application of the proceeds thereof in accordance with the Post-enforcement Priority of Payments shall be extinguished and all unpaid liabilities and obligations of the Issuer will cease to be payable by the Issuer. Except as otherwise provided by Condition 11 (*Enforcement of Security and/or Notes-Limited Recourse, Waiver and Non-petition*) or in Condition 12 (*The Security Agent*), none of the Noteholders or any other Secured Party shall be entitled to initiate proceedings or take any other steps to enforce any relevant Security.

Waiver

11.6 The Noteholders waive, to the fullest extent permitted by law (i) all their rights whatsoever pursuant to Article 1184 of the Belgian Civil Code to rescind (ontbinden/dissoudre), or demand in legal proceedings the rescission (ontbinding/dissolution) of, the Notes and (ii) all rights whatsoever in respect of the Notes pursuant to Article 487 of the Belgian Companies Code (right to rescind (ontbinden/dissoudre)).

Non-Petition

11.7 Except as otherwise provided in this Condition 11 (*Enforcement of Security and/or Notes-Limited Recourse, Waiver and Non-petition*) or in Condition 12 (*The Security Agent*), no Noteholder or any of the other Secured Parties, shall be entitled to take any steps:

(a) to direct the Security Agent to enforce the relevant Collateral;

(b) to take or join any person in taking steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to it;

(c) to initiate or join any person in initiating against the Issuer any bankruptcy, winding up, reorganisation, arrangement, insolvency or liquidation proceeding under any applicable law until the expiry of a period of 1 (one) year after the last maturing Note is paid in full;

(d) to take any steps or proceedings that would result in any applicable Priority of Payments not being observed; or

(e) take any action or exercise any rights directly against the Issuer or in connection with the Security.

12. THE SECURITY AGENT

Appointment

12.1 The Security Agent has been appointed by the Issuer as representative of the Noteholders in accordance with Article 271/12, §1, first to seventh indent of the UCITS Act and as irrevocable agent and attorney (*mandataire* / *mandataris*) of the other Secured Parties upon the terms and conditions set out in the Pledge Agreement and herein.

Powers, authorities and duties

12.2 The Security Agent, acting in its own name and on behalf of the Noteholders and the other Secured Parties, shall have the power:

(a) to accept the Security (on behalf of the Noteholders);

(b) upon service of an Enforcement Notice, to proceed against the Issuer to enforce the performance of the Transaction Documents (including the Notes) and to enforce the Security;

(c) to collect all proceeds in the course of enforcing the Security;

(d) to apply or to direct the application of the proceeds of enforcement in accordance with the Conditions and the provisions of the Pledge Agreement;

(e) to open an account in the name of the Secured Parties or in the name of the Domiciliary Agent (or any substitute domiciliary agent appointed in accordance with the provisions of the Domiciliary Agency Agreement) with a credit institution with a rating by the Rating Agencies equal or equivalent to the minimum rating imposed on the Account Bank from time to time pursuant to the Transaction Documents (an ***Eligible Institution***) for the purposes of depositing the proceeds of enforcement of the Security and to give all directions to the Eligible Institution and/or the Domiciliary Agent (or its substitute) to administer such account;

(f) to exercise all other powers and rights and perform all duties given to the Security Agent under the Transaction Documents; and

(g) generally, to do all things necessary in connection with the performance of such powers and duties.

12.3 The Security Agent may delegate the performance of any of the foregoing powers to any persons (including any legal entity) whom it may designate. Notwithstanding any sub-contracting or delegation of the performance of its obligations under the Pledge Agreement, the Security Agent shall not thereby be released or discharged from any liability hereunder and shall remain responsible for the performance of the obligations of the Security Agent under the Pledge Agreement and shall be jointly and severally liable for the performance or non-performance or the manner of performance of any sub-contractor, agent or delegate.

12.4 The Security Agent shall not be bound to take any action under its powers or duties other than those referred to in clauses (a), (c) and (e) above unless:

(i) it shall have been directed to do so by (i) an Extraordinary Resolution of the highest ranking Class of Notes then outstanding; or (ii) a request in writing of the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the highest ranking Class of Notes; and

(ii) it shall in all cases have been indemnified to its satisfaction against all liability, proceedings, claims and demands to which it may be or become liable, save where these are due to its own Gross Negligence, wilful misconduct or fraud and all costs, charges and expenses which may be incurred by it in connection therewith.

12.5 Whenever the interests of the Noteholders are or can be involved in the opinion of the Security Agent, the Security Agent may, if indemnified to its satisfaction, take legal action on behalf of the Noteholders and represent the Noteholders in any bankruptcy (*faillissement / faillite*), liquidation (*vereffening / liquidation*), judicial reorganisation (*gerechtelijke reorganisatie/ réorganisation judiciaire*) and any other legal proceedings initiated against the Issuer or any other party to a Transaction Document.

Amendments to the Transaction Documents

12.6 The Security Agent may on behalf of the Noteholders without the consent of the Noteholders and (subject to Condition 12.11 and 12.12) the other Secured Parties, at any time and from time to time, concur with the Issuer and the other parties thereto in making:

(a) any modification to the Transaction Documents which in the opinion of the Security Agent may be proper provided that the Security Agent is of the opinion that such modification is not materially prejudicial to the interests of the Noteholders, or

(b) any modification to the Transaction Documents which in the opinion of the Security Agent is of a formal, minor, or technical nature or is to correct a manifest error or to comply with the (mandatory) provisions of Belgian law.

12.7 Any such modification shall be binding on the Noteholders. In no event may such modification be a Basic Terms Modification (as defined in Condition 13.16). The Issuer shall cause notice of any such modification to be given to the Rating Agencies and, if the Security Agent so requires, to the Noteholders.

12.8 In determining whether or not any proposed change, event or action will be materially prejudicial to the interests of Noteholders, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from a valuer, accountant, banker, broker, securities company or other company other than the Rating Agencies whether obtained by itself, any of the Transaction Parties, or the Issuer and it shall not be liable for any loss occasioned by such action, save where such loss is due to its Gross Negligence, wilful misconduct or fraud.

12.9 If, in the Security Agent's opinion it is not sufficiently established that the proposed amendment or variation can be approved by it in accordance with this paragraph, it will determine in its full discretion whether to submit the proposal to a duly convened meeting of Noteholders (in accordance with Schedule 2 to the Pledge Agreement) or to refuse the proposed amendment or variation or other proposal.

Waivers

12.10 The Security Agent may, without the consent of the Secured Parties or the Issuer, without prejudice to its right in respect of any breach, condition, event or act from time to time and at any time, but only if and in so far as in its opinion the interests of Noteholders will not be materially prejudiced thereby, (i) authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any of the covenants or provisions or any action to take pursuant to the covenants or provisions (and agree to extend any contractually agreed cure period) contained in or arising pursuant to the Pledge Agreement, these Conditions or any of the other Transaction Documents or (ii) determine that any breach, condition, event or act which constitutes (and/or which, with the giving of notice or the lapse of time and/or the Security Agent making any relevant determination and/or issuing any relevant certificate would constitute), but for such determination, an Event of Default shall not, or shall not subject to specified conditions, be treated as such for the purposes of the Pledge Agreement. Any such authorisation, waiver or determination pursuant to this clause shall be binding on the Noteholders and if, but only if, the Security Agent shall so require, notice thereof shall be given to the Noteholders and the Rating Agencies. In determining whether or not the interests of the Noteholders will be materially prejudiced, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from a valuer, accountant, banker, broker, securities company or other company other than the Rating Agencies whether obtained by itself, any of the Transaction Parties or the Issuer and it shall not be liable for any loss occasioned by such action, save where such loss is due to its Gross Negligence, wilful misconduct or fraud.

Amendments and waiver with regard to the (Standby) Cap Provider

12.11 Notwithstanding Conditions 12.6 to 12.10 (inclusive), if in the Security Agent's opinion any proposed variation or amendment of, or addition to, any of the Transaction Documents could lead to a material negative change in the position of the Cap Provider and/or the Standby Cap Provider under the Transaction Documents, the Security Agent will

submit the proposal to the prior written consent of the Cap Provider and/or the Standby Cap Provider as applicable.

12.12 Notwithstanding Conditions 12.6 to 12.10 (inclusive), the Security Agent shall not exercise any powers to waive, authorise or determine, and no resolution (including, for the avoidance of doubt, a resolution taken in accordance with Condition 13.13(a)) will be binding, without the prior written consent of the Cap Provider and/or Standby Cap Provider, as applicable, if the change proposed to be made qualifies as one of the Basic Terms Modifications listed under Condition 13.16 (i) to (iv)(inclusive). The Cap Provider and Standby Cap Provider may not unreasonably withhold such consent. The Security Agent, the Issuer and the Cap Provider covenants to the Standby Cap Provider that the Cap Agreement will only be amended or waivers will be given with the prior written consent of the Standby Cap Provider and that any notice of failure to pay or any dispute under the Cap Agreement (including in relation to Credit Support Amount) will be notified to the Standby Cap Provider.

Conflicts of interest

12.13 The Security Agent shall take account of the interests of the Secured Parties to the extent that there is no conflict amongst them. If:

(a) an actual conflict exists or is likely to exist between the interests of Secured Parties in relation to any material action, decision or duty of the Security Agent under or in relation to the Pledge Agreement and the Conditions; and

(b) any of the Transaction Documents and the Conditions give the Security Agent a material discretion in relation to such action, decision or duty;

the Security Agent shall always have regard to the interests of the Noteholders in priority to the interests of the other Secured Parties. In connection with the exercise of its powers, authorities and discretions, the Security Agent shall have regard to the interests of the Noteholders as a Class and shall not have regard to the consequence of such exercise for individual Noteholders.

Class A Noteholders

12.14 For so long as there are any Class A Notes outstanding, the Security Agent is to have regard solely to the interests of the Class A Noteholders if, in the Security Agent’s opinion, there is a conflict between the interests of: (a) the Class A Noteholders and (b) the holders of any of the other Classes of Notes and/or any other Secured Parties.

Class B Noteholders

12.15 If there are no longer any Class A Notes outstanding, but for so long as there are any Class B Notes outstanding, the Security Agent is to have regard solely to the interests of the Class B Noteholders if, in the Security Agent’s opinion, there is a conflict between the interests of (a) the Class B Noteholders and (b) the holders of any of the other Classes of Notes and/or any other Secured Parties.

Class C Noteholders

12.16 For as long as only Class C Notes remain outstanding, the Security Agent is to have regard solely to the interests of the Class C Noteholders if, in the Security Agent’s opinion, there is a conflict between the interests of (a) the Class C Noteholders and (b) any Secured Parties.

Other Secured Parties

12.17 If, in the Security Agent's opinion, there is a conflict of interest in respect of the Secured Parties other than the Noteholders, the applicable Priority of Payments shall determine which interests shall prevail.

Issuer and Secured Parties

12.18 Further, to the extent that:

(a) an actual conflict exists or is likely to exist between the interests of the Issuer and the Secured Parties, and the interests of the Seller in relation to any material action, decision or duty of the Security Agent under or in relation to the Pledge Agreement and any other Transaction Document; and

(b) the Pledge Agreement and any other Transaction Document gives the Security Agent a material discretion in relation to such action, decision or duty,

then the Security Agent shall have regard to the interests of the Issuer and the other Secured Parties (other than the Seller) in priority to the interests of the Seller.

12.19 In relation to any duties, obligations and responsibilities of the Security Agent to the other Secured Parties in its capacity as agent of the Secured Parties in relation to the Collateral and under or in connection with the Pledge Agreement and any other Transaction Document, the Security Agent shall discharge these by performing and observing its duties, obligations and responsibilities as representative of the Noteholders in accordance with the provisions of the Pledge Agreement, the other Transaction Documents and the Conditions.

Replacement of the Security Agent

12.20 The Noteholders shall be entitled to terminate the appointment of the Security Agent by an Extraordinary Resolution notified to the Issuer and the Security Agent, provided:

(a) in the same resolution a substitute security agent is appointed; and

(b) such substitute security agent meets all legal requirements, if any, to act as security agent in respect of an Institutional VBS and accepts to be bound by the terms of the Pledge Agreement and all other Transaction Documents in the same way as its predecessor.

12.21 If any of the following events (each a ***Security Agent Termination Event***) shall occur, namely:

(a) an order is made or an effective resolution is passed for the dissolution (*ontbinding / dissolution*) of the Security Agent except a dissolution (*ontbinding / dissolution*) for the purpose of a merger where the Security Agent remains solvent; or

(b) the Security Agent ceases or threatens to cease to carry on its business or a substantial part of its business or stops payment or threatens to stop payment of its debts or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or otherwise becomes insolvent; or

(c) the Security Agent defaults in the performance or observance of any of its material covenants and obligations under this Agreement or any other Transaction Document and (except where such default is incapable of remedy, when no such continuation and/or notice shall be required) such default continues unremedied for a period of thirty (30) Business Days after the earlier of the Security Agent becoming aware of such default and receipt by the Security Agent of written notice from the Issuer requiring the same to be remedied; or

(d) the Security Agent becomes subject to any bankruptcy (*faillissement / faillite*), preliminary suspension of payment (*surseance van betaling*) or other insolvency proceeding under applicable laws;

(e) the Security Agent is rendered unable to perform its material obligations under the Pledge Agreement for a period of twenty (20) Business Days by circumstances beyond its reasonable control or *force majeure*, or

(f) the management (*bestuur*) of the Security Agent is in one of the circumstances as set out under (b) or (d) above;

then the Issuer may by notice in writing terminate the powers delegated to the Security Agent under the Pledge Agreement and the Transaction Documents with effect from a date (not earlier than the date of the notice) specified in the notice and appoint a substitute security agent selected by the Issuer which shall act as security agent until a new security agent is appointed by the general meeting of Noteholders which shall promptly be convened by the Issuer. Upon such selection being made and notified by the Issuer to the Secured Parties in a way deemed appropriate by the Issuer, all rights and powers granted to the company then acting as Security Agent shall terminate and shall automatically be vested in the substitute security agent so selected. All references to the Security Agent in the Transaction Documents shall where and when appropriate be read as references to the substitute security agent as selected and upon vesting of rights and powers pursuant this Condition.

12.22 Such termination shall also terminate the appointment and power of attorney by the other Secured Parties. The other Secured Parties hereby irrevocably agree that the substitute security agent shall from the date of its appointment act as attorney (*mandataris* / *mandataire*) of the other Secured Parties on the terms and conditions set out in these Conditions and the Transaction Documents.

Accountability, Indemnification and Exoneration of the Security Agent

12.23 With respect to the exercise of its powers, authorities and discretions the Security Agent shall have regard to the interests of the Noteholders of a particular Class as a Class and shall not have regard to the consequences of such exercise for individual Noteholders.

12.24 If so requested in advance by the board of directors or the Noteholders, the Security Agent shall report to the general meeting of Noteholders on the performance of its duties under the Pledge Agreement provided such request is notified by registered mail no later than ten (10) Business Days prior to the relevant general meeting of Noteholders. The board of directors shall require such report if so requested by those Noteholders who have requested that such general meeting be convened.

12.25 In determining whether or not the exercise of any power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents will be materially prejudicial to the interests of Noteholders, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from a valuer,

accountant, banker, broker, securities company or other company other than the Rating Agencies whether obtained by itself or the Issuer or any other Transaction Party and it shall not be liable for any loss occasioned by such action, save where such loss is due to its Gross Negligence, wilful misconduct or fraud.

12.26 The Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Security Agent and providing for its indemnification in certain circumstances, including provisions relieving the Security Agent from taking enforcement proceedings or enforcing the Security unless indemnified to its satisfaction.

12.27 The Security Agent shall not be liable to the Issuer, the Noteholders or any of the other Secured Parties in respect of any loss or damage which arises out of the exercise, or the attempted exercise of, or the failure to exercise any of its powers or any loss resulting there from, except that the Security Agent shall be liable for such loss or damage that is caused by its Gross Negligence, wilful misconduct or fraud.

12.28 The Security Agent shall not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Collateral, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Servicer or any agent or related company of the Servicer or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Security Agent.

12.29 The Security Agent shall have no liability for any breach of or default under its obligations under the Pledge Agreement and under any other Transaction Document if and to the extent that such breach is caused by any failure on the part of the Issuer to perform any of its material obligations under the Pledge Agreement or by any failure on the part of the Issuer or any of the Secured Parties to duly perform any of its material obligations under any of the other Transaction Documents. In the event that the Security Agent is rendered unable to duly perform its obligations under any of the Transaction Documents by any circumstances beyond its control, the Security Agent shall not be liable for any failure to carry out the obligations under the Transaction Documents which are thus affected by the event in question and, for so long as such circumstances continue, its obligations under the Pledge Agreement and under any other Transaction Documents which are thus affected will be suspended without liability for the Security Agent.

12.30 The Security Agent shall not be responsible for ensuring that any Security is created by, or continues to be managed by, the Issuer, the Security Agent, or any other person in such a manner as to create or maintain sufficient control to obtain the type of Security described in the Pledge Agreement in relation to the assets of the Issuer which are purported to be secured thereby and the Security Agent may, until it has actual knowledge or express notice to the contrary, assume the Issuer is observing and performing all its obligations under the Pledge Agreement or any other Transaction Documents and in any notices or acknowledgements delivered in connection with any such documents.

12.31 If in the Security Agent's opinion any proposed variation or amendment of, or addition to, any of the Transaction Documents can lead to a material negative change in cash flows under the Cap Agreement, it will determine in its full discretion whether to submit the proposal to the prior approval of the Cap Provider.

Parallel Debt

12.32 In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Agent (the ***Parallel Debt***) amounts which will be equal to the aggregate amount due (*verschuldigd* / *dû*) by the Issuer:

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

(b) as fees and expenses to the Servicer (or Back-up Servicer) under the Servicing Agreement;

(c) as fees and expenses to the Back-up Servicer Facilitator under the Back-up Servicer Facilitator Appointment Agreement;

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

(e) as fees and expenses to the Domiciliary Agent and the Calculation Agent under the Domiciliary Agency Agreement;

(f) to the Seller under the Mortgage Loan Sale Agreement;

(g) to the Cap Provider under the Cap Agreement;

(h) to the Standby Cap Provider under the Standby Cap Agreement;

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

(j) to the Noteholders; and

(k) to the Security Agent under the Pledge Agreement,

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

12.33 The Parallel Debt constitutes the separate and independent obligations of the Issuer and constitutes the Security Agent's own separate and independent claim (*eigen en zelfstandige vordering* / *créance propre et indépendante*) to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Agent of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall be reduced by an amount equal to the amount so received.

12.34 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.

Rating withdrawal

12.35 In the event any of the Rating Agencies (other than upon request of the Issuer) would decide no longer to rate the Class A Notes and withdraw its rating of the Class A Notes, all references in the Transaction Documents to the “Rating Agencies” will be deemed to refer solely to the Rating Agency(ies) that rate(s) the Class A Notes and all references to the Rating

Agency(ies) that has(have) ceased to rate the Class A Notes, will be deemed no longer to be applicable.

A withdrawal of the ratings by the Rating Agencies would not constitute an Event of Default or a breach of the obligations of the Issuer.

13. MEETINGS OF NOTEHOLDERS, MODIFICATIONS AND WAIVERS

General

13.1 The Articles 568 to 580 of the Belgian Company Code shall not apply as the Conditions, the by-laws of the Issuer or the Transaction Documents contain provisions which differ from the provisions contained in such articles. The Transaction Documents contain in particular, but without limitation, the following provisions which differ from the provisions of the Belgian Company Code:

(a) the board of directors or the Auditor may at all times convene a meeting of Noteholders and will be required to convene a meeting of the Noteholders at the request of the Security Agent or of Noteholders representing not less than one-tenth of the aggregate Principal Amount Outstanding of the Notes of the relevant Class(es);

(b) the provisions of Article 570 of the Belgian Company Code will not apply and the notices in relation to meetings of the Noteholders will be published as set out in Condition 14 (*Notices*);

(c) in addition to the provisions of Article 568 of the Belgian Company Code, the meeting of Noteholders and the Security Agent shall have all the powers given to them in the Transaction Documents, including, but not limited to, those given to them in the Conditions; and

(d) the reasons for convening a meeting of Noteholders is not limited to the reasons set out in the Belgian Company Code.

13.2 Notwithstanding the provisions of Article 568 of the Belgian Company Code, the meeting of Noteholders and the Security Agent shall have all the powers given to them in the Transaction Documents, including, but not limited to, those given to them in these Conditions.

13.3 Time and place

Every meeting shall be held at a time and place approved by the Security Agent.

13.4 Notice and management

At least 15 calendar days' notice (exclusive of the day on which the notice is given and of the day on which the relevant meeting is to be held) specifying the date, time and place of the meeting shall be given to the Noteholders in accordance with Condition 14 (*Notices*) with a copy to the Issuer or the Security Agent, as the case may be. The notice shall set out the full text of any resolutions to be proposed. In addition, the notice shall explain (i) how holders of Dematerialised Notes may obtain Voting Certificates and use a Block Voting Certificate and the details of the time limits applicable and (ii) the formalities and procedures to validly cast a vote at a meeting in respect of Registered Notes.

A person (who may, but need not, be a Noteholder) nominated in writing by the Security Agent shall be entitled to take the chair at every general meeting but if no such nomination is made or if at any general meeting the person so nominated shall not be present within fifteen (15) minutes after the time appointed for the holding of such general meeting, the Noteholders present shall choose one of their number to be chairman and, failing such choice, the Issuer may appoint a chairman (who may, but need not, be a Noteholder). The chairman may with the consent of (and shall if directed by) any general meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned general meeting except business which could have been transacted at the general meeting from which the adjournment took place.

If the general meeting has been reconvened through want of quorum, at least ten (10) calendar days' notice of such new meeting shall be given in the same manner as for an original general meeting, and such notice shall state the quorum required at the adjourned general meeting. Except in case of a meeting to consider an Extraordinary Resolution it shall not be necessary to give notice of the resumption of a Meeting which has been adjourned for any other reason than by want of quorum. An ***Extraordinary Resolution*** means a decision approved or to be approved by a resolution with a majority consisting of not less than 75 per cent. of the votes cast of the Notes thereat, whether by show of hand or a poll.

13.5 Chairman

The chairman of a meeting shall be such person (who may, but need not be, a Noteholder) as the Issuer or the Security Agent(as applicable) may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Noteholders, the meeting shall be chaired by the person elected by the majority of the voters present, failing which, the Noteholders' Representative shall appoint a chairman. The chairman of an adjourned meeting need not be the same person as was chairman at the original meeting.

Access to meetings of Noteholders

13.6 Save as expressly provided otherwise herein, no person shall be entitled to attend or vote at any general meeting of the Noteholders unless, in respect of the Class A Notes, he produces an appropriate voting certificate or block voting certificate which has been issued by the Recognised Accountholder or Securities Settlement System (or any Alternative Clearing System) and, in respect of the Class B Notes and the Class C Notes, he is identified as Noteholder in the notes register held in accordance with the provisions of the Belgian Company Code.

A ***Recognised Accountholder*** means, in relation to one or more Notes, the recognised accountholder (*erkende rekeninghouder/teneur de compte agréé*) within the meaning of Article 468 of the Belgian Companies Code with which a Noteholder holds such Note on a securities account;

Voting Certificates

13.7 A Voting Certificate shall:

(a) be issued by a Recognised Accountholder or the Securities Settlement System;

(b) state that on the date thereof (i) Notes (not being Notes in respect of which a Block Voting Certificate has been issued which is outstanding in respect of the meeting

specified in such Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding (to the satisfaction of the Recognised Accountholder or Securities Settlement System) were held to its order or under its control and blocked by it and (ii) that no such Notes will cease to be so held and blocked until the first to occur of:

(i) the conclusion of the meeting specified in such Voting Certificate or, if applicable, any such adjourned meeting; and

(ii) the surrender of the Voting Certificate to the Recognised Accountholder or Securities Settlement System who issued the same; and

(c) further state that until the release of the Note represented thereby the bearer of such certificate is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Notes represented by such certificate.

Block Voting Certificates

13.8 A ***Block Voting Certificate*** shall:

(a) be issued by a Recognised Accountholder or Securities Settlement System;

(b) certify that (i) Notes (not being Notes in respect of which a Voting Certificate has been issued which is outstanding in respect of the meeting specified in such Block Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding (to the satisfaction of the Recognised Accountholder or Securities Settlement System) were held to its order or under its control and blocked by it and (ii) that no such Notes will cease to be so held and blocked until the first to occur of:

(i) the conclusion of the meeting specified in such document or, if applicable, any such adjourned meeting; and

(ii) the giving of notice by the Recognised Accountholder or Securities Settlement System to the Issuer, stating that certain of such Notes cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Certificate;

(c) certify that each holder of such Notes has instructed such Recognised Accountholder or Securities Settlement System that the vote(s) attributable to the Notes so held and blocked should be cast in a particular way in relation to the resolution or resolutions which will be put to such meeting or any such adjourned meeting and that all such instructions cannot be revoked or amended during the period commencing 3 Business Days prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof;

(d) state the principal amount outstanding of the Notes so held and blocked, distinguishing with regard to each resolution between (i) those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution, (ii) those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution and (iii) those in respect of which instructions have been so given to abstain from voting; and

(e) naming one or more persons (each hereinafter called a “proxy”) as being authorised and instructed to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in (d) above as set out in such document.

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

13.10 Formalities and procedures in respect of the Registered Notes will be such as described in the relevant notice to the relevant Noteholders.

13.11 Schedule 2 of the Pledge Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting the interests of Noteholders, including proposals by Extraordinary Resolution to modify, or to sanction the modification of the Notes (including these Conditions) or the provisions of any of the Transaction Documents or to consider matters affecting the Transaction otherwise.

Conflicts of interests

13.12 The following provisions shall apply where outstanding Notes belong to more than one Class:

(a) business which in the opinion of the Security Agent affects the Notes of only one Class shall be transacted at a separate meeting of the Noteholders of that Class;

(b) business which in the opinion of the Security Agent affects the Notes of more than one Class but does not give rise to an actual or potential conflict of interest between the Noteholders of one such Class and the Noteholders of any other Class shall be transacted either at separate meetings of the Noteholders of each such Class or at a single meeting of the Noteholders of all such Classes as the Security Agent shall in its absolute discretion determine;

(c) business which in the opinion of the Security Agent affects the Notes of more than one Class and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class and the Noteholders of any other such Class shall be transacted at separate meetings of the Noteholders of each such Class; and

(d) as may be necessary to give effect to the above provisions, the preceding paragraphs shall be applied as if references to the Notes and Noteholders were to the Notes of the relevant Class and to the Noteholders of such Notes.

Binding Resolutions

13.13 Any resolution passed at a meeting of the Noteholders of a particular Class of Notes duly convened and held in accordance with the Conditions shall be binding upon all the Noteholders of such Class whether present or not present at such meeting and whether or not voting, provided that:

(a) no Basic Term Modification (as defined below) shall be effective unless the modification is approved by a resolution with a majority consisting of not less than 75 per cent. of the votes cast on that resolution, whether by show of hand or a poll (an ***Extraordinary Resolution***) passed at a general meeting of the Noteholders of the

relevant Classes duly convened and held in accordance with the rules set out in Schedule 2 of the Pledge Agreement for approving a Basic Term Modification;

(b) no Extraordinary Resolution of the Class B Noteholders shall be effective unless (a) the Security Agent is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders; or (b) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders; or (c) none of the Class A Notes remain outstanding;

(c) no Extraordinary Resolution of the Class C Noteholders shall be effective unless (a) the Security Agent is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders and the Class B Noteholders; or (b) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders and the Class B Noteholders; or (c) none of the Class A Notes and the Class B Notes remain outstanding;

(d) any resolution passed at a meeting of the Class A Noteholders duly convened and held as aforesaid shall also be binding upon all the Class B Noteholders and the Class C Noteholders irrespective of its effect upon such persons, except an Extraordinary Resolution to sanction a Basic Term Modification, which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of the Class B Noteholders, and an Extraordinary Resolution of the Class C Noteholders.

Written Resolutions

13.14 A resolution in writing signed by or on behalf of Noteholders, representing at least seventy-five (75) per cent. of the aggregate Principal Amount Outstanding of the Notes in case of a Basic Term Modification, who for the time being are entitled to receive notice of a general meeting in accordance with the provisions contained in the Conditions shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions contained in the Conditions. A resolution in written signed by or on behalf of at least fifty (50) per cent. of the aggregate Principal Amount Outstanding of the Notes shall take effect as if it were any resolution other than Extraordinary Resolution, in case it does not relate to a Basic Term Modification.

Requisitions

13.15 The board of directors or the Auditor for the time being of the Issuer may at any time and must upon a request in writing of (a) Noteholders holding not less than one-tenth of the aggregate Principal Amount Outstanding of the Notes of the relevant Class or (b) the Security Agent (subject to its being indemnified to its satisfaction against all costs and expenses thereby occasioned), convene a general meeting of the Noteholders of the relevant Class of Notes.

Basic Term Modification

13.16 (i) Any modification of the date or priority of redemption of any of the Notes, (ii) any modification which would have the effect of postponing any day for payment of interest on the Notes, (iii) any modification which would have the effect of reducing or cancelling the amount of principal payable in respect of the Notes or the rate of interest applicable thereto, (iv) any modification which would have the effect of altering the currency of payment thereof, (v) any modification which would have the effect of altering the majority required to pass an Extraordinary Resolution, (vi) any modification which would have the effect of

altering the definition of an Event of Default, or (vii) any modification which would have the effect of altering the Security Agent's duties in respect of the Security, is referred to herein as a ***Basic Term Modification***.

Quorum

13.17 The quorum at any general meeting of Noteholders of the relevant Class (other than where the business of such meeting includes the proposal of a Basic Term Modification (as defined above)) will be one or more persons present in person holding voting certificates and/or being proxies and being or representing in the aggregate (the Noteholders of) fifty (50) per cent. or more of the aggregate Principal Amount Outstanding of the Notes of the relevant Class of Notes at the time of the meeting and no business (other than the choosing of a chairman) shall be transacted at any such meeting unless the requisite quorum be present at the commencement of business.

13.18 The quorum at any general meeting of Noteholders for passing an Extraordinary Resolution in respect of a Basic Term Modification shall be one or more persons present in person holding voting certificates and/or being proxies and being or representing in the aggregate (the Noteholders of) seventy-five (75) per cent. or more of the aggregate Principal Amount Outstanding of the Notes of the relevant Class of Notes at the time of the meeting and no business (other than the choosing a chairman) shall be transacted at any such general meeting unless the requisite quorum be present at the commencement of business.

13.19 If within half an hour from the time appointed for any such general meeting of Noteholders a quorum is not present, the general meeting of Noteholders shall, if convened upon the requisition of Noteholders, be dissolved. In any other case, it shall be adjourned for such period being not less than fourteen (14) days nor more than forty-two (42) days, and at such place as may be appointed by the chairman and approved by the Security Agent.

13.20 At any adjourned meeting (other than a meeting convened at the request of the Noteholders) the quorum for:

(a) approving a Basic Term Modification at the general meeting shall be more persons present in person holding voting certificates and/or being proxies and being or representing in the aggregate (the Noteholders of) twenty-five (25) per cent. or more of the aggregate Principal Amount Outstanding of the relevant Class of Notes at the time of the meeting; and

(b) approving any other resolution shall be one or more persons present in person holding Notes and/or voting certificates and/or being proxies whatever the Principal Amount Outstanding of the Notes is held or represented.

Voting

13.21 At any meeting (a) on a show of hands every Noteholder (being an individual) who is present in person and produces a declaration of a Securities Settlement or Recognised Account Holder of its Notes being blocked until that date of the meeting (voting certificate or block voting certificate) or, with regard to the Registered Notes, is identified as a Noteholder in the notes register held with the Issuer, its registrar or is a proxy, shall have one vote in respect of each Note and (b) on a poll every person who is so present shall have one vote in respect of each EUR 10,000 of Principal Amount Outstanding of Notes referred to on the blocking certificate or registered as Noteholder in the notes register or in respect of which that person is a proxy.

Majorities

13.22 The majority required for an Extraordinary Resolution shall be seventy-five (75) per cent. of the votes cast on that resolution, whether on a show of hands or a poll.

13.23 The majority for every resolution other than an Extraordinary Resolution shall be a simple majority.

Powers

13.24 The meeting shall have all the powers expressly given to it in the Conditions, the by-laws of the Issuer, the Pledge Agreement or any other Transaction Document. The following powers may only be exercised by way of an Extraordinary Resolution, and with the consent of the Issuer, except for (e), (f), (g), (h) and (j):

(a) power to sanction any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement or waiver in respect of, the rights of the Noteholders against the Issuer, whether such rights shall arise under the Conditions, the Notes or otherwise;

(b) power to sanction any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement or waiver in respect of any of its material obligations under the Transaction Documents or Notes;

(c) power to sanction the exchange or substitution of the Notes or the conversion of the Notes into shares, stock, convertible notes, or other obligations or securities of the Issuer or any other body corporate formed or to be formed;

(d) power to assent to any alteration of the provisions contained in these Conditions, the Notes, the Pledge Agreement (including Schedule 2 thereto) or any of the Transaction Documents or which shall be proposed by the Issuer and/or the Security Agent;

(e) power to authorise the Security Agent to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution;

(f) power to discharge or exonerate the Security Agent from any liability in respect of any act or omission for which the Security Agent may have become responsible under or in relation to these Conditions, the Notes, the Pledge Agreement or any of the Transaction Documents;

(g) power to give any authority, direction or sanction, which under the provisions of the Conditions or the Notes is required to be given by Extraordinary Resolution;

(h) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;

(i) power to sanction the release of the Issuer or of the whole or any part of the Collateral from all or any part of the principal moneys and interest owing in respect of the Notes;

(j) power to authorise the Security Agent or any receiver appointed by it where it or he shall have entered into possession of the Collateral or otherwise enforced the Security in relation thereto, to discontinue enforcement of any security constituted by the Pledge Agreement either unconditionally or upon any Conditions; and

(k) power to change a date fixed for payment of principal or interest or to cancel an amount, or the method for calculation on the date of payment.

Compliance

13.25 The Issuer may with the consent of the Security Agent and without the consent of the Noteholders prescribe such other or further regulations regarding the holding of meetings of Noteholders and attendance and voting thereat as are necessary to comply with Belgian law.

Conflicts of Interest

13.26 In order to avoid any potential conflict of interest, if and as long as any Notes are held by Belfius, all quorums and voting majorities set out above required to pass a Noteholders' resolution, will have to be met in respect of (the group consisting of Belfius on the one hand) and the group of all other Noteholders (excluding Belfius).

Noteholders resolution

13.27 All decisions adopted by the Meeting of Noteholders shall be published on the website of the Issuer and notified to the Cap Provider and the Standby Cap Provider and, to the extent such decisions constitute regulated information 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 (as amended, and/or replaced from time to time, the ***November 2007 RD***), through such other channels as required to be in compliance with the November RD.

Minutes

13.28 Minutes of all resolutions and proceedings at every such general meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer (failing which by the Security Agent), and any such minutes as aforesaid, if purporting to be signed by the chairman of the general meeting at which such resolutions were passed or proceedings transacted or by the chairman of the next succeeding general meeting of the Noteholders, shall be conclusive evidence of the matters therein contained, and until the contrary is proved every such general meeting in respect of the proceedings of which minutes have been made and signed as aforesaid shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.

14. NOTICES

14.1 All notices to Noteholders of any Class shall be deemed to have been duly given if:

(A) in case of notices for convening meetings of Noteholders:

(i) all Noteholders receive an individualized invitation by registered letter or, subject to the explicit written approval of the individual Noteholder, by fax or e-mail; or

(ii) such notices are published (x) in Dutch and English in a leading daily newspaper with general circulation in Belgium and (y), in addition thereto, in the Belgian State Gazette (*Belgisch Staatsblad/Moniteur Belge*), at least fifteen (15) calendar days before the date of the meeting, but the Security Agent shall not be responsible for any failure to comply with such publication requirements if nevertheless any meeting of Noteholders is duly convened and held in accordance with the Belgian Company Code, Condition 13 (*Meeting of Noteholders, Modifications and Waivers*) hereof and the relevant provisions contained in Schedule 2 of the Pledge Agreement; or

(iii) a communication has been sent through the Securities Settlement System;

(B) in case such notice (other than a notice under (A)) does constitute regulated information as described in the November 2007 RD, a notice in English and Dutch is published:

(i) through such communication channels (which may include leading newspapers with general circulation in Belgium, communications sent through the Securities Settlement System, publication on Bloomberg,…) as would be in compliance of the November 2007 RD and appropriate in view of the type of regulated information; and

(ii) on the website of the Issuer.

(C) in case such notice does not constitute regulated information as described in the November 2007 RD, a notice in English and Dutch:

(i) is published on the website of the Issuer; and/or

(ii) is published through Bloomberg; and/or

(iii) is distributed by the Issuer (or the Administrator on its behalf), the Managers or the Security Agent to each individual Noteholder by fax, e-mail or registered letter.

14.2 Notices specifying a Quarterly Payment Date, an Interest Rate, an Coupon Amount, a payment of principal (or absence thereof), a Principal Amount Outstanding or a Note Factor or relating generally to payment dates, payments of interest, repayments of principal and other relevant information with respect to the Notes shall be deemed to have been duly given (provided they do not constitute regulated information under the November 2007 RD) if the information contained in such notice appears in a Quarterly Investor Report, on the website of the Issuer, on the relevant page of Bloomberg,or on such other medium for the electronic display of data as may be approved by the Security Agent and notified to the Noteholders (the ***Relevant Screen***) or is distributed to the individual Noteholders as set out under paragraph (C) above at least two Business Days before a Quarterly Payment Date. Any such notice shall be deemed to have been given on the first date on which such information appeared on the Relevant Screen or if it is impossible or impracticable to give notice in accordance with this paragraph then notice of the matters referred to in this Condition shall be given in accordance with the preceding paragraph.

14.3 Any notice (other than a notice referred to under Condition 14.2) shall be deemed to have been given on:

(1°) on the date of receipt of such notice (in the case of a notice to an individual Noteholder) whereby (x) notice by fax or e-mail will be deemed to have been received on the date of sending, if such date is a Business Day and the e-mail or fax has been sent before 17.00h Brussels time and no notice of non-delivery has been received and (ii) notice by registered letter will be deemed to have been received on the second Business Day after the day of sending;

(2°) in case of a publication on a website, through Bloomberg or in a newspaper: on the date of such publication or, if published more than once or on different dates in a newspaper, on the first date on which publication is made in the manner required in one of the newspapers referred to above;

(3°) in case of notice being sent through the Securities Settlement System, on the date of sending such notice; and

(4°) in case of notice being sent through another channel as mentioned under Condition 14.1 (B)(ii), on the date which according to generally accepted market practice is the date of receipt of such notice or on such date which in the opinion of the Security Agent is to be considered the date of receipt of such notice.

15. GOVERNING LAW

15.1 These Conditions are governed by and shall be construed in accordance with, Belgian law.

The Dutch speaking *(Nederlandstalige/Néerlandophone)* courts of Brussels, Belgium have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Notes.

ANNEX 2: QUALIFYING INVESTORS UNDER THE UCITS ACT

Pursuant to Article 5, §3 and §3/1 of the UCITS Act, Qualifying Investors are the "professional investors" (the ***Professional Investors***). A royal decree may restrict or extend this definition. The professional investors are the professional clients listed under Annex A to the royal decree of 3 June 2007 and the eligible counterparties in the meaning of Article 3, §1 of the royal decree of 3 June 2007, namely:

(a) the Belgian and foreign legal entities that have a license or are regulated in order to be active on the financial markets including:

- (i) the credit institutions;
- (ii) the investment firms;
- (iii) the other financial institutions that have a license or are regulated;
- (iv) the insurance companies;
- (v) the collective investment undertakings and their management companies;
- (vi) the pension funds and their management companies;
- (vii) the traders in commodities futures and derivated instruments (*grondstoffen termijnhandelaren / intermediaries en matières premières et instruments dérivés sur celles-ci) ;*
- (viii) the local companies ;
- (ix) the other institutional investors ;

(b) the other companies than those contemplated in item a above, that satisfy at least two of the following three criteria, on individual basis:

- (i) total balance sheet of EUR 20 million;
- (ii) net annual turnover of more than EUR 40 million; and
- (iii) equity of more than EUR 2 million.

(c) national governments, Belgian state, Communities and Regions, national, regional and foreign authorities; public undertakings in charge of the public debt, central banks, international and supranational institutions as the World Bank, the IMF, the European Central Bank, the European Investment Bank, and other similar international institutions.

(d) other institutional investors whom the main activity is the investment in financial instruments, in particular entities in relation to assets securitisation and other financing operations.

The Royal Decree of 26 September 2006 (as amended by the Royal Decree of 26 September 2013) has further modified the definition of "professional investors" for the purposes of Article 5, §3/1 of the UCITS Act as follows:

(a) private individuals are not considered as professional investors ;

(b) professional investors that have elected to be treated as non-professional investors, as for the purposes of Article 5, §3/1 of the UCITS Act are considered as professional investors.

ANNEX 3: INDEX OF DEFINED TERMS

2006 Royal Decree VBS *43*
ABN AMRO *20*
Accesso VZW *90, 198*
Account Bank *22, 187*
Account Bank Agreement *40, 187*
Accounting Services Provider *23*
Accounting Services Provider *187*
Accrued Interest *27, 220*
Additional Security *127*
Adjustment Date *151*
Administration Corporate and Accounting Services Agreement *187*
Administration, Corporate and Accounting Services Agreement *40*
Administrator *21, 187*
AIFM Regulation *3*
All Sums Mortgage *65*
Alternative Clearing System *190*
Amending Directive *74, 133*
Annuity Mortgage Loan *137*
Auditor *22*
Back-up Servicer *36*
Back-up Servicer Facilitator *21*
Back-up Servicer Facilitator Appointment Agreement *36, 188*
BACOB *20*
Bank Recovery and Resolution Directive *76*
Bank Regulations *34, 229*
Basel Accords *34, 229*
Basel Committee *72*
Basel III *72*
Basic Term Modification *250*
Belfius *20, 187*
Belfius Related Noteholders *214*
Belgian Company Code *3*
Belgian Mortgage Credit Act *19*
Belgian Privacy Act *68*
BNP Paribas *20*
Borrower *36*
BRRD *76*
Business Day *26, 215*
Calculation Agent *22, 187*
Cap Agreement *37, 188*
Cap Collateral *105*
Cap Collateral Account *105*
Cap Notional Amount *101*
Cap Provider *22, 188*
Cap Strike Rate *101*
Capital Requirements Regulation *3*
Central Credit Register *144*
Change of Law *33*
Class *1*
Class A Additional Amounts *16, 198*

Class A Interest Shortfall....85, 221
Class A Noteholders....3
Class A Notes....1, 187
Class A Principal Deficiency....86, 235
Class A Principal Deficiency Ledger....85, 235
Class A Subscription Agreement....171
Class A1 Coupon Excess Consideration Deficiency Ledger....91, 199
Class A1 Notes....1, 187
Class A2 Coupon Excess Consideration Deficiency Ledger....91, 199
Class A2 Notes....1, 187
Class B and C Subscription Agreement)....171
Class B Interest Deficiency....92, 221
Class B Interest Deficiency Ledger....91, 198
Class B Interest Surplus....92
Class B Interest Surplus....221
Class B Noteholders....3
Class B Notes....187
Class B Principal Deficiency....86, 235
Class B Principal Deficiency Ledger....85, 235
Class C Interest Deficiency....92, 221
Class C Interest Deficiency Ledger....92, 198
Class C Interest Surplus....92
Class C Interest Surplus....221
Class C Noteholders....3
Class C Notes....1, 187
Class C Redemption Amount....223
Class Interest Deficiency....221
Class Interest Surplus....222
Class of Notes....1
Clean-Up Call....32
Clean-Up Date....32
Clearing Agreement....40, 188
Clearstream....25
Closing Date....1
CLTCV....148
Code of Economic Law....52
Collateral....126, 193
Collateralized Notes....1
Collection Accounts....79
Commingling Risk....152
Compartment....11
Condition....186
Conditions....3, 186
Contract Records....126
Corporate Services Provider....23, 187
Counterparty Risk Assessment....104
Coupon Amount(s)....219
Coupon Excess Consideration....15, 199
Coupon Excess Consideration Deficiency....91
Coupon Excess Consideration Deficiency Ledgers....56, 91
Coupon Excess Consideration Surplus....91, 199
Coupon Rate....28, 216
CPR....123

CR Assessment *104*
CRA Regulation *3, 41*
Credit Facility *65*
Credit Institutions Supervision Law *20, 136*
Credit Policies *137*
CRR *3*
Current Balance *134*
Current Portfolio Amount *134*
Cut-Off Date *40*
Debt Insurance *52*
Defaulted Loan *86*
Deferred Purchase Price *134*
Deposit Account *151*
Disclosure of Information Method *74, 133*
Disputed Loan *146*
Disruption *208*
Disruption Overpaid Amount *208*
Disruption Underpaid Amount *208*
Dividend Reserve *110, 195*
Domiciliary Agency Agreement *40, 187*
Domiciliary Agent *22, 187*
Eligibility Criteria *137*
Eligible Holders *6, 191*
Eligible Institution *238*
Eligible Investors *130*
Enforcement *233*
Enforcement Notice *64, 231*
ESMA *3*
EUR *10*
euro *10*
Euro Reference Rate *217*
Euroclear *25*
Euronext Brussels *1*
Euro-Reference Bank *218*
Euro-Reference Banks *218*
Event of Default *231*
Excess Cap Collateral *106*
Excess Cash *30*
Excess Standby Cap Collateral *106*
FATCA *75*
FATCA Withholding *75*
Final Redemption Date *2, 222*
Financial Collateral Law *49*
Financial Transaction Tax *73*
First Monthly Collection Period End Date *80*
First Optional Redemption Date *2, 225*
Fitch *22*
Fitch *3*
Fitch Ratings *102*
Foreclosure Procedures *49*
FSMA *4*
FTT *73*
Gemeentekrediet *20*

IGA......75
IGA Legislation......75
IIR Tax Regulations......227
ILTCV......146
Initial Cap Payment......104
Initial Fitch Rating Event......102
Initial Moody's Rating Event......103
Initial Portfolio......137
Initial Purchase Price......134
Instalment......146
Institutional VBS......19, 42
Insurance Act......66
Insurance Company......67
Insurance Policy/ies......67
Interest Available Amount......87
Interest Available Amount......194
Interest Deficiency Ledgers......91
Interest Determination Date......217
Interest Period......2, 215
Interest Priority of Payments......200
Interest Priority of Payments......92
Interest Rate......215
IRS......75
Issue Price......25
Issuer......1, 187
Issuer Accounts......80
Issuer Directors......114
Issuer Management Agreement......188
Issuer Management Agreements......116
Issuing Company......108, 186
ITC 1992......130
Linear Mortgage Loan......137
Listing Agent......22
Listing Rules......1
Loan Documents......126
Loan Security......127
Loans......68, 189
Manager......20
Managers......20
Margin......27, 216
Master Definitions Agreement......40, 188
Maximum Rate......28, 216
MIFID......6
Minimum Account Bank Ratings......80
Minimum Cap Provider Ratings......107
MLSA......35, 188
Mobilisation Act......62
Monthly Collection Period......80
Moody's......22
Moody's......3
Mortgage......65
Mortgage Act......61
Mortgage Loan Sale Agreement......35, 188

Mortgage Mandate *65*
Mortgage Registration Office *142*
Mortgaged Property *137*
National Resolution Authority *76*
NBB *161*
NBB-SSS *3*
Negative Database *145*
Non-Permitted Variation *36*
Note Factor *224*
Noteholders *3, 187*
Notes *1, 187*
Notification Event *39*
November 2007 RD *252*
NRAs *76*
OFP *132*
Optional Redemption Amount *226*
Optional Redemption Call *31, 225*
Optional Redemption Date *17*
Optional Redemption for Tax Reasons *32, 228*
Optional Redemption in case of Change of Law *33*
Originators *20*
Parallel Debt *125, 244*
Parallel Debt Agreement *38*
Parallel Debt Agreement *187*
participating Member States *73*
PCS *77*
PCS Label *77*
Penates 3 Securitisation *112*
Penates-1 Securitisation *112*
Penates-2 Securitisation *112*
Penates-4 Securitisation *112*
Penates-5 Securitisation *112*
Permitted Variation *148*
Pledge Agreement *38, 187*
Pledge Notification Event *39*
Pledge Notification Events *127*
Portfolio *164*
Post-Enforcement Priority of Payments *98, 206*
Post-FORD Interest Priority of Payments *200*
Post-FORD Interest Priority of Payments *92*
Post-FORD Post-enforcement Priority of Payments *98, 206*
Pre-FORD Interest Priority of Payments *88, 196*
Pre-FORD Post-enforcement Priority of Payments *96, 204*
Prepayment *52*
Prepayment Penalty *52*
Prêts Jeunes *138*
Principal Amount Outstanding *31*
Principal Available Amount *202*
Principal Available Amount *94*
Principal Deficiency *86, 235*
Principal Deficiency Ledgers *85, 235*
Principal Priority of Payments *203*
Principal Priority of Payments *95*

Professional Investors 255
Progressive Mortgage Loan 138
Prospectus...1
Prospectus Act 1
Prospectus Directive 7, 172
Provisional Pool...164
Qualifying Investors 6, 191
Quarterly Calculation Date 86
Quarterly Collection Period 194
Quarterly Investor Report 118
Quarterly Payment Date...2, 215
Rating Agencies..22
Recalcitrant Holder 75
Recoveries 88
Registrar..26, 190
Regulatory Call Option...34
Regulatory Change...34, 229
Relevant Member State...7, 172
Relevant Screen 253
Reserve Account 37
Reserve Fund...37
Reserve Fund Required Amount...82
Retained Rights..139
Risk Mitigation Deposit Amount..151
Risk Mitigation Trigger Event 151
Royal Bank of Scotland..20
Salary Protection Act...67
Santander..20
Savings Directive 74, 133
Second Monthly Collection Period End Date...80
Second Optional Redemption Date 2
Second Optional Redemption Date 225
Secured Parties 125, 193
Securities Settlement System..3
Securities Settlement System Operator 129
Securities Settlement System Participants 25
Security 126, 193
Security Agent...21, 187
Security Agent Director..128
Security Agent Termination Event...241
Seller 20, 188
Servicer 21, 188
Servicer Monthly Report 208
Servicing Agreement...36, 188
Share Capital Account..87, 195
Shared Mortgage 65
SIC...42
Source Tax 74, 133
Standby Cap Agreement...38, 188
Standby Cap Collateral...105
Standby Cap Collateral Account...106
Standby Cap Provider..22, 188
Standby Cap Trigger Event 101

Step-Up Margin *28, 217*
Stichting Vesta Management Agreements *109, 188*
Sub-Class of Class A Notes *1, 187*
Subordinated Class B Notes *1, 187*
Subordinated Class C Notes *1, 187*
Subscription Agreements *189*
Subsequent Fitch Rating Event *102*
Subsequent Moody's Rating Event *103*
Surplus *100, 208*
TARGET2 System *26, 215*
Tax Deduction *231*
Tax Event *55, 106*
Third Optional Redemption Date *3, 225*
Transaction *3*
Transaction Account *79*
Transaction Documents *189*
Transaction Parties *23*
U.S. Securities Act *7*
U.S.-Belgium IGA *75*
UCITS Act *6, 189*
VAT *113*
VBS *42*
Vesta Directors *109*
Weighted Average Life *123*
X-Account *6, 191*

REGISTERED OFFICES

ISSUER

Penates Funding NV/ SA
Institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge

Acting through its Compartment PENATES-5

Koningsstraat 97 (4th floor)
1000 Brussels
Belgium

ADMINISTRATOR

Belfius Bank NV/SA
Pachecolaan 44
1000 Brussels
Belgium

SELLER

Belfius Bank NV/SA
Pachecolaan 44
1000 Brussels
Belgium

SERVICER

Belfius Bank NV/SA
Pachecolaan 44
1000 Brussels
Belgium

DOMICILIARY AGENT

Belfius Bank NV/SA
Pachecolaan 44
1000 Brussels
Belgium

SECURITY AGENT

Stichting Security Agent Penates

Prins Bernhardplein 200

1097 JB Amsterdan
the Netherlands

LEGAL ADVISERS

To the Seller

Stibbe cvba
Loksumstraat 25
B-1000 Brussels
Belgium

To the Managers

Allen & Overy LLP
Uitbreidingstraat 72/b3
2600 Antwerpen
Belgium

ARRANGER

Belfius Bank NV/SA
Pachecolaan 44
1000 Brussels
Belgium

LISTING AGENT

Belfius Bank NV/SA
Pachecolaan 44
1000 Brussels
Belgium

MANAGERS

ABN AMRO Bank NV
Gustav Mahlerlaan 10
1082 PP Amsterdam
the Netherlands

Belfius Bank NV/SA
Pachecolaan 44
1000 Brussels
Belgium

BNP Paribas, London Branch
10 Harewood Avenue
NW1 6AA London
United Kingdom

The Royal Bank of Scotland plc
135 Bischopsgate
EC2M 3UR London
United Kingdom

Banco Santander S.A.
Paseo de Perada 9-12
Santander
Spain

AUDITOR

Deloitte Bedrijfsrevisoren BV
o.v.v.e. CVBA
Berkenlaan 8B
1831 Diegem
Belgium

ACCOUNT BANK

BNP Paribas Fortis SA/NV
Montagne du Parc 3
1000 Brussels
Belgium

CAP PROVIDER

Belfius Bank NV/SA
Pachecolaan 44
1000 Brussels
Belgium

STANDBY CAP PROVIDER

BNP Paribas
16 Boulevard des
Italiens75009 PARIS
France