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Structured Finance

RMBS
Belgium
Presale Report

Penates Funding N.V. - S.A. Compartment Penates - 1

Expected Ratings*

Class	Amount (EURm)	Final Maturity	Rating[a]	CE (%)
A	7,600	Jan 2041	AAA	6.00
B	160	Jan 2041	AA	4.00
C	120	Jan 2041	A	2.50
D	120	Jan 2041	BBB	1.00

Each rated class in this transaction has a Stable Outlook
[a] Interest on the class B, C and D notes might not be received for a certain time, but will be received by the legal final maturity date.

* Expected ratings are based on a pool cut provided by the issuer as of 30 September 2008. The final ratings are contingent on final documents conforming to information already received, as well as on satisfactory legal opinions. Ratings are not a recommendation to buy, sell or hold any security. The information memorandum and other offering material should be viewed prior to any purchase.

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Summary

This EUR8.0bn transaction consists of the securitisation of Belgian residential mortgage loans originated by Dexia Bank Belgium (Dexia, the seller, rated by Fitch Ratings 'AA-/F1+'/ Outlook Stable). Dexia is the product of a merger between Crédit Communal de Belgique and Crédit Local de France in 1996.

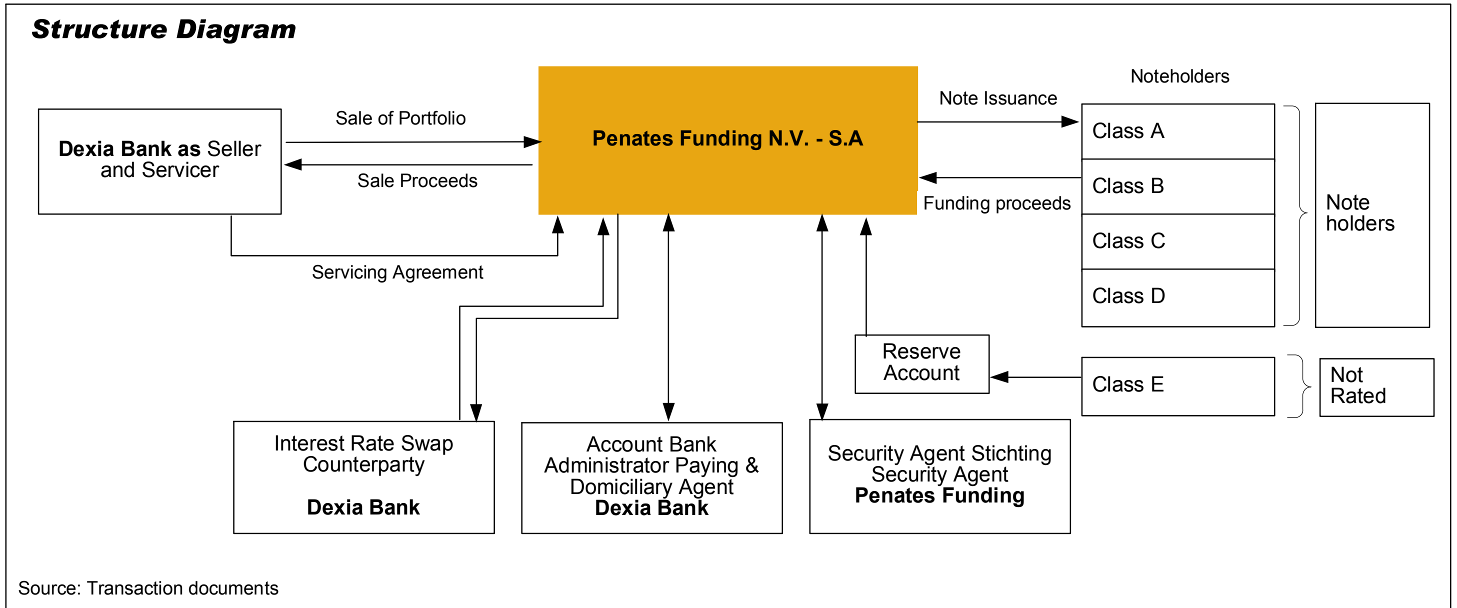
The outstanding amount of the preliminary portfolio equalled around EUR8.19bn as of 30 September 2008. Each loan in the portfolio has the benefit of a first-ranking mortgage, registered over one residential property in Belgium, and in some cases of a mortgage mandate (see definition in *Collateral* below). Fitch has assigned expected ratings to the series of notes to be issued by Penates Funding N.V. -S.A. acting for its compartment Penates - 1 (Penates, or the issuer) as indicated at left.

Penates is a special-purpose company that qualifies as an "institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/société d'investissement en créances institutionnelle de droit belge" (Belgian institutional company for investment in receivables) in accordance with the Belgian UCITS Act and was registered as such with the Federal Public Service Finance (Federale Overheidsdienst Financiën/Service Public Fédéral Finances).

The expected ratings address timely payment of interest and ultimate repayment of principal at legal final maturity for the class A notes, and ultimate payment of interest and ultimate repayment of principal at legal final maturity for the class B, C and D notes, in accordance with the terms and conditions of the notes. Therefore, interest on the junior notes might not be received for a certain time, but will be received by the legal final maturity date (see *Interest Deficiency Ledger* and *Cash Flow Analysis* below).The expected ratings are based on the quality of the collateral; available credit enhancement and excess spread; the sound legal structure; and underwriting and servicing of the mortgage loans. At closing, credit enhancement, provided by subordination and a reserve fund, totals 6% for the class A notes, and 4% for class B, 2.5% for class C and 1% for class D (rated, respectively, 'AAA', 'AA', 'A' and 'BBB'). The proceeds from the issuance of the class E notes (not rated by Fitch) representing 1% of the initial amount of the notes (excluding class E) will fund at closing the reserve fund up to the reserve account required amount.

Counterparties

- **Seller:** Dexia Bank Belgium N.V. - S.A.
- **Arranger:** Dexia Bank Belgium N.V.- S.A.
- **Servicer:** Dexia Bank Belgium N.V. - S.A.
- **Interest Rate Swap Counterparty:** Dexia Bank Belgium N.V. - S.A.
- **Originator:** Dexia Bank Belgium N.V. - S.A.
- **Auditors:** Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA
- **Administrator/Calculation Agent:** Dexia Bank Belgium N.V. - S.A.
- **Domiciliary Agent:** Dexia Bank Belgium N.V. - S.A.
- **Corporate Services Provider:** Dexia Bank Belgium N.V. - S.A.
- **Security Agent:** Security Agent Penates, a Dutch Stichting



Source: Transaction documents

Credit Committee Highlights

- The loans being securitised are "all sums mortgage" loans. The mortgage receivables relate to loans that are secured by a mortgage that is also used to secure all other amounts that the borrower owes to the seller. In case of default of a borrower, all his/her loans rank pari passu. Hence, under this scenario, the issuer will need to share recovery proceeds pro rata with Dexia (in case Dexia still has on its books loans relating to the defaulted borrower), which Fitch took into consideration in its recovery analysis. Note that pari passu loans represent less than 2.0% of the portfolio. Note also that those loans granted by Dexia in the future, and benefiting from similar all sums mortgages, will be subordinated by law to those loans being securitised.
- Some adjustments have been made on the original loan-to-value ratio (OLTV) and current LTV (CLTV) calculations, to take into account the specifics of the all sums mortgages (see *Asset Analysis below*).
- The structure does not include any revolving period. However, certain permitted variations in the features of the loans during the life of the transaction are possible, and have been taken into account in the analysis in all rating scenarios. Note also that the seller, through the servicer, is allowed to perform non-permitted variations, but is obliged in such case to repurchase the corresponding loans (see *Permitted Variations* below).
- Some of the loans being securitised benefit from "mortgage mandates" (15.8% of the portfolio). It has to be noted that those mortgage mandates will not be transferred to the issuer, hence they have not been taken into account in Fitch's recovery analysis. However, mortgage mandates are taken into account in the estimation of OLTV (see *Asset Analysis* below).
- On the closing date, the issuance of class E notes will fund the reserve fund, for an amount of 1.00% of the initial amount of the notes (excluding class E). This reserve fund will be allocated to the payment of senior costs, and class A to class D quarterly interest priority of payments (see *Quarterly Interest Priority of Payments* below).
- The structure benefits from principal deficiency ledgers (PDLs), which will be established in respect of the class A notes (class A PDL), the class B notes (class B PDL), the class C notes (class C PDL) and the class D notes (class D PDL) to record the outstanding balance of defaulted loans (see *Principal Deficiency Ledger* below). In this transaction, a defaulted loan is a loan in arrears for more than 90 days.

- The class B, C and D notes benefit from interest deficiency ledgers (IDLs), which register any unpaid interest on each relevant class of notes. Indeed, in accordance with the terms and conditions of the notes, interest on the junior notes might not be received for a certain time, but will be received by the legal final maturity date (see *Interest Deficiency Ledger* and *Cash Flow Analysis* below). The class A notes must be paid timely, and benefit from the principal available funds (see *Principal Priority of Payments*) for payment of its interest, if necessary.
- Under the swap agreement, the issuer retains, on its payments to the swap counterparty, an excess margin of 35bp on the performing balance of the pool, plus an amount corresponding to the senior costs of the transaction.
- Under this transaction, Dexia is acting as seller, servicer, interest rate swap counterparty, account bank, collection account provider and corporate services provider. In Fitch's credit view, Dexia's credit strength is commensurate with the ratings assigned to the notes.
- Fitch is currently reviewing its swap counterparty criteria. Please refer to the press release, "*Fitch: Counterparty Criteria for Global Structured Finance under Review*", dated 15 October 2008.

Financial Structure

The issuer is a special-purpose company (a Belgian institutional company for investment in receivables) in accordance with the Belgian Securitisation Act, whose sole purpose is to acquire mortgage receivables from Dexia as collateral for the issuance of floating-rate securities. In the structure, Dexia acts, among other things, as the servicer of the collateral, account bank and swap counterparty.

Pre-Enforcement Priority of Payments

The priority of payments is based on a monthly payment of interest and on two quarterly separate waterfalls.

Interest Priority of Payments

Monthly Interest Priority of Payments

On each monthly payment date, the monthly interest available funds constituted of interest received on the loans, prepayment penalties, amounts applied from the reserve fund to cover senior expenses and all payments from the seller (as in the case of repurchase of loans), to the extent that such amounts do not relate to principal or recoveries of defaulted loans, will be allocated to the following priority of payments:

1. senior fees and expenses;
2. amount due to the issuer of 0.35% per annum applied to the outstanding balance of the performing loans (constituting the guaranteed excess margin); and
3. payments to the swap counterparty (excluding subordinated termination payments).

Quarterly Interest Priority of Payments

On each quarterly payment date, the available interest amounts (see definition below) will be allocated, prior to enforcement, according to the following priority of payments:

1. interest due on the class A notes and senior swap termination event amount;
2. amounts to be credited to the class A PDL;
3. interest due on the class B notes and amounts to be credited to the class B IDL;
4. amounts to be credited to the class B PDL;
5. interest due on the class C notes and amounts to be credited to the class C IDL;

6. amounts to be credited to the class C PDL;
7. interest due on the class D notes and amounts to be credited to the class D IDL;
8. amounts to be credited to the class D PDL;
9. replenishment of the reserve fund to its required balance;
10. interest due on the class E notes and amounts to be credited to the class E IDL;
11. principal due on the class E notes;
12. payments of any subordinated swap amount; and
13. payment of the deferred purchase price to the seller.

The available quarterly interest amounts will comprise, among others:

- any interest accrued on sums standing to the credit of the issuer accounts;
- accrued amounts of guaranteed excess margin;
- any recoveries from the defaulted loans;
- any payments from the swap counterparty; and
- amounts from the principal available funds, if the above is not sufficient to pay all interest on the class A notes.

Principal Priority of Payments

On each quarterly payment date, the allocation of principal available funds (composed of principal collections from the underlying loans, including prepayments and amounts credited on the PDLs) would be made on a sequential basis to redeem the principal of the notes and to pay interest on the class A notes, if necessary, under the following priority of payments:

1. payments of any interest shortfall on the class A notes;
2. amortisation of the class A notes until fully amortised;
3. amortisation of the class B notes until fully amortised;
4. amortisation of the class C notes until fully amortised; and
5. amortisation of the class D notes until fully amortised.

Following the issuance of an enforcement notice, when the security agent will declare the notes to be due and payable, all available funds (interest and principal receipts) will be allocated sequentially to interest and principal payments due on the class A to D notes after the payment of senior fees and certain third-party expenses.

Reserve Fund

At closing, proceeds from the issuance of the class E notes (not rated) will fund the reserve fund, for an amount of 1.00% of the initial amount of the notes (excluding such class E notes).

The reserve account will not build up during the life of the transaction, but may amortise under certain conditions, and to a certain minimum amount corresponding to 0.25% of the initial amount of the notes.

The reserve fund shall be applied to items 1 to 8 of the quarterly interest priority of payments detailed above and to item 1 of the monthly interest priority of payments.

Amortisation of the reserve fund shall only be possible if the following conditions are all met:

1. The outstanding balance of all delinquent loans (as of the end of the quarterly collection period) does not exceed 2.5% of the total outstanding portfolio amount (including for the avoidance of doubt all delinquent and defaulted loans).

2. The sum of the outstanding balance of all defaulted loans from the closing date to the end of the quarterly collection period does not exceed 2.0% of the initial portfolio amount.
3. There is no inscription on the debit balance of any of the PDLs.
4. The reserve fund is at its required level.
5. At least 50% of the class A notes have amortised since closing.

Principal Deficiency Ledgers and Interest Deficiency Ledgers

Principal Deficiency Ledger (PDL)

A PDL is established for each rated class of notes (class A to class D) by the issuer to record any defaulted mortgage receivable.

On each quarterly calculation date, the aggregate outstanding principal amount of mortgage receivables that have defaulted during the immediately preceding quarterly calculation period will be debited to the class D PDL so long as the debit balance on such sub-ledger is less than the principal amount outstanding of the class D notes. Thereafter, such amounts will be debited to the senior ranking class (class C until full exhaustion, then class B) until reaching the principal amount outstanding of such higher ranking class. Amounts credited to the PDL will be made available as principal collections.

A defaulted mortgage receivable means a loan in arrears for more than 90 days.

Interest Deficiency Ledger (IDL)

An interest deficiency ledger will be established for class B to class D by the issuer to record any amounts of unpaid interest on each relevant class of notes. Therefore, interest on the junior notes might not be received for a certain time, but will be received by the legal final maturity date under the terms and conditions of the notes. Fitch took this particular feature into account in its cash flow modelling analysis (see *Cash Flow Analysis* below).

Other Structural Features

Commingling Risk

Dexia will hold the collections account and the issuer's transaction accounts (issuer account and reserve fund account).

Replacement downgrade language and/or other mechanisms in line with Fitch's "*Commingling Risk in Structured Finance Transactions*" criteria have been put in place in the documentation in respect of Dexia acting as the collection account provider, and the issuer transaction accounts holder. For further details, please refer to Fitch's "*Commingling Risk in Structured Finance Transactions*" criteria, dated 9 June 2004 and available at www.fitchratings.com.

Remuneration of Issuer Transaction Accounts

Interest on the monies standing on the transaction accounts (the issuer account and on the reserve fund account) at any time shall accrue from day to day and shall be calculated on the basis of a 360-day year on such monies on such day at the annual rate of interest equal to the one-week Euribor minus 3bp rate applicable to such interest period.

Interest Rate Hedging

At closing, the issuer will enter into an interest swap (ISDA) agreement with Dexia. Under this agreement, the issuer is obliged to pay the swap counterparty, monthly, the actual interest income on the mortgage loans, less a margin of 35bp per annum on the principal outstandings of the loans, and less the senior costs due on that monthly payment date. The relevant swap counterparty will pay on a quarterly payment date the interest due under each class of notes, the nominal of each class of notes being reduced for any corresponding PDL outstandings.

Replacement downgrade language and other mechanisms in line with Fitch's "*Counterparty Risk in Structured Finance Transactions: Swap Counterparty*" criteria have been put in place in the documentation in respect of Dexia acting as swap counterparty provider. For further details, please refer to Fitch's "*Counterparty Risk in Structured Finance Transactions: Swap Counterparty*" criteria, dated 1 August 2007 and available at www.fitchratings.com.

Fitch is currently reviewing its swap counterparty criteria. Please refer to the press release, "*Fitch: Counterparty Criteria for Global Structured Finance under Review*", dated 15 October 2008. It has to be noted that, in this transaction, the fact that Dexia has a Support Rating of '1' brings additional comfort.

Legal Structure

The issuer will be created at closing under the form of an institutional VBS/SIC. More specifically, it is an *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/société d'investissement en créances institutionnelle de droit belge* in accordance with the UCITS Act and has been licensed by the CBFA (Commission Bancaire et Financière et des Assurances) as a mortgage loan institution.

Mortgage loans are transferred from the seller to the issuer by way of a true sale. No notification to the borrowers is needed to perfect the true sale. However, if certain events occur, the borrowers will be notified of the sale of their mortgage loans and the pledge to the issuer to avoid any set-off risk, and/or commingling risk or any risk of defences that might be raised by a borrower (see *Notification Events* below). In the latter case, Fitch believes that the undertaking of the seller to indemnify the issuer and the mechanism of notification in place adequately covers this risk.

It is important to note that the notification of the borrowers is needed to ensure that the issuer benefits from a first-ranking charge over the mortgage receivables. However, the seller has undertaken not to transfer or pledge the same mortgage receivables to another party. Fitch also believes that the notification events in place (pledge notification events and notifications events) make this risk remote enough.

Security for the Notes

Pursuant to the pledge agreement, the notes are secured by a first-ranking pledge granted by the issuer to the security agent and the other secured parties over (i) the mortgage receivables and the related security, (ii) the issuer's rights under or in connection with the documents and (iii) the balances standing to the credit of the issuer's accounts.

The security agent, Stichting Security Agent Penates, is organised as a Stichting (a foundation) under Dutch law. It will represent the interests of the holders of the notes, hold the security granted under the pledge agreement on behalf of the secured parties and will be entitled to enforce the security granted in its favour under the pledge agreement as creditor under the parallel debt and under the UCITS act. This parallel debt has been granted by the issuer in favour of the security agent to secure the valid creation of the security in favour of the security agent and the other secured creditors.

The pledge agreement provides that the pledge over the mortgage receivables and related security will not be notified to the borrowers or other relevant parties, except if certain notification events occur, which include the notification events as detailed below and the giving of an enforcement notice and certain other events i.e. non timely payment of interest on the class A notes or the issuer's insolvency or other material events affecting the issuer (the "pledge notification events").

Set-Off Risk

Set-off is allowed by Belgium law and case law between amounts owed by borrowers to the seller and vice versa. Dexia, acting as seller, will agree to indemnify the issuer if a borrower, insurance company or provider of additional collateral claims a right to set-off against the issuer. The rights to payment of such indemnity will be pledged in favour of the secured parties.

In case of the insolvency of Dexia, borrowers will be able to invoke set-off only for amounts closely connected or claims accrued prior to the bankruptcy.

Upon certain triggers (see below), borrowers will be notified of the transfer of their mortgage loan. Following such notification, they are no longer entitled to set-off.

Notification Events

Notification events relate, among others, to a breach of the relevant seller/servicer's obligations under the documents or a severe economic deterioration on the part of the seller/servicer. Notification events include:

- a servicer payment default that is not remedied within 15 business days of receiving notice from the issuer or trustee;
- failure by the seller/servicer in any material respect to fulfil or comply with any of its obligations;
- instances where any representation, warranty or statement made by the seller/servicer proves to have been untrue or incorrect in any material respect;
- any corporate action taken by a seller/servicer, or steps taken against it, for its dissolution, liquidation, legal demerger, emergency regulations or bankruptcy;
- an enforcement notice being served; or
- if the seller's short-term rating assigned by Fitch' is downgraded below F2.

Repurchase of Mortgage Receivables

Under the mortgage receivables purchase agreement, the seller will be required to repurchase a loan under the following circumstances, among others:

- breach of any of the representations and warranties, as set out below; or
- amendment of the terms of the mortgage resulting in a non-permitted variation (see *Non-permitted Variations* below).

Representations and Warranties

The mortgage loan sale agreement contains representations and warranties given by the seller in relation to the pool of loans as of the cut-off date (30 September 2008). Following an irremediable breach of any of the representations or warranties, the seller will be required to repurchase the loan(s) in question.

Specifically, the representations and warranties include the following:

- 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.
- Each loan has been granted with respect to real property located in Belgium.
- At the cut-off date, no borrower of a loan is an employee of the seller.
- Each loan and relating mortgage complies in all material respects with the requirements of the Belgian mortgage credit act and implementing regulations.

- Each loan has been granted by the seller (or, if applicable, its predecessor) for its own account.
- No loan or shared mortgage has previously been included in another securitisation transaction.
- The proceeds of each loan have been fully released (at the latest four months prior to the closing date) and the seller has no further obligation to release further funds relating to the loan.
- 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.
- On the cut-off date, no loan is in arrears for more than one month or is a defaulted loan.
- 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.
- 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, has been requested to insure loans under a life insurance policy executed as collateral security to the originator for each such mortgage loan or, in relation to which the originator is mentioned as loss payee.
- The interest rate on each loan conformed to market practice at origination.
- Each loan, except interest-only mortgage loans, is repayable by way of monthly instalments, interest being payable in arrears (in some cases, with different payment frequencies as payments of principal).
- Each loan is denominated exclusively in euros (including any loan historically denominated in Belgian francs).
- Each loan has a fixed-rate period that is not less than one year.
- Each loan has a fixed-rate period that does not exceed 30 years.
- No loan has an initial maturity in excess of 30 years.
- No interest-only mortgage loan has an initial maturity in less than 24 months.
- In respect of each loan, at least four instalments have been received.

Origination and Servicing

Dexia (rated 'AA-/F1+'/ Outlook Stable) is the publicly quoted company of the Dexia group. The group's two main businesses are public finance (where it is the largest provider in Europe, with a number of international subsidiaries, including FSA and personal financial services, although it is also active in asset management and investor services. Dexia, with its network of 994 branches at end 2007, has a market share in Belgium of about 20% of both loans and deposits, third to Fortis Bank and KBC Bank. Dexia's outstanding amount of mortgage loans totalled approximately EUR17bn in June 2008.

Loans are originated by Dexia Woonkredieten/Crédits Logement (DWKCL), a 100% subsidiary of Dexia Bank Belgium. It is responsible for granting, managing and validating Belgian mortgage loans for DEXIA branches.
The company is based on two operating front offices: Roeselare (Dutch loan applications) and Wépion (French loan applications), both providing origination services (granting loans) and servicing (managing and archiving). The following supporting services are centralised in Roeselare's office: accounting, financial reporting and IT.

Origination Process

All loans are granted through a Dexia local branch (and not through brokers). A large set of information is asked from the client and is entered into KROK (internal IT software), which will give one of the following feedback:

- **Positive**: The loan can be granted through a Dexia local branch without any validation by the origination desk. This is a "decentralised" decision. It has to be noted that in case of a decentralised granted loan, control of what has been encoded by the local branches is performed by the loan secretary at the front office level.
- **Analysis DWKCL**: Further analysis and decision required by an analyst and/or credit committee at DWKCL (there are around 99 FTE equivalent in both Roeselare and Wepion front offices in charge of loan origination). This is a "centralised" decision.
- **Negative**: The loan is refused at the decentralised level and cannot be accepted anymore, even by the origination desk.
- **No advice possible**: When data are not entered correctly or when there has been a breach of the underwriting criteria.

The feedback given by the system is based on the following key parameters: level of LTV, level of debt-to-income (DTI), repayment capacity of the borrower and on the internal risk indicator/traditional credit scoring of the client. To determine these parameters, a detailed set of information is required on the identity of the borrower (age, nationality, etc), his/her existing debts (there is also an automatic check made by KROK on the positive register of the National Bank of Belgium (NBB), which records all existing debts of a borrower), his/her current income, valuation of the property, type of guarantee, information on their credit history (there is also another automatic mandatory check of the negative register of the NBB, which records all missed payments of a borrower. The KROK system always rejects borrowers who have a file in such register).

Required Information and Documents

The borrower must provide information on their identity (identity card), on their income (salary slips, rental income, subsidies, etc), on their guarantee (if any), on the property they wish to purchase (location, valuation, etc) as well as on their existing loan amounts.

Note that properties are usually valued at their purchase price; however, in some cases, the valuation can be performed by an external valuer (i.e. sworn appraiser). External valuations represent around 10% of all loan applications.

Servicing

Monitoring and servicing takes place the moment a loan becomes delinquent (for an amount of at least EUR12.5). The first step consists of contacting the borrower to normalise the situation as soon as possible (through the local branches). If this procedure does not lead to a regularisation of the borrower, the steps detailed below will be followed:

- First reminder letter: automatically sent as of the 15th day of the month to the borrowers (and its guarantors).
- Second reminder letter: automatically sent as of the 45th day, but before sending this letter a check will be performed to avoid sending letters to borrowers with whom DWKCL made an arrangement. The letters are sent to the borrowers, the guarantors, the branch and the desk in charge of arrears management (the latter is also archived electronically).
- Between the second and third reminder letter: contact with the client with the purpose of determining the cause of the arrears and trying to

bring back to resolution. DWKCL will determine an appropriate action scheme by scheduling a face-to-face meeting with the client for a regularisation or a paying up of his debt on the basis of new payment plans. Also a further analysis of the borrower will be performed (for example on their current financial situation, details of the current employer, check of the addresses of the borrowers and guarantors, and so on). The ultimate goal is to bring the loan current over a reasonable time.

- If this meeting, scheduled some days before the third reminder letter by registered mail is sent, does not take place, the letter will be sent as of the 75th day to: borrowers (one via normal post, one via registered post), guarantors (one via normal post, one via registered post), the branch and the servicing desk in charge of arrears management (the latter is also archived electronically).
- In the third letter, the pre-cancellation letter, the borrower is informed of:
  - the total amount due, including late payment penalties;
  - the fact that the bank has the right to take all necessary steps to foreclose as of 90 days delinquency; and
  - whenever DWKCL deems it to be necessary, at any moment in time, it will take all necessary action for:
    - assignment of salary (not available at the issuer level);
    - conversion of a mandate into a mortgage (it has to be noted that in the securitisation transaction, such conversion will not benefit the issuer).
- As of 90 days delinquent, the Credit Risk Register will be notified unless:
  - the borrower agreed with a new amortisation scheme; or
  - DWKCL received a sale/purchase deed stating a sufficiently high property price.

After sending the third letter and before cancellation of the loan, the desk “contentieux” will retry for the borrower to settle its arrears and to normalise the borrower’s status. However, if after 15 days after the third letter, the borrower does not act upon any of the letters, telephone calls or any other means of contact, the loan will be cancelled.

As soon as the desk “contentieux” takes the decision to cancel a loan, this decision needs to be approved by the manager of the desk. The day after approval, a cancellation letter is printed and signed by the manager or the administrator in charge. It will be sent via registered mail to each borrower and guarantor. A copy is sent to the branch and one is stored at the desk.

The next step consists of the reconciliation procedure (legal reconciliation).

- The borrower is required to appear before the competent court:
  - Possible outcome 1: a conciliation is found and accepted by all parties. In that case, the borrower has a certain time in which it can clear its arrears.
  - Possible outcome 2: a conciliation is not possible and the bank can proceed with the procedure of enforcement (the loan is due and payable).
- If no conciliation is made or the borrower fails to comply with the payment arrangements made, a payment command is sent and if the borrower still does not clear all of its arrears after 15 days, the loan becomes immediately due and payable, and the repossession procedure begins.

Collateral

Dexia provided Fitch with information on a preliminary portfolio composed of 140,614 loans granted to 111,910 borrowers, for a total outstanding amount of approximately EUR8.19bn.

Key Characteristics of the Preliminary Portfolio[a]

Outstanding principal balance (EUR)	8,191,865,011
Average borrower balance (EUR)	79,200
Original maximum advance balance (EUR)	999,999
Number of borrowers	111,910
Number of advances	140,614
Weighted-average seasoning (years)	3.9
Weighted-average remaining maturity (years)	15.6
Weighted-average coupon (%)	4.42
Weighted-average DTI[b] (%)	34.28
Weighted-average original mortgage-to-value (%)	82.88
Weighted mortgage coverage ratio (%)	105
Employment type (%)	
Employed	67.58
Self-employed	5.06
Unemployed	0.85
Civil servant	12.25
Other or not available	14.26
Dexia Bank employees (%)	
No	100
Loan amortisation type (%)	
Annuity	90.97
Linear	4.63
Progressive annuity	3.73
Interest only loans	0.68
Security type or mandate (%)	
Mandate only	0.00
Mortgage only	84.18
Mortgage + mandate	15.82
Loan purpose (%)	
Purchase	57.87
Refinancing	19.18
Renovation	3.01
Construction[c]	13.61
Purchase + Construction	5.61
Other	0.72
Regional concentration (%)	
Flanders	56.62
Brussels	9.69
Wallonia	29.80
Unknown	3.89

[a] Portfolio received by Fitch on 2 October 2008, composed of loans that were eligible as of 30 September 2008. The data in this table are based on information provided by the seller, and before any adjustment made by Fitch on missing data or permitted variations (see *Credit Analysis* below for more information).
[b] It has to be noted that for IT reasons, 13.7% of the loans have not been provided with their corresponding DTI. Particular assumption has been taken with regards to those loans (see *Credit Analysis* below).
[c] All construction loans have been fully disbursed.
Source: Dexia/Fitch

Note that although all construction loans have been fully disbursed in the provisional portfolio, a particular hit has been applied on the recovery side of those loans (see *Construction Loans* below).

Fixed- and Variable-Rate Loans

The mortgage loans bear interest on a floating-rate basis (25.88% of the current pool, all with a cap as per Belgian law) or on a fixed-rate basis (74.12% of the current pool).

Variable-rate loans are either:

- variable-rate loans with an annual interest rate revision every year, or every two years, three years or five years and a cap on the interest rate; or

- variable-rate loans with a period of five to 20 years (by ranges of five years) with a fixed rate followed by a variable-rate period with a quinquennial revision of interest rates.

Mandates

The originator benefits from a "mortgage mandate" (mandate) over 15.8% of loans in the preliminary portfolio. This mandate is a particularity of the Belgian market (market practice driven by the high cost of a mortgage registration). It is not an actual security but it is an agreement between the borrower and a third party (the proxy, usually an employee of the lender or entity affiliated with the lender), in which the borrower gives the proxy the right to unilaterally create a mortgage for the benefit of the lender over a certain property as security.

These mandates will not be transferred to the issuer on the closing date, but will be used to assess the original LTV in the probability of default analysis (see *Credit Analysis* below).

Arrears

As of 30 September 2008, the portfolio contained 0.46% of loans in arrears. Loans of more than 30 days in arrears cannot be purchased by the issuer on the closing date.

Employment Status

In the current portfolio, 67.58% of borrowers are employees, 5.06% are self-employed, 0.85% are unemployed and 12.25% are civil servants. None of the borrowers are Dexia employees. It should also be noted that Fitch has not been provided with any information on employment status for 13.37% of the portfolio. However, a conservative assumption has been made by the agency with regards to those loans (see *Credit Analysis* below).

Credit Facilities and All-Sums Mortgages

Credit Facilities

In this transaction, some of the mortgage receivables constitute term advances under a revolving credit facility (credit facility). The mortgages securing such mortgage receivables (some of which may be "all-sums mortgages") secure all advances made from time to time under such credit facility and, in many cases, in addition all other amounts that the borrower owes or in the future may owe to the seller. Upon transfer to the issuer, an advance shall rank in priority to any advances made under the facility after the date of the transfer. However, a transferred advance will have equal ranking with other advances that existed at the time of the transfer and which were secured by the same mortgage.

All-Sums Mortgages

In this transaction, the mortgage receivables relate to loans or advances under a credit facility secured by a mortgage used also to secure all other amounts that the borrower owes or in the future may owe to the seller, a so-called "alle sommen hypotheek/hypothèque pour toutes sommes" (all-sums mortgage).

Credit Analysis

Default Probability

Generally, the two key determinants of default probability are the willingness and ability of a borrower to make the mortgage payments.

Willingness to pay is usually measured by the OLTV. Fitch assumes higher default probabilities for high-OLTV loans and lower default probabilities for low-OLTV loans. In this transaction, the calculation of OLTV used by Fitch to determine the willingness to pay of a borrower is detailed in the section below.

Ability to pay is measured by the borrower's net income in relation to the mortgage payment: the debt-to-income (DTI) ratio (see the *DTI* section below).

LTV

Original Loan-to-Value (OLTV)

Due to the specificities of the Belgian market regarding the different types of security or other mechanism (all-sums mortgages and mortgage mandates), which represent the greatest part of the portfolio, Fitch has adjusted the calculation of the OLTV to obtain figures compatible with its probability of default matrix. To determine such OLTV, the agency has taken into consideration the following elements:

1. The same borrower may have been granted several loans (due to credit facilities), whose purpose is not necessarily to purchase a property. In that case, the OLTV calculation does not reflect the willingness to pay of a borrower on his/her property.
2. In Belgium, mortgage registrations are very expensive, and borrowers often register a mortgage on a part of a property and use a mortgage mandate in addition to a mortgage to back their loan (note that those securities may also back future loans granted by the lender to the borrower).
3. In most cases, residential loans are fully backed by a security or an additional mechanism (composed of a mortgage and/or a mandate), which means that the residential loan amount used in Fitch's analysis can be assumed to be equal to the security registered amount (or in case of mandates, potentially registered amounts) over such residential property.

Therefore, Fitch has approximated the calculation of OLTV by dividing the first available security of a borrower with the value of the property on which such securities rely. In this report, such calculation is called mortgage-to-value or MTV. The current weighted-average MTV of the portfolio is 82.88%.

Current Loan-to-Value (CLTV)/Current Loan-to-Mortgage (CLTM)

The CLTV calculation compares the current loan amount with the mortgage value that secures such loan. As in many countries, a mortgage is registered on the entire property value, calculating the CLTV by dividing the current loan amount with the property value is accurate. However, as mentioned in point 2 above, mortgages in Belgium can be registered on a portion only of the underlying property. Therefore, a more accurate calculation of such ratio would be to divide the current loan amount with the mortgage registration amount that secures such loan. Such calculation is called current loan-to-mortgage (CLTM).

Debt-to-Income Ratio (DTI)

Fitch has been provided with DTI information on 86.7% of borrowers in the provisional portfolio. Their corresponding weighted-average DTI equals 39.46%. A conservative Class 4 assumption (and more precisely a DTI of 45%) has been taken into account in Fitch's analysis for missing DTIs. The final DTI ratio equals 40.25%, taking this assumption into account. It has also to be noted that Fitch has been provided with DTI calculation details, which are in line with the agency's methodology.

Employment Status

Fitch has not been provided with any information on employment status for 13.37% of the portfolio. The agency made the conservative assumption that those borrowers were unemployed, hence applying an additional hit of 25%.

Default Probability Stresses

The table above summarises the default probability increases applied on loans that carry a higher risk.

Default Probability Stresses

Loan type	(%)
Self-employed	20
Unemployed	25
Civil servant	0.85
Missing employment data	20
Interest-only loans	20
Refinancing	20
One-month arrears	25
Two-months arrears	50
Construction loans[a]	0
Progressive annuity	25

[a] As construction loans are fully disbursed in this transaction
Source: Fitch

Recoveries

Market Value Declines

To estimate recoveries on the mortgage loans, Fitch examined house price movements in Belgium on a regional basis (Flanders/Brussels/Wallonia) between 1980 and 2004 (source: Stadim). House prices throughout Belgium have grown steadily in recent years and the last recession dates back to the early 1980s. The agency takes account of these trends and the inherent price volatility in its market value decline (MVD) analysis. Finally, the high-value (jumbo) properties face a risk of greater MVDs owing to a perceived lack of liquidity and, therefore, volatility in their market values. Fitch increased the MVDs for these loans by 15%-30% based on the indexed value of the individual property (for further information, please refer to "*Revised MVD Assumptions for Belgian RMBS Transactions*", published on 8 January 2007 and available on Fitch's website, www.fitchratings.com). It has to be noted that conservative assumptions have been made with regards to most recent valuations, as MVDs have been calibrated on real estate prices up to December 2004 only, hence not taking into account recent residential real estate price growth in Belgium.

Credit Facilities and All-Sums Mortgages

Fitch has been provided with the amount of loans or advances ranking pari passu with the ones being securitised. In its recovery analysis, the agency has taken into account those amounts so that recoveries are shared among all loans or advances ranking pari passu. It is also important to note that new loans granted and secured by an all-sums mortgage are subordinated by law to the loans being securitised.

Permitted Variations

Variations on the features of the loans during the life of the transaction are possible as long as the following conditions are all met:

1. No enforcement notice has been given by the security agent at the date of the relevant variation.
2. The variation will not provide for a full or partial release of the mortgage related to the loan as a result of which the CLTM immediately following such variation will be higher than 100%.
3. The current balance of the loan shall not be reduced otherwise than as a result of an effective payment of principal.
4. In case of a substitution of the mortgaged property relating to such loan, the market value of the new property will not be less than the market value of the substituted mortgaged property.
5. In case of a loan other than an interest-only mortgage 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.
6. 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.
7. 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 be as a consequence of the variation not being extended beyond the quarterly payment date falling two years prior to the final maturity of the notes.
8. Any variation in the fixed interest rate in respect of the loan will be in accordance with the terms of the standard loan documentation, as amended

from time to time, will conform to market practice at the time of such variation and will not cause the fixed interest rate to fall below 2.5% per annum.

9. Any variation in respect of a floating-rate loan will not result in a change to the periodicity of the resets of the interest rate applicable to the loan.
10. The borrower will not become an employee of the seller.
11. The variation would not cause the loan to no longer comply with all the eligibility criteria.
12. Such variation shall be considered by the servicer acting as a reasonably prudent mortgage lender (*bonus pater familias*).

If a variation that does not comply with one of the above conditions is made, it becomes a non-permitted variation, and the seller would have the obligation to repurchase the relevant loan at its outstanding balance plus interest due until the repurchase date.

In its recovery analysis, Fitch has taken the below assumptions to reflect the fact that loan characteristics may change following a permitted variation:

1. For each loan in the portfolio, the current loan amount is equal to the mortgage registration amount.
2. For fixed-rate loans, the interest rate is equal to 2.5%. This change has been considered in Fitch's cash flow analysis. Note that the swap counterparty bears part of the possible reduction in the interest amount received as it pays the interest due on each class of notes net of the PDL relating to the relevant class of notes (see *Interest Rate Hedging* above).
3. All loans have either a maturity of 30 years or a maturity extended until the quarterly payment date falling two years prior to the final maturity of the notes (hence changing the amortisation profile of loans with different original maturities).

Construction Loans

As mentioned above, some of the loans securitised in this transaction were originally construction loans. Note, however, that all of these loans have been fully disbursed, which normally means that the house is fully built. However, under Belgian market practice, there is no specific verification of the valuation of a constructed house once the corresponding loan is fully disbursed. Therefore, on the recovery side, Fitch has applied an additional stress on the MVDs of such properties to reflect the potential over-estimation of those property values.

Recovery Rate

To estimate the recovery rate, Fitch employed the following calculation: the lesser of a) the minimum between i) the indexed property value (based on Fitch's indexation methodology, whereby 50% credit is given for property price appreciation, and 100% credit is given for property price depreciation) and reduced by MVD and jumbo factors, and ii) the total amount of mortgage registration; reduced by foreclosure costs, or b) the current balance of the loan, plus accrued interest relating to the mortgage receivable, based on the contractual rate for a period of 24 months plus the principal balance of the mortgage receivable; divided by the current balance of the loan.

Default Model Summary Tables

The table below shows the gross levels of the preliminary portfolio as simulated by Fitch in its analysis. These levels are derived from the agency's static default model before cash flow analysis.

Summary Table/Preliminary Portfolio[a]

(%)	WAFF[b]	WARR[c]	WA MVD[d]
AAA	19.06	73.28	44.02
AA	15.15	77.60	38.70
A	11.44	81.30	33.61
BBB	7.62	84.27	29.06
BB	3.81	87.22	23.97

[a] Portfolio after changes mentioned in the *Permitted Variation* paragraph above and other adjustments detailed in *Credit Analysis* above.
[b] Weighted-average foreclosure frequency
[c] Weighted-average recovery rate
[d] Weighted-average market value decline
Source: Fitch

Cash Flow Analysis

To evaluate the contribution of structural elements such as excess spread, the reserve fund and other factors, Fitch modelled the cash flows from the mortgages based on the weighted-average (WA) frequency of foreclosure and the WA recovery rate provided by the loan-by-loan collateral analysis.

The cash flow analysis simulates, under several stress scenarios combining assumptions such as low or high prepayments, stable/increasing/decreasing interest rates and front-loaded/evenly-loaded/back-loaded default curves, the following elements:

1. The cost of carrying defaulted loans as the difference between the performing balance of the mortgages and the notional note balance.

2. The variations in interest rates on the mortgage loans resulting from prepayments, reset or purchase of new mortgage receivables.

   These variations do not have a negative impact on the cash flows as far as no PDL is recorded. Indeed, the swap features eliminate the risk of excess spread compression that can result either from a decrease in the pool interest rate, or from a Euribor increase, unless a PDL is recorded on any class of notes, in which case the swap counterparty will not pay interest on those PDL amounts.

3. Defaults and losses are tracked by the cash flow model, which determines, on a quarterly basis, whether they can be absorbed by available funds. In its cash flow modelling, Fitch assumes that realised loss will be registered on the PDL 24 months after a default occurs.

The capital structure described on page 1 passed all the simulations made by Fitch in its cash flow analysis. However, it has to be noted that those simulations passed with non-timely payment of interest on the class B, C and D notes, in accordance with the terms and conditions of the notes.

Administration of the Programme

The Administrator appointed for Penates-1 has extensive experience in the provision of administration services and day-to-day management of securitisation transactions, and this for different categories of assets. Within Dexia Bank Belgium, the organisation of such tasks is centralised in a separate team within the back office capital markets. This team comprises two full-time employees that are entirely dedicated to the provision of such services and that have a long experience (from 18 to 20 years) in back office operations (such as custody, settlement, transaction release, contract and documentation, follow-up of operations, cash and securities settlement, reconciliation of position, dispute resolution, collateral management, etc). Furthermore, one of the persons has been closely involved in the administration of Dexia special-purpose vehicles (SPVs) and this since the first transaction in 1996.

This team benefits from important experience and a track record in the provision of administration and payment services for all securitisation deals launched by Dexia (including, but not limited to, Atrium-1, Atrium-2, MBS-1, MBS-2, MBS-3, MBS-4, DSFB-1, DSFB-2, DSFB-3, Dublin Oak, Belsca and EVE transactions).

This team also has good experience in the provision of calculation agent and paying agent services.

Daily, monthly and quarterly activities of the administrator are mainly the administrative management of the assets and corresponding liabilities of the issuer, the provision of financial or any other information to different counterparties and the preparation of periodic reports.

An external audit on the accounts is performed on a yearly basis. Internal audits are organised regularly according to planning made by the audit department.

For every new securitisation transaction, a document summarising the internal procedures is addressed to the administrator and to other internal counterparties.

Fitch is satisfied that the Dexia team is equipped to provide adequate issuer administration services for the transaction.

Performance Analytics

Fitch will monitor the transaction regularly and as warranted by events. Its structured finance performance analytics team ensures that the assigned ratings remain, in the agency’s view, an appropriate reflection of the issued notes’ credit risk.

Details of the transaction's performance are available to subscribers at www.fitchresearch.com. Further information on this service is available at www.fitchratings.com.

Please call the Fitch analysts listed on the first page of this report for any queries regarding the initial analysis or the ongoing performance.

Appendix 1

Rating Methodology

To determine appropriate levels of credit enhancement, Fitch analyses the collateral for Belgian residential transactions using a loan-by-loan mortgage default model. The agency updated its Belgian default model in May 2005. This appendix gives an overview of the determinants of the default model. The model subjects the mortgage loans to stresses resulting from its assessment of historical housing price movements and mortgage defaults in Belgium. Fitch believes a borrower's LTV, reflecting the size of their down-payment and their willingness to pay, and a borrower's DTI or income multiple, reflecting their ability to pay, to be the key determinants of default probability in Belgium.

Default Probability

Generally, the two key determinants of default probability are the borrower's willingness and ability to make their mortgage payments. The willingness of a borrower to pay is usually measured by the LTV. Fitch's model assumes higher default probabilities for high-LTV loans and lower default probabilities for low-LTV loans. The main reason for this is that, in a severe negative equity situation, borrowers in financial distress but with equity in their homes (low-LTV loans) have an incentive to sell and maintain/protect their equity, eliminating the need for the lender to repossess the property.

The ability to pay is usually measured by the borrower's net income in relation to the mortgage payment. Base default probabilities are determined using a matrix that considers each loan's affordability factor and LTV. The matrix classifies affordability into five categories, the lowest of which (class 1), encompasses loans with DTIs of less than 20% and the highest of which (5) encompasses all loans with DTIs exceeding 50%.

Fitch's 'AAA' Default Probabilities[a]

	DTI				
LTV (%)	Class 1	Class 2	Class 3	Class 4	Class 5
< 40.00	5.00	5.50	6.00	7.08	7.60
40.00-49.99	5.50	6.00	6.50	7.55	8.05
50.00-59.99	6.00	6.50	7.25	8.40	8.95
60.00-64.99	6.50	7.00	7.92	9.07	9.66
65.00-69.99	6.91	7.50	8.72	10.07	10.88
70.00-74.99	7.68	8.39	9.80	11.35	12.29
75.00-79.99	8.44	9.42	11.00	12.84	13.70
80.00-84.99	9.59	10.89	13.15	15.21	16.21
85.00-89.99	11.21	12.95	15.00	17.48	19.16
90.00-93.99	13.74	15.45	17.76	20.26	22.61
94.00-97.99	16.89	18.32	21.07	23.64	26.25
98.00-99.99	20.05	21.86	24.94	27.53	31.20
>=100.00	24.06	26.24	29.93	33.15	37.46

[a] 10-year cumulative probabilities subject to the adjustments described below
Source: Fitch

Fitch DTI Classes (%)

Class 1	< 20.00
Class 2	20.00-29.99
Class 3	30.00-39.99
Class 4	40.00-49.99
Class 5	≥ 50.00

Source: Fitch

Adjustments

Fitch adjusts the base default rates on a loan-by-loan basis to account for the individual loan characteristics of the collateral across all rating levels.

Repayment Type

Interest-Only: Fitch generally increases the default assumptions for interest-only mortgages - whereby the mortgage is secured solely by the property value and principal is repaid by the borrower in one lump sum upon loan maturity - to take into account the potential payment shock to the borrower and the reliance on the borrower's equity in the property.

Loan Purpose

Fitch assumes that a financially distressed borrower is more likely to default on a second home than a primary residence, and even more so on an investment property. Accordingly, base default rates are increased by 5%-20%.

Borrower Profile

Fitch increases default probability on loans to self-employed borrowers by 20% to account for their lack of a fixed annual salary.

Arrears Status

When rating portfolios combining current and arrears mortgages, Fitch increases base default rates for mortgages in arrears by up to 90 days by 25%-75%, and those over 91 days in arrears (non-performing status) by 100%.

Underwriting Quality

Fitch's review and analysis of the origination process determines whether it decreases default rates by up to 25% or increases them by 0%-200%.

Please refer to the *Default Probability Stresses* table on page 18 to see the other adjustments.

Recoveries

To estimate recovery rates on mortgage loans in Belgium, Fitch examined home price movements in three Belgian regions between 1980 and 2004 (source: Stadim). Worst-case MVDs were estimated and were then generated for each rating level and by region. Generally, Fitch increased the MVD to reflect the increase in home price movements over recent years.

As in its other European mortgage default models, Fitch increased MVDs for properties worth more than EUR250,000 by 15%-30% depending on the region. Higher-value properties tend to have larger MVDs owing to the smaller marketplace for such properties and the less precise pricing information for larger properties (given the less active market).

Fitch's model gives full credit for property price declines and 50% credit for property price appreciation. The agency calculates recoveries by reducing the indexed property valuation by the MVD, repossession costs and the costs to the servicer of carrying the loan from delinquency through to default.

Fitch assumes that repossession costs represent EUR5,000.

Fitch's MVDs for Belgium - Houses

Region (%)	AAA	AA	A	BBB	BB
Brussels	45	38	33	28	23
Flanders	42	37	32	28	23
Wallonia	43	38	33	28	23

Source: Fitch

Fitch's MVDs for Belgium - Apartments

Region (%)	AAA	AA	A	BBB	BB
Brussels	45	40	35	31	27
Flanders	37	32	29	25	21
Wallonia	40	35	30	26	22

Source: Fitch

Transaction Summary

Capital Structure

Class	A	B	C	D
Rating[a]	AAA	AA	A	BBB
Size (%)	95	2	1.5	1.5
CE (%)	6	4	2.5	1
Spread (bp)				
PMT freq	Quarterly	Quarterly	Quarterly	Quarterly
Maturity	Jan 2041	Jan 2041	Jan 2041	Jan 2041
Coupon	Euros floater			
Reserve fund[b] (EURm)	80			

Each rated class in this transaction has a Stable Outlook
[a] Interest on the class B, C and D notes might not be received for a certain time, but will be received by the legal final maturity date.
[b] Reserve fund funded at closing with proceeds of the issuance of class E notes
Source: Fitch

Key Information

Closing date	27 October 2008
Country of assets	Belgium
Structure	Pass-through/sequential
Settlement	Euroclear, Clearstream
Listing	Euronext Brussels N.V/S.A
Analyst	Henri de Mont-Serrat
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Parties	
Seller/originator/servicer	Dexia Bank Belgium N.V. - S.A.
Arranger	Dexia Bank Belgium N.V.-S.A.
Security agent of the Belgian issuer	Stichting Security Agent Penates
Swap counterparty	Dexia Bank Belgium N.V. - S.A.
Account bank	Dexia Bank Belgium N.V. - S.A.

Source: Fitch

Preliminary Pool Characteristics[a]

Outstanding principal balance (EUR)	8,191,865,011
Average borrower balance (EUR)	79,200
Original maximum advance balance (EUR)	999,999
Number of borrowers	111,910
Number of advances	140,614
Weighted-average seasoning (years)	3.9
Weighted-average remaining maturity (years)	15.6
Weighted-average coupon (%)	4.42
Weighted-average DTI (%)	40.25
Weighted-average original mortgage-to-value (%)	82.88
Weighted-average mortgage coverage ratio (%)	100

[a] Based on Fitch's worst-case pro forma pool with characteristics derived from permitted variations. Portfolio received by Fitch on 2 October 2008, composed of loans that were eligible as of 30 September 2008.
Source: Fitch/Dexia

Fitch Default Model Output[a]

Rating level (%)	WAFF[b] (%)	WARR[c] (%)	Loss severity (%)	WA MVD[d]
AAA	19.06	73.28	26.72	44.02
AA	15.15	77.60	22.39	38.70
A	11.44	81.30	18.70	33.61
BBB	7.62	84.27	15.72	29.06
BB	3.81	87.22	12.77	23.97

[a] Based on Fitch's worst-case pro forma pool with characteristics derived from permitted variations
[b] Weighted-average foreclosure frequency
[c] Weighted-average recovery rate
[d] Weighted-average Market value decline
Source: Fitch

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