

NOTICE RELATING TO

EUR 7,600,000,000 Class A Mortgage-Backed Floating Rate Notes due 2041
EUR 160,000,000 Class B Mortgage-Backed Floating Rate Notes due 2041
EUR 120,000,000 Class C Mortgage-Backed Floating Rate Notes due 2041
EUR 120,000,000 Class D Mortgage-Backed Floating Rate Notes due 2041
EUR 80,000,000 Subordinated Class E Floating Rate Notes due 2041

issued by
PENATES FUNDING NV/SA
(Institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge)
acting through its Compartment PENATES-1

(the "Issuer")

1. This notice is dated as of 26 March 2012 and is only intended for information purposes regarding the amendments made to some of the Transaction Documents relating to the Notes (as defined below).
2. The Issuer has issued on 27 October 2008 EUR 7,600,000,000 Class A Mortgage-Backed Floating Rate Notes due 2041, EUR 160,000,000 Class B Mortgage-Backed Floating Rate Notes due 2041, EUR 120,000,000 Class C Mortgage-Backed Floating Rate Notes due 2041, EUR 120,000,000 Class D Mortgage-Backed Floating Rate Notes due 2041 and EUR 80,000,000 Subordinated Class E Floating Rate Note due 2041 (the "Notes"). The Notes (other than the Class E Floating Rate Note due 2041) have been admitted to trading on Euronext Brussels on 27 October 2008.
3. Notes issued by the Issuer can only be acquired, held by, and transferred to investors that qualify both as (i) an institutional or professional investor within the meaning of Article 5§3 of the Belgian Law of 20 July 2004 on certain forms of collective management of investment portfolios (*Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles/Loi relative à certaines formes de gestion collective de portefeuilles d'investissement*), as amended from time to time that are acting for their own account, and (ii) a holder of an exempt securities account (referred to as an X-Account) with the Clearing System operated by the National Bank of Belgium or (directly or indirectly) with a participant in such system. The Issuer will suspend the payment of interest to any holder of securities that is not an eligible holder of these securities as set out above.
4. Capitalised terms not otherwise defined in this notice have the meaning given to them in the Prospectus for admission to trading on Euronext Brussels dated 21 October 2008 for the Notes.
5. The Issuer wishes to announce that, following the rating downgrade of Dexia Bank Belgium SA/NV by Standard and Poor's on 7 October 2011 and by Fitch on 31 January 2012 (after having been put on Rating Watch Negative by Fitch on 20

December 2011) , the following amendments have been made to certain transaction documents relating to the Notes:

- (a) Paragraph (i) (ii) and (iii) of section 4 (*Rating Events*) of Part 5 (*Other provisions*) of the Swap Agreement (Schedule to the ISDA Master Agreement dated as of 27 October 2008), was amended to read as follows:

"(4) Rating Event

- (i) Fitch ratings downgrade
- (x) In the event (such event, an "**Initial Fitch Rating Event**") that, at any time (a) the short-term unsecured, unsubordinated and unguaranteed debt obligations of Party A and, if applicable, its Fitch Eligible Replacement are assigned a rating of less than "F2" by Fitch (or such rating which is otherwise acceptable to the Fitch or according to its most recently published hedge counterparty criteria); or (b) the long-term unsecured, unsubordinated and unguaranteed debt obligations of Party A and, if applicable, its Fitch Eligible Replacement, are assigned a rating of less than "BBB+" (or, in case rated "BBB+" by Fitch, are being put on Rating Watch Negative) by Fitch (or such rating which is otherwise acceptable to Fitch or such lower rating according to its most recently published hedge counterparty criteria)(such ratings, the "Fitch Ratings"); or (c) any such rating is withdrawn by Fitch, then Party A will at its own cost within fourteen (14) calendar days of such reduction or withdrawal of any such rating, post collateral in accordance with the Credit Support Annex.

If however any remedial action or solution of paragraph (A), (B) or (C) below is satisfied at any time:

- (A) subject to subparagraph 10(B), transfer and assign its rights and obligations under this Agreement with respect to the Transaction dated as of 27 October 2008 between Party A and Party B to a Fitch Eligible Replacement; or
- (B) obtain a Fitch Eligible Replacement to unconditionally guarantee the obligations of Party A under this Agreement; or
- (C) find any other solution or take such other suitable action that will not, in and of itself and at that time, negatively impact the rating of the Class A Notes then outstanding,

Party A will not be required to post any collateral in respect of such Initial Fitch Rating Event and Party B shall return any collateral posted in accordance with the Credit Support Annex.

If Party A fails to post collateral or to take any other remedial measure or to find a solution in accordance with this subparagraph and such failure continues for ten (10) Business Days, such failure will not be or give rise to an Event of Default but will constitute an Additional

Termination Event with respect to Party A, with Party A as the sole Affected Party.

- (y) In the event (such event, a “*Subsequent Fitch Rating Event*”) that, at any time (a) the short-term unsecured, unsubordinated and unguaranteed debt obligations of Party A and, if applicable, its Credit Support Provider are assigned a rating of less than “F3” by Fitch (or such rating which is otherwise acceptable to Fitch or such lower rating according to its most recently published hedge counterparty criteria); or (b) the long-term unsecured, unsubordinated and unguaranteed debt obligations of Party A and if applicable, its Credit Support Provider are assigned a rating of less than “BBB-” by Fitch (or, in case rated “BBB-” by Fitch, are being put on Rating Watch Negative)(or such rating which is otherwise acceptable to Fitch or such lower rating according to its most recently published hedge counterparty criteria); or (c) any such rating is withdrawn by Fitch, then Party A will, at its own cost, within fourteen (14) calendar days of such reduction or withdrawal of any such rating:(A) post collateral in accordance with the Credit Support Annex (or, if at the time such Subsequent Fitch Rating Event occurs, Party A has posted collateral under the Credit Support Annex in accordance with subparagraph (x) above, following an Initial Fitch Rating Event, as the case may be, post additional collateral in accordance with the Credit Support Annex; and
- (B) within thirty (30) calendar days of such reduction or withdrawal of any such rating use commercially reasonable efforts to:
- (1) obtain a Fitch Eligible Replacement to guarantee the obligations of Party A under this Agreement; or
 - (2) subject to subparagraph 10(B), transfer and assign its rights and obligations under this Agreement with respect to the Transaction dated as of 27 October 2008 between Party A and Party B to a Fitch Eligible Replacement; or
 - (3) find any other solution or take such 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.

If any remedial action or solution of subparagraph (B) above is satisfied at any time, Party A will not be required to post any additional collateral in respect of such Subsequent Fitch Rating Event or, for the avoidance of doubt, in respect of any Initial Fitch Rating Event, and Party B shall return any collateral posted in accordance with the Credit Support Annex.

If Party A fails to post collateral or to take any other remedial measure or find a solution in accordance with this subparagraph and such failure continues for ten (10) Business Days, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A, with Party A as the sole Affected Party.

(ii) S&P Rating Event

- (x) In the event (such event, an "**Initial S&P Rating Event**") that, at any time (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of Party A are assigned a rating of less than "BBB+" by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**") (such rating, the "**S&P Rating**") or (b) such rating is withdrawn by S&P, then Party A will at its own cost within ten (10) Business Days (as defined in the Confirmation dated as of 27 October 2008) of such reduction or withdrawal of any such rating post collateral in accordance with the Credit Support Annex.

If however any remedial action or solution of paragraph (1), (2) or (3) below is satisfied at any time:

- (1) obtain a S&P Eligible Replacement to guarantee the obligations of Party A under the Swap Agreement; or
- (2) subject to subparagraph 10(B), transfer and assign its rights and obligations under the Swap Agreement with respect to the Transaction dated as of 27 of October 2008 between Party A and Party B to an S&P Eligible Replacement; or
- (3) find any other solution or take such other suitable action that will not, in and of itself and at that time, negatively impact the rating of the Class A Notes then outstanding;

Party A will not be required to post any collateral in respect of such Initial S&P Rating Event and Party B shall return any collateral posted in accordance with the Credit Support Annex

If Party A fails to post collateral or to take any other remedial measure or to find a solution in accordance with this subparagraph, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A, with Party A as the sole Affected Party.

- (y) In the event (such event, a "**Subsequent S&P Rating Event**") that, at any time (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of Party A are assigned a rating of less than "BBB" by S&P; or (b) such rating is withdrawn by S&P, then Party A will, at its own cost:

- (A) within ten (10) Business Days (as defined in the Confirmation dated as of the date hereof) as of the occurrence of the Subsequent S&P Rating Event, post collateral in accordance with the Credit Support Annex (or, if at the time such Subsequent S&P Rating Event occurs, Party A has posted collateral under the Credit Support Annex in accordance with subparagraph (x) above, following an Initial S&P Rating Event, as the case may be, continue posting collateral in accordance with the Credit Support Annex); and
- (B) within 60 calendar days as of the occurrence of any such Subsequent S&P Rating Event use commercially reasonable efforts to:
 - (1) obtain a S&P Eligible Replacement to guarantee the obligations of Party A under the Swap Agreement; or
 - (2) subject to subparagraph 10(B), transfer and assign its rights and obligations under the Swap Agreement with respect to the Transaction dated as of 27 October 2008 between Party A and Party B to an S&P Eligible Replacement; or
 - (3) find any other solution or take such other suitable action that will not, in and of itself and at that time, negatively impact the rating of the Class A Notes then outstanding.

If any remedial action of subparagraph (B) above is satisfied at any time, Party A will not be required to post any additional collateral in respect of such Subsequent S&P Rating Event or, for the avoidance of doubt, in respect of any Initial S&P Rating Event, and party B will return any collateral posted in accordance with the Credit Support Annex.

(iii) Consequences of Rating Events

- (a) If, at any time a Subsequent Fitch Rating Event and/or Subsequent S&P Rating Event occurs, Party A has provided collateral under the Credit Support Annex in accordance with subparagraphs 4(i) and/or 4(ii) above and fails to continue to post collateral pending compliance with subparagraphs 4(i) and/or 4(ii) above, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A and will be deemed to have occurred on the later of the tenth Business Day following such Subsequent Fitch Rating Event and/or Subsequent S&P Rating Event with Party A as the sole Affected Party. Further, an Additional Termination Event with respect to Party A will be deemed to have occurred if, even if Party A continues to post collateral as required by subparagraphs 4(i) and/or 4(ii), Party A does not take any of the other applicable measures described in subparagraphs 4(i)(y) and/or 4(ii)(y) above (and regardless of whether commercially reasonable efforts have been used to implement such measures). Such Additional Termination Event will be deemed to have occurred on the 60th calendar day following the Subsequent Fitch Rating Event and/or Subsequent S&P Rating Event with Party A as the sole Affected Party.

As used herein:

'Eligible Replacement' means a Fitch Eligible Replacement and/or an S&P Eligible Replacement.

"Fitch Eligible Replacement" means an entity which has the Fitch Required Ratings.

An entity shall have the "Fitch Required Ratings" where an entity has its short-term, unsecured and unsubordinated debt obligations assigned a rating not lower than "F2" by Fitch and its long-term, unsecured and unsubordinated debt obligations assigned a rating not lower than "BBB+" by Fitch (and, in case rated "BBB+", not being put on Rating Watch Negative)(or such ratings which are otherwise acceptable to Fitch or such lower rating according to its most recently published hedge counterparty criteria).

'S&P Eligible Replacement' means a party which has its long-term, unsecured and unsubordinated debt obligations rated no lower than "BBB+" by S&P (provided that if such party's long-term, unsecured and unsubordinated debt obligations are rated lower than "BBB+" by S&P, Party A will immediately transfer collateral to Party B in accordance with the Credit Support Annex).

- (b) Paragraph 11. Elections and Variables, (b) (Credit Support Obligations), (ii) Eligible Credit Support of the Credit Support Annex to the Schedule to the ISDA Master Agreement, was amended to read as follows:

“Items set out in Part 1 of Appendix A shall be Eligible Credit Support with respect to the Fitch Criteria.

Cash and sovereign government rated at least as high as the Rated Notes and denominated in the currency of the Rated Notes shall be Eligible Credit Support with respect to the S&P Criteria.

With respect to Fitch, “**Fitch Valuation Percentages**” means, with respect to a Valuation Date and each instrument in the table in Part 1 of Appendix A so long as the Fitch Threshold for such Valuation Date is zero the corresponding percentage (the “Advance Rate”) for such instrument, as determined by taking into consideration (i) the maturity of such instrument as mentioned in the column headed “Maturity (years)” and (ii) the highest rating of the Notes then outstanding, as mentioned in the column headed “Highest Note Rating”. If the Eligible Credit Support is cash in the Eligible Currency, then the Fitch Valuation Percentage will be 100%.”

- (c) Paragraph 11. Elections and Variables, (b) (Credit Support Obligations), (iii)(B), “S&P Threshold” of the Credit Support Annex to the Schedule to the ISDA Master Agreement, was amended to read as follows:

““S&P Threshold” means, for Party A: infinity, unless

- (1) an Initial S&P Rating Event has occurred and the action set out in Part 5, paragraph 4(ii)(x)(1),(2),(3) of the Schedule to the Agreement has not occurred in relation to such Initial S&P Rating Event within 10 Business Days of the occurrence of such Initial S&P Rating Event; and/or
- (2) a Subsequent S&P Rating Event has occurred and the action set out in Part 5, paragraph 4(ii)(y)(B) of the Schedule to the Agreement has not occurred in relation to such Subsequent S&P Rating Event within 10 Business Days of the occurrence of such Subsequent S&P Rating Event;

in which case the S&P Threshold shall be zero, provided that if at any time thereafter any action set out in Part 5, paragraph 4(ii)(x)(1), (2), (3) or 4(ii)(y)(B) is taken then the Threshold shall again be infinity (and Party A shall be entitled to request the transfer of Equivalent Credit Support equal to the Credit Support Balance) but without prejudice to the provisions of this clause operating to reduce the Threshold to zero in the event of a subsequent downgrade.”

- (d) Subparagraphs (v) to (ix) will be added to Paragraph 11. Elections and Variables, (d) (Valuation and Timing) of the Credit Support Annex to the Schedule to the ISDA Master Agreement :

“(v) **“Independent Mark-to-Market”**: means that with respect to the calculations made by the Valuation Agent in respect of the S&P Credit Support Amount on each Valuation Date (each an “External Valuation Date”) which falls nearest to the day occurring after five month intervals as of the date of the Initial S&P Rating Event:

(A) the Value of the Eligible Credit Support comprising Party A’s Credit Support Balance on such Valuation Date; and

(B) Party B's Exposure,

shall be determined by the Valuation Agent by reference to commercially reasonable bids as determined by the Valuation Agent in its sole discretion (“External Marks”) obtained from an independent third party (other than the Valuation Agent) in the relevant market selected by the Valuation Agent in its sole discretion.

If, for whatever reason, the Valuation Agent is unable to obtain such External Marks from an independent third party, then such failure to obtain External Marks, if not cured within 30 days of the External Valuation Date, shall not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A where Party A is the sole Affected Party.

(vi) **“Independent Verification”**: means that with respect to the calculations made by the Valuation Agent in respect of the S&P Credit Support Amount, the Valuation Agent shall:

(1) put in place a suitable process for: (A) determining the valuation estimates used by the Valuation Agent in making any calculation due to be made by it under this Annex; and (B) obtaining External Marks referred to in subparagraph (v) above (each a “Valuation Process”); and

(2) obtain a verification from an independent third party on or about each anniversary of the date of the Initial S&P Rating Event that each such Valuation Process has been complied with by the Valuation Agent and that the results of each such Valuation Process have been utilised, where applicable, in the calculation of all amounts due to be determined by the Valuation Agent under the provisions of this Annex.

If the Valuation Agent either fails to comply with provisions of paragraph (1) and/or does not obtain the verification provided for in paragraph (2) above, then such failure to comply and/or obtain the verification shall not, if not cured within 30 days of the External Valuation Date, be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A where Party A is the sole Affected Party.

(vii) “**Provision of Information**” means that with respect to calculations made by the Valuation Agent in respect of the S&P Credit Support Amount, the Valuation Agent shall provide Party B, which will provide a copy of the same to the Administrator, with details of all bids, valuations, estimates and External Marks which it obtains.

(viii) “**Changes to S&P Criteria**” means that Party A may (but shall not be obliged to) unilaterally amend subparagraphs (v), (vi) and (vii) above, and Party B hereby consents to such amendments, to reflect changes in the rating criteria published by S&P from time to time provided such amendments do not, in and of themselves result in a downgrade by S&P or Fitch of the Class A Notes.

(ix) “**Valuations and timings with respect to Fitch**”: means notwithstanding any other provision of this Agreement, the provisions of paragraph 11(d)(v) to 11(d)(viii) above, will only be effective in relation to calculations made by the Valuation Agent in respect of the S&P Credit Support Amount. Calculations made by the Valuation Agent for any other purpose (including, without limitation, Fitch’s Credit Support Amount), will be carried out in accordance with this Annex without regard to paragraph (11)(d)(v) to 11(d)(viii) above.”

- (e) The definition “Fitch Criteria” of Paragraph 11. Elections and Variables, (j) of the Credit Support Annex to the Schedule to the ISDA Master Agreement, will be amended to read as follows:

“**Fitch Criteria**” means the criteria set out in the article entitled “Counterparty Criteria for Structured Finance Transactions: Derivative Addendum” published by Fitch on 14 March 2011, or any updated criteria published by Fitch and the criteria set out in the article entitled “Fitch Structured Finance Counterparty Criteria: Advance Rates for Government Bonds and Currency Risk” published by Fitch on 14 March 2011, or such updated criteria published by Fitch”.

- (f) The definition “S&P Credit Support Amount” of Paragraph 11. Elections and Variables, (j) of the Credit Support Annex to the Schedule to the ISDA Master Agreement, will be amended to read as follows:

“**S&P Credit Support Amount**” shall mean, with respect to a Transferor on a Valuation Date:

if the S&P Threshold for such Valuation Date is zero, an amount equal to:

the greater of zero and the Transferee’s Exposure; plus

a volatility buffer of 21 per cent of the Notional Amount of the swap (as defined in the Confirmation) as referred to in the definition of “S&P Valuation Percentages” as set out in paragraph 11(b)(ii),

if the S&P Threshold is infinity, zero.

“**S&P Criteria**” means the criteria set out in the article entitled “*Counterparty and Supporting Obligations Methodology and Assumptions*” published by S&P on December 6, 2010, and as updated on January 13, 2011.

- (g) In the Pledge Agreement, Clause 6.4. (*Rating and Issuer Account*) has been amended to read as follows:

"Rating and Issuer Account

6.4 The Issuer undertakes to the Security Agent that the Issuer Accounts will at all times be maintained with a bank (i) whose unsecured, unsubordinated and unguaranteed short term debt obligations are rated not less than "F2" by Fitch and (ii) whose unsecured, unsubordinated and unguaranteed long term debt obligations are rated not less than BBB+ by Fitch (and, if rated BBB+, such rating is not put on Rating Watch Negative by Fitch) and "BBB" by S&P (the **Minimum Ratings**), which for the time being will be the Account Bank, and will not be changed without the prior written consent of the Administrator and the Security Agent, such consent not being unreasonably withheld or delayed.

If (i) the Minimum Ratings are no longer satisfied in relation to the Account Bank or (ii) the Account Bank ceases to be authorised to conduct a banking business in Belgium, the Account Bank and the Issuer will within 30 calendar days as from the moment referred to in (i) or (ii) above transfer all the Issuer Accounts to another bank or banks approved in writing by the Security Agent, which have the Minimum Ratings and which are credit institutions authorised to conduct business in Belgium."

- (h) In the Master Definitions Agreement the definition of Rating Watch Negative will be added and the definition of "Minimum Rating" was amended to be read as follows:

"Minimum Rating means in respect of any entity, (i) the short-term, unsecured, unsubordinated and unguaranteed debt obligations of such entity are rated not less than "F2" by Fitch and (ii) the long-term, unsecured, unsubordinated and unguaranteed debt obligations of such entity are rated not less than “BBB+” by Fitch (or, if rated “BBB+”, such rating is not being put on Rating Watch Negative) and "BBB" by S&P;"

"Rating Watch Negative has the meaning given thereto in “Definitions of ratings and other forms of opinion” published by Fitch Ratings”

6. Copies of the transaction documents relating to the Notes, as well as the amendment agreements relating to the above mentioned amendments, are available for inspection at the specified offices of the Domiciliary Agent.

7. The Issuer accepts responsibility for the information included in this notice.
8. This notice shall be governed by and construed in accordance with Belgian law.

For further details, please contact:

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