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New Issue

Penates Funding N.V. — S.A. Compartment Penates — 3

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Ratings

Class	Amount (EUR)	Final Maturity	Rating[a]	LSR	CE (%)	Outlook
A1	2,250,000,000	22 July 2044	AAA	LS-1	10.25	Stable
A2	3,195,000,000	22 July 2044	AAA	LS-1	10.25	Stable
B	555,000,000	22 July 2044	NR	NR	1.00	NR
C	60,000,000	22 July 2044	NR	NR	NA	NR
Total Issuance	**6,060,000,000**					

Closing occurred on 28 June 2010. The transfer of the portfolio to the issuer occurred on 28 June 2010. The ratings assigned above are based on the portfolio information as of 30 April 2010 provided by the originators.

Transaction Summary

This EUR6.06bn transaction consists of the securitisation of Belgian residential mortgage loans originated by Dexia Bank Belgium (DBB, the seller, rated by Fitch Ratings 'A+'/Stable/'F1+'). DBB's parent company, Dexia, is the product of a merger between Crédit Communal de Belgique and Crédit Local de France in 1996.

The outstanding amount of the portfolio equalled approximately EUR6.0bn at closing. Each loan in the portfolio has the benefit of a first-ranking mortgage, and as the case may be, a sequentially lower ranking mortgage and/or a mortgage mandate (see definition in *Asset Analysis* below) registered over one or several residential properties in Belgium. Fitch has assigned ratings to the series of notes issued by Penates Funding N.V. — S.A. acting for its compartment Penates — 3 (Penates, or the issuer) as indicated above.

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; it was registered as such with the Federale Overheidsdienst Financiën/Service Public Fédéral Finances (Federal Public Service Finance).

The ratings address timely payment of interest and ultimate repayment of principal at legal final maturity for the class A1 and class A2 notes (the class A notes) in accordance with the terms and conditions of the notes. The 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, totalled 10.25% for the class A notes (rated 'AAA' by Fitch) and 1% for class B notes (not rated). The proceeds from the issuance of the class C notes (not rated), representing 1% of the initial amount of the notes (excluding class C), funded at closing the reserve fund, up to the reserve fund account required amount.

Key Rating Drivers

- 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 which existed before the closing date 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 around 0.75% 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) 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, in addition of a standard mortgage, from “mortgage mandates” (31.23% 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 C notes funded the reserve fund, for an amount of 1.00% of the initial amount of the notes (excluding class C). This reserve fund will be allocated to the payment of senior costs, and class A to class B 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) and class B notes (class B PDL) to record the outstanding balance of defaulted loans (see *Principal Deficiency Ledger* below).
- The class B and C notes notes benefit from interest deficiency ledgers (IDLs), which register any unpaid interest on each relevant class of notes. 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 interest, if necessary.
- Under the swap agreement, the issuer retains, on its payments to the swap counterparty, an excess margin of 40bp 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.
- The margin on the class A1 notes will increase from 0.9% to 1.8% (class A1 step-up margin), and the margin on class A2 increase from 1.1% to 2.2% (class A2 step up margin) starting July 2014 (step-up date). This has been taken into account in Fitch’s analysis.

Rating Sensitivity[1]

This section of the report provides an insight into the model-implied rating sensitivities to hypothetical changes in defaults and/or recoveries on the assets in a stressed environment. These increased defaults and/or recoveries on assets are

[1] These sensitivities only describe the model-implied impact of a change in one of the input variables. This is designed to provide information about the sensitivity of the rating to model assumptions. It should not be used as an indicator of possible future performance.

relative to the dynamic weighted–average foreclosure frequency (WAFF) of the mortgage portfolio (24.5% for the 'AAA' rating scenario) and the dynamic weighted average recovery rate (WARR) of the mortgage pool (67.4% for the 'AAA' rating scenario), respectively, and are assumed to occur immediately after closing of the transaction. The model-implied rating sensitivities based on such assumptions are only indicative of some of the potential outcomes and do not consider other risk factors to which the transaction is exposed.

Rating Sensitivity to Default Rates

	Class A
Original rating	AAA
15% increase in default rate	AA+
30% increase in default rate	AA+

Source: Fitch

Rating Sensitivity to Recovery Rates

	Class A
Original rating	AAA
15% decrease in recovery rate	AA+
30% decrease in recovery rate	AA

Source: Fitch

Rating Sensitivity to Shifts in Multiple Factors

	Class A
Original rating	AAA
15% increase in default rate, 15% decrease in recovery rate	AA
30% increase in default rate, 30% decrease in recovery rate	A+

Source: Fitch

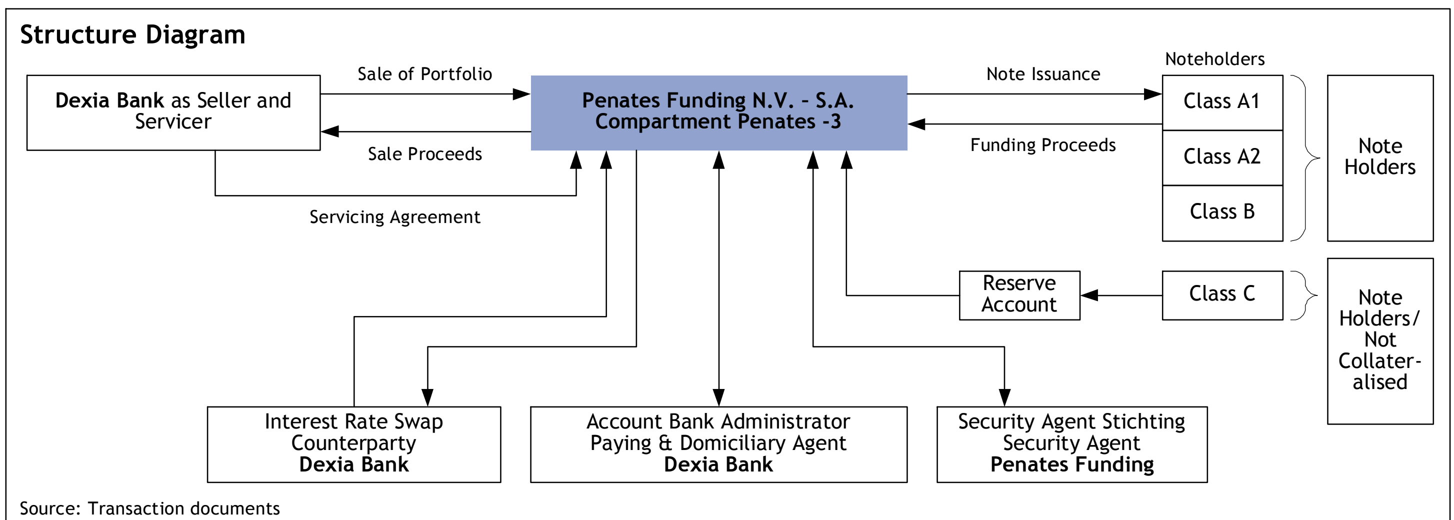
Model, Criteria Application and Data Adequacy

Fitch analyses the collateral for Belgian residential transactions using a country-specific, loan-by-loan mortgage default model. The model subjects the mortgage loans to stresses based on Fitch's assessments of historical house price movements and mortgage defaults in Belgium. The agency's study showed that a borrower's mortgage-to-value ratio (MTV), reflecting the size of their down-payment and their willingness to pay, and a borrower's debt-to-income (DTI) ratio or income multiple — reflecting their ability to pay — to be the key determinants of default probability in Belgium.

The collateral review of the mortgage portfolio involves reviewing loan-by-loan loss severity information on the originator's sold repossessions, during which the agency determines the originator's experienced loss severity rate and quick sale discount.

Dexia provided Fitch with a loan-by-loan data template; however, a number of key data fields were missing or partially completed. Fitch has not received the DTI ratio for approximately 6.23% of the loans of the portfolio and had to make a conservative assumption for those missing DTI loans. Furthermore, Fitch estimated the OLTV by calculation the MTV ratio (see *Asset Analysis* below).

To determine the levels of credit enhancement needed to support Fitch's ratings, the agency simulated the transaction's cash flows using its internal Cash Flow Model for RMBS transactions, as well as the most recent cash flow stresses.



Source: Transaction documents

Transaction and Legal Structure

Legal Framework

The issuer was created 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, the set-off/commingling reserve (see *Commingling Risk* below), and the mechanism of notification in place adequately cover 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.

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 April 2010). 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.
- 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.
- Each interest-only mortgage loan has an initial maturity in excess of 24 months.
- In respect of each loan, at least one instalment has been received.

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 (or release of any) of the mortgaged property(ies) relating to such loan, the current loan-to-current-value (CLTCV) will not be higher than the CLTCV immediately preceding such variation (the CLTCV is the ratio between the aggregate of all current loan amounts secured by the same mortgage and which rank pari passu, and the aggregate current value of the mortgaged property(ies) obtained after indexation, based on indexes

determined by Stadim, a Belgian Real Estate company specialised in publishing indices for Belgian regions).

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* below).
3. All loans have either a maturity of 30 years or a maturity extended until the quarterly payment date falling 42 months prior to the final maturity of the notes (hence changing the amortisation profile of loans with different original maturities).

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 loan resulting in a non-permitted variation.

Disclaimer

For the avoidance of doubt, Fitch relies, in its credit analysis, on legal and/or tax opinions provided by transaction counsel. As Fitch has always made clear, Fitch does not provide legal and/or tax advice or confirm that the legal and/or tax opinions or any other transaction documents or any transaction structures are sufficient for any purpose. The disclaimer at the foot of this report makes it clear that this report does not constitute legal, tax and/or structuring advice from Fitch, and should not be used or interpreted as legal, tax and/or structuring advice from Fitch. Should readers of this report need legal, tax and/or structuring advice, they are urged to contact relevant advisers in the relevant jurisdictions.

Asset Analysis

Dexia provided Fitch with information on a portfolio comprising 108,029 loans granted to 65,101 borrowers, for a total outstanding amount of approximately EUR6.4bn.

Key Characteristics of the Portfolio[a]

Outstanding principal balance (EUR)	6,448,170,700
Average borrower balance (EUR)	99,048
Original maximum advance balance (EUR)	999,999
Number of borrowers	65,101
Number of advances	108,029
Weighted-average seasoning (years)	3.4
Weighted-average remaining maturity (years)	17.1
Weighted-average coupon (%)	4.24
Weighted-average DTI[b] (%)	54.93
Weighted-average original mortgage-to-value (%)	83.33
Weighted-average mortgage coverage ratio	91.83
Employment type (%)	
Employed	64.59
Self-employed	7.41
Unemployed	0.92
Civil servant	11.82
Other or not available	15.26
Dexia Bank employees (%)	
No	100
Loan amortisation type (%)	
Annuity	86.15
Linear	3.39
Progressive annuity	9.07
Interest only loans	1.39
Security type or mandate (%)	
Mandate only	0.00
Mortgage only	68.77
Mortgage + mandate	31.23
Loan purpose (%)	
Purchase	54.47
Refinancing	17.13
Renovation	8.82
Construction	12.94
Purchase + construction	4.95
Other	1.69
Regional concentration (%)	
Flanders	57.17
Brussels	12.51
Wallonia	30.32
Unknown	0.00

[a] Portfolio received by Fitch on 30 April 2010. 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 *Permitted Variations* above for more information)
[b] For IT reasons, 6.23% of the loans have not been provided with their corresponding DTI. Assumptions have been taken with regards to those loans (see *Debt-To-Income Ratio (DTI)* below)
[c] All construction loans have been fully disbursed; however, a hit has been applied on the recovery side of those loans (see *Construction Loans* below)
Source: Dexia/Fitch

Lender Adjustment

Fitch's base default probabilities assume that origination, underwriting and servicing practices and procedures are in line with those of a standard traditional Belgian lender with market expertise, financial stability and relevant management experience.

As part of the analysis, the agency performs an operational review of the originator to assess the origination, underwriting and servicing capabilities of the seller. As a result of this review, if Fitch believes that origination, underwriting and servicing procedures are below market standards, an adjustment to the base default probabilities of the whole portfolio would be warranted. The relevance of this adjustment is further sized by considering certain elements that cannot be factored into the analysis on a loan-by-loan basis, either because they are not available or because they are only applicable on an aggregate basis.

Fitch considers Dexia's origination and servicing procedures and staff qualifications to be in line with other Belgian prime lenders.

Review visits conducted by Fitch do not constitute "due diligence"; Fitch relies on the accuracy of any data given to it.

Original Loan-to-Value (OLTV)

Generally, one of the two key determinants of default probability is the willingness 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 below:

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 83.33%.

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 93.77% of borrowers in the provisional portfolio. A conservative Class 4 assumption (and more precisely a DTI of 45%) has been taken into account in Fitch's analysis for the 6.23% missing DTIs. The final DTI ratio equals 54.93%, 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.

Fixed- and Variable-Rate Loans

The mortgage loans bear interest on a floating-rate basis (21.2% of the current pool, all with a cap as per Belgian law) or on a fixed-rate basis (78.8% of the current pool).

Variable-rate loans are either:

- variable-rate loans with an 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.

Mortgage Mandates

The originator benefits from a "mortgage mandate" (mandate) over 31.23% of loans in the preliminary portfolio. This mandate is a particularity of the Belgian market (market practice is 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 have not been transferred to the issuer on the closing date, but have been used to assess the original LTV in the probability of default analysis (see *Original Loan-to-Value above*).

Arrears

As of 30 April 2010, the portfolio contained 1.16% of loans in arrears of less than one month.

Borrower Profile

In the current portfolio, 64.59% of borrowers are employees, 7.41% are self-employed, 0.92% are unemployed and 11.82% are civil servants and 0.11% are under from disable state benefit. 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 14.6% of the portfolio. The agency made the conservative assumption that those borrowers were unemployed, hence applying an additional hit of 25%.

Credit Facilities and All-Sums Mortgages

Credit Facilities

In this transaction, the mortgage receivables constitute term advances under a revolving credit facility (credit facility). The mortgages securing such mortgage receivables (the "all-sums mortgages") secure all advances made from time-to-time

under such credit facility and 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).

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.

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.

Default Model Output

The following table illustrates the asset analysis results across different rating scenarios. Fitch has used these WAFF and WARR levels when modelling the transaction cash-flows.

Fitch Default Model Output

Rating level (%)	WAFF[a]	WARR[b]	MVD[c]
AAA	24.5	67.4	52.1
AA	17.5	71.6	47.9
A	13.4	75.6	43.7
BBB	9.4	79.2	39.5

Recovery time (years): interest accrued on contractual rate for 3.5 years at ‘AAA’
Recovery cost: higher of EUR5,000 and 3% of the re-valued property value + EUR2,500
[a] Weighted-average foreclosure frequency
[b] Weighted-average recovery rate
[c] Market value decline
Source: Fitch

Financial Structure and Cash Flow Modelling

Credit Enhancement

Subordination

In a pre-enforcement priority of payments, class B notes are subordinated to class A notes, and within the class A notes, the class A1 notes are redeemed prior to the class A2 notes; hence, in such priority of payments, class A1 notes are less exposed to loss risk due to their priority of redemption.

In a post-enforcement priority of payments, class B notes are subordinated to class A notes, and within the class A notes, the class A1 and class A2 notes are redeemed on a pari passu and pro-rata basis.

At closing, credit enhancement of the class A notes is provided by the subordination of the class B notes (9.25%) and by the reserve fund (1%, funded by the issuance of class C notes).

Reserve Fund

At closing, proceeds from the issuance of the class C notes (not rated) funded the reserve fund, for an amount of 1.00% of the initial amount of the notes (excluding such class C 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. In case the reserve fund amortisation conditions are not reached, such reserve fund should be replenished if used.

The reserve fund shall be applied to items 1 to 4 of the quarterly interest priority of payments detailed below, 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.

Excess Spread

Excess spread is not directly provided by the interest rate counterparty, as it is not received from the payments made by the swap counterparty to the SPV; however, it is retained from the payments to be made by the SPV to the swap counterparty. Such excess spread equals 40bp per annum and is calculated on a notional corresponding to the performing balance of the loans.

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 at the annual rate of interest equal to the one-week euribor minus 3bp rate applicable to such interest period for the issuer account, and the three-months Euribor minus 3bp rate applicable to such interest period for the reserve fund account.

Notes Amortisation

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 comprising 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 the 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. amounts due to the issuer of 0.4% 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 amounts;
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. replenishment of the reserve fund to its required balance;
6. interest due on the class C notes and amounts to be credited to the class C IDL;
7. principal due on the class C notes;
8. payments of any subordinated swap amount; and
9. 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 (comprising principal collections from the underlying loans, including prepayments and amounts credited on the PDLs) will 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 A1 notes until fully amortised;
3. amortisation of the class A2 notes until fully amortised;
4. amortisation of the class B notes until fully amortised.

Post-Enforcement Priority of Payments
Following the issuance of an enforcement notice, when the security agent declares 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 until redeemed in full (with a pari passu pro-rata amortisation of notes within the class A notes) and then to the B notes after the payment of senior fees and certain third-party expenses.

Step-Up Margins
The margin on the class A1 notes will increase from 0.9% to 1.8% (class A1 step-up margin), and the margin on the class A2 will increase from 1.1% to 2.2%, starting July 2014 (step-up date). This has been taken into account in Fitch's cash flow analysis.

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 Fiduciaire N.V.-S.A.
Security Agent: Security Agent Penates, a Dutch Stichting

Scenario Testing

The capital structure has been stressed in Fitch's rating analysis under certain scenarios, including: high and low CPR scenarios; increasing interest-rate scenarios and front-loaded or back-loaded default curves.

The stressed scenarios result in no principal losses and the timely payment of interest for 'AAA' notes under each rating category; however, the most stressful scenarios highlighted in the cash flow stress test are those with a high CPR stress, increasing interest rates, and a back-loaded default.

Counterparty Risk

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; these include the notification events as detailed below and the giving of an enforcement notice and certain other events, ie 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").

Seller

Dexia Bank Belgium (DBB, rated by Fitch 'A+'/Stable/'F1+') is a 100% subsidiary of the publicly quoted company of the Dexia S.A. The group's two main businesses are public finance (where it is the largest provider in Europe, with a number of international subsidiaries and personal financial services, although it is also active in asset management and investor services). DBB, with a network of 900 branches at end-2009, has a market share in Belgium of about 20% of both loans and deposits (around 13% for mortgage loans), third to BNP Paribas Fortis Bank and KBC Bank. Dexia's outstanding amount of mortgage loans totalled approximately EUR18.5bn in January 2010.

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 in 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.

Set-Off Risk

Set-off is allowed by Belgium law and case law between amounts owed by borrowers to the seller and vice versa. However, the conditions of set-off need to be met, which means that both debts should be due and payable between the same

parties. It is of note that the amounts due on the loans would be monthly instalments, (due each month and not the entire loan amount). 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. However, Fitch understands from legal opinions that notification is effective post bankruptcy.

Fitch is comfortable with this risk, based on the following mitigants.

- The seller has committed to compensate the issuer for any amounts set-off by a borrower under a securitised loan. Indeed, Dexia, acting as seller, agrees 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.
- If the seller defaults or is insolvent and can no longer be relied upon to compensate the issuer as mentioned above, set-off risk is mitigated by notification. Fitch understands from legal opinions that upon notification, set-off is:
    - valid only for amounts accrued prior to such notification;
    - not valid for amounts due after such notification.

Therefore, as from the date that the borrowers are notified of the assignment of their loans (see below, *Notification Event*), the issuer should no longer be subject to right of set-off between the originator and the borrowers.

Upon certain notification events, borrowers will be notified of the transfer of their mortgage loan and that payment should be made directly to the issuer's account. Furthermore, if the seller's Long-Term Rating or Short-Term Rating assigned by Fitch is downgraded below 'A' or 'F1', or if any of such rating is placed on Rating Watch Negative, a dynamic reserve account covering one month's worth of flows is opened (see *Commingling Risk* below).

Commingling Risk

DBB will hold the collection accounts and the issuer's transaction accounts (issuer account and reserve fund account).

DBB receives amounts from the loans on the collection accounts, and these amounts are transferred to the issuer account on a daily basis. The issuer account is also held by Dexia Bank. A downgrade of Dexia below a Long-Term Rating or Short-Term Rating assigned by Fitch of 'BBB+' or 'F2' constitutes, among others, a Notification Event (see definition below).

A "commingling reserve", corresponding to the amounts which could be set-off/ commingled from the notification event date until the effective notification of borrowers will be put in place to cover the delay in notifying the borrowers.

Upon the downgrade of Dexia below a Long-Term Rating or Short-Term Rating assigned by Fitch of 'A' or 'F1', a dynamic reserve, covering one month's instalment amount, will be put in place in an account bank with a Long-Term Rating or Short-Term Rating assigned by Fitch of at least 'A'/'F1', opened in the name of the issuer.

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 Long-Term Rating or Short-Term Rating assigned by Fitch is downgraded below 'BBB+' or 'F2', or if any of such ratings is placed on Rating Watch Negative.

Hedge Provider

At closing, the issuer entered into an interest swap (ISDA) agreement with DBB. 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 40bp 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 Criteria for Structured Finance Transactions*", dated 22 October 2009 — have been put in place in the documentation in respect of DBB acting as swap counterparty provider.

Related Research

Publication[a]	
General rating and structured finance criteria	
Inside the ratings: What credit ratings mean	Aug 07
Special-purpose vehicles in structured finance transactions	13 Jun 06
Counterparty risk criteria	
Exposure draft: Counterparty risk in structured finance transactions	30 Mar 09
Counterparty risk in structured finance transactions: Hedge criteria	01 Aug 07
Commingling risk in structured finance transactions: Servicer and account bank criteria	09 Jun 04
Liquidity support in structured finance transactions: Liquidity provider rating criteria	13 Jul 04
Counterparty risk in structured finance: Qualified investment criteria	27 Sep 07
Issuer's currency swap obligations rating criteria	
Criteria for rating currency swap obligations of an SPV in structured finance transactions	10 Jan 08
Interest rate criteria	
Interest rate risk in structured finance transactions – Euribor	01 Nov 06
Interest rate risk in structured Finance transactions – British pound sterling Libor	01 Nov 06
Fitch Euribor stresses	Monthly updated
Fitch GBP libor stresses	Monthly updated
Mortgage insurance criteria	
European criteria for mortgage insurance in RMBS transactions	04 Jul 07
Country-specific criteria	
UK residential mortgage default model criteria	08 Feb 08
Spanish residential mortgage default model criteria	21 Dec 07
Dutch residential mortgage default model criteria	02 Feb 09
Criteria for NHG guarantee mortgage loans in Dutch RMBS	08 Jun 06
Italian residential mortgage default model II – Amended	02 Nov 05
Revised MVD assumptions for Italian RMBS (Italy RMBS)	20 Apr 07
German residential mortgage default model 2004	01 Dec 04
French RMBS default model 2004	03 May 04
Revised MVD assumptions for French RMBS transactions (France RMBS)	28 Mar 07
Irish residential default model	07 Mar 06
Portuguese residential mortgage default model	16 Dec 05
Greek RMBS rating criteria (Greece RMBS)	13 Dec 06
Belgian residential mortgage default model 2005 (Belgium RMBS)	10 May 05
Revised MVD assumptions for Belgian RMBS transactions (Belgian RMBS)	08 Jan 07
Country-specific market studies	
UK RMBS - regional repossession study for England and Wales	08 Jan 07
Diversity in union - prepayment drivers in European RMBS - update (Europe RMBS)	11 Oct 07
Origination and servicing standards in Italy	04 Apr 05
Underwriting practices and criteria in the Dutch mortgage market	19 Oct 07
Ratings stress test: Impact of a housing market downturn on Dutch RMBS	02 Feb 09
Legal issues in Dutch RMBS	13 Jun 02
Italian RMBS market overview - Trends and impact on rating analysis	29 May 08
Surveillance	
European RMBS surveillance: Post issuance reporting standards	19 Nov 04
Around the houses – quarterly European RMBS performance update	Quarterly
Origination & servicing	
European residential mortgage originator review criteria	05 Feb 07
Global structured finance originator evaluations	03 Dec 08
Rating criteria for European residential and commercial mortgage loan servicers	20 Aug 07
Rating criteria for European mortgage loan servicers – Spanish market addendum	25 Sep 07
Rating criteria for European mortgage loan servicers – UK market addendum	28 Jan 08
Rating criteria for European mortgage loan servicers – the Netherlands market addendum	14 Feb 08
Rating criteria for European mortgage loan servicers – German market addendum	14 Dec 07
Rating criteria for European mortgage loan servicers – Italian market addendum	01 Nov 07
Rating criteria for European mortgage loan servicers – Russian market addendum	07 Sep 07

All the above research is available at www.fitchratings.com
[a] Criteria can be updated or amended: readers should always make reference to the latest criteria available at www.fitchratings.com
Source: Fitch

Appendix A: Transaction Comparison

Penates Funding NV-SA

	Compartment Penates - 3	Compartment Penates - 2[a]	Compartment Penates - 1
Closing date	**28 Jun 2010**	**16 Dec 2008**	**04 Nov 2008**
Total issuance (EUR)	**6,000,000,000**	**3,600,000,000**	**8,000,000,000**
Final ratings (%)			
AAA	90.75	94	95
AA	n.a.	2	2
A	n.a.	2	1.5
BBB	n.a.	2	1.5
NR	9.25	n.a.	n.a.
Initial reserve (% of initial balance)	1.00	1.00	1.00
Target reserve (% of current balance)	0.25	0.25	0.25
Liquidity	n.a.	n.a.	n.a.
WAFF (%)			
AAA	24.5	21.95	19.06
AA	17.5	17.6	15.15
A	13.4	13.2	11.44
BBB	9.4	8.8	7.62
BB	5.3	4.4	3.81
WARR (%)			
AAA	67.4	69.2	73.28
AA	71.6	73.8	77.60
A	75.6	77.7	81.30
BBB	79.2	81.1	84.27
BB	82.7	84.4	87.22
Portfolio			
Collateral balance (EUR)	6,000,000,000	3,500,000,000	8,000,000,000
Number of borrowers	65,101	36,677	109,943
Average current balance per borrower (EUR)	99,048	100,454	79,765
WA seasoning (months)	3.4	3.0	3.9
WA remaining term to maturity (years)	17.1	17.1	15.6
(%)			
WA interest margin	4.24	4.51	4.42
WA MTV	83.33	85.61	82.88
WA DTI	54.93	49.02	
Self-employed	7.41	9.18	34.28
Unemployed	0.92	0.64	0.85
Interest only loans	1.39	1.43	0.68
Mortgage only	68.77	71.32	84.18
Mortgage + mandate	31.23	28.68	15.82
Flanders region	57.17	54.83	56.62
Brussels region	12.51	14.01	9.69
Walloon region	30.32	30.86	29.80
Unknown region	0.00	0.30	3.89

[a] Please note that Compartment Penates-2 has been redeemed in full and some of its collateral has been used as collateral in Compartment Penates-3
Source: Fitch

Appendix B: Servicing and Origination

Origination Process

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

- **Positive**: The loan can be granted through a Dexia local branch without any validation by the origination desk. This is a "decentralised" decision. It should be noted that, in case of a decentralised-granted loan, control of the encoded data 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 approximately 99 FTE staff in the 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, 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 the internal risk indicator/traditional credit scoring of the client. To determine these parameters, a detailed set of information is required concerning 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 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 (ie 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 borrowers (and 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 has 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, aimed at 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 to pay 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 timeframe.
- If this meeting — scheduled some days before the third reminder letter, sent by registered mail — 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 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 should 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 has agreed to a new amortisation scheme; or
  - DWKCL has 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 to settle the borrower's arrears and to normalise the borrower's status. However, if after 15 days following 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 must 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 another 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 to clear its arrears;
  - possible outcome 2 — a conciliation is not possible and the bank can proceed with enforcement (the loan is due and payable).
- If no conciliation is made, or if the borrower fails to comply with the payment arrangements made, a payment command is sent; 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.

Appendix C: Transaction Overview

Penates N.V-S.A. Compartment Penates - 3 — Country/RMBS

Capital Structure

Class	Rating	Size (%)	Size (EUR)	CE (%)	Interest rate	PMT freq	Maturity	Margin (%)	ISIN
A1	AAA	37.5	2,250,000,000	10.25	3-m Euribor	Quarterly	22 Jul 2044	0.9/1.8	BE0002394667
A2	AAA	53.25	3,195,000,000	10.25	3-m Euribor	Quarterly	22 Jul 2044	1.1/2.2	BE0002395672
B	NR	9.25	555,000,000	1	3-m Euribor	Quarterly	22 Jul 2044	1.5	BE6000893857
C	NR	1.00	60,000,000	NA	3-m Euribor	Quarterly	22 Jul 2044	2.0	BE6000894863
		Size (%)		**Size (EURm)**					
Cash reserve		1.00		60,000,000					
First interest payment date									
Step up date		July 2014							

Source: Fitch

Key Information

		Parties	
Closing date	28 June 2010		
Country of assets	Belgium	Seller/originator	DBB
Country of SPV	Belgium	Servicer	DBB
Structure	Pass-through/sequential	Arranger	DBB
Settlement	Euroclear, Clearstream	Joint lead managers	n.a.
Listing	Euronext Brussels N.V/S.A	Principal paying agent	DBB
Analysts	Henri de Mont-Serrat	Cash collection account provider	DBB
		Swap counterparty	DBB
		Cap counterparty	n.a.

Source: Fitch

Summary

Rating drivers

- Mortgage-to-value ratio
- Debt-to-income ratio
- Market value declines

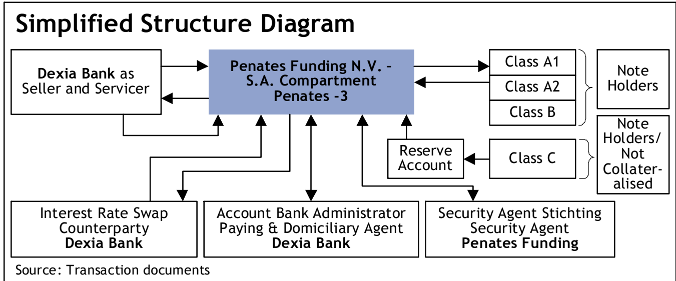
Source: Fitch

Fitch Default Model Output

Rating level	AAA	AA	A	BBB
WAFF (%)	24.5	17.5	13.4	9.4
WARR (%)	67.4	71.6	75.6	79.2
Loss severity (%)	32.6	28.4	24.4	20.8
MVD	52.1	47.9	43.7	39.5

Source: Fitch

Simplified Structure Diagram



Source: Transaction documents

Collateral Summary

Provisional pool characteristics (as of 30 Apr 2010)

Current principal balance (ISO)	6,448,170,700	**Regional concentration (%)**	
Average current loan per borrower (ISO)	99,048	Flanders	57.17
Number of borrowers	65,101	Brussels	12.51
Number of loans	108,029	Wallonia	30.32
Seasoning (years)	3.4		
WA MTV	83.33	First ranking (%)	100
WA CLTM	108.9	Jumbo (%)	18.11
Mortgage characteristics		**Payment frequency**	
Mortgage only	68.77	Annuity	86.15
Mortgage + mandate	31.23	Linear	3.39
		Progressive annuity	9.07
Interest rate type		Interest only loans	1.39
Floating rate loans (%)	21.23		
Fixed rate loans	78.77	Performing loans (%)	98.83
WA interest margin (%)	4.24		
		WA DTI (%)	54.93
		Employment status (% of self-employed)	7.41

Source: Fitch/transaction documents

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