

## NOTICE RELATING TO

**EUR 8,077,500,000 Class A Mortgage-Backed Floating Rate Notes due 2045**

**Issue Price 100 per cent.**

**EUR 472,500,000 Class B Mortgage-Backed Floating Rate Notes due 2045**

**Issue Price 100 per cent.**

**EUR 450,000,000 Class C Mortgage-Backed Floating Rate Notes due 2045**

**Issue Price 100 per cent.**

**EUR 117,000,000 Class D Mortgage-Backed Floating Rate Notes due 2045**

**Issue Price 100 per cent.**

**issued by**

**PENATES FUNDING N.V. / S.A.**

**(Institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge)**

**Acting through its Compartment PENATES – 4**

**(the “Issuer”)**

1. This notice is dated as of 9 April 2014 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 19 December 2011 EUR 8,077,500,000 Class A Mortgage Backed Floating Rate Notes due 2045, EUR 472,500,000 Class B Mortgage Backed Floating Rate Notes due 2045, EUR 450,000,000 Class C Mortgage Backed Floating Rate Notes due 2045, EUR 117,000,000 Class D Mortgage Backed Floating Rate Notes due 2045 (the “Notes”). The Class A Notes have been admitted to trading on Euronext Brussels.
3. Notes issued by the Issuer can only be acquired, held by, and transferred to investors that qualify both as (i) eligible investors within the meaning of Article 5§3 of the Belgian Law of 3 August 2012 on certain forms of collective management of investment portfolios (*Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles/Loi relative à certaines formes de gestion collective de portefeuilles d’investissement*), as amended from time to time that are acting for their own account, and (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 19 December 2011 for the Notes.
5. The term Belfius Bank N.V. – S.A. (“**Belfius Bank**”) is used to refer to the redenominated Dexia Bank Belgium N.V. – S.A. Belfius Bank is organised as a limited liability company (*naamloze vennootschap / société anonyme*) under Belgian law with its registered office at 1000 Brussels, Pachecolaan 44, Belgium, registered with the Crossroad Bank for enterprises under number RPM 0403.201.185, licensed as a mortgage institution by the FSMA and licensed as a consumer credit provider by the Ministry of Economic Affairs.
6. Following the downgrade of Belfius Bank by DBRS on 30 January 2014 and pursuant to the Written Resolutions taken on 4 April 2014, all holders of all Classes of Notes have consented to the amendments to the Transaction Documents;

7. The Issuer wishes to announce that the following amendments have been made to certain transaction documents relating to the Notes:

(a) Paragraph (iii) of subparagraph 4 (*Rating Events*) of Part 5 (*Other Provisions*) of the Schedule to the Senior Swap Agreement was deleted and replaced in its entirety with the following:

“ (iii) **DBRS Rating Events**

(x) In the event (such event, an “**Initial DBRS Rating Event**”) that, at any time (a) the long-term, unsecured, unsubordinated and unguaranteed debt obligations of Party A and, if applicable, its Credit Support Provider are assigned a rating or a credit view equivalent to a rating of less than BBB(high) by DBRS (such rating, the “**First Rating Threshold**”), or (b) such rating or credit view is withdrawn by DBRS, then Party A shall, at its own cost and as soon as practicable, but in any event no later than thirty (30) Business Days:

(A) provide collateral in such amount as is set out in the Credit Support Annex, or

(B) obtain a DBRS Eligible Replacement to guarantee the obligations of Party A under this Agreement, or

(C) subject to subparagraph 9(B), arrange for the transfer of its rights and obligations with respect to Party A to a DBRS Eligible Replacement, or

(D) 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 of paragraph (B), (C) or (D) above is satisfied at any time, Party A will not be required to post any collateral and Party B shall return any collateral posted in accordance with the Credit Support Annex (unless, for the avoidance of doubt, such collateral needs to remain posted in accordance with the rating criteria of Moody’s or Fitch).

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 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 DBRS Rating Event**”) that, at any time (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of Party A and, if applicable, its Credit Support Provider are assigned a rating or credit view equivalent

to a rating of less than BBB by DBRS (such rating, the “**Second Rating Threshold**”); or (b) such rating is withdrawn by DBRS, then Party A will, at its own cost:

- (A) as soon as practicable but in any event within thirty (30) Business Days as of the occurrence of such Subsequent DBRS Rating Event post collateral in accordance with the provisions of Credit Support Annex (or, if at the time such Subsequent DBRS Rating Event occurs, Party A has posted collateral under the Credit Support Annex following an Initial DBRS Rating Event, as the case may be, post additional collateral in accordance with the Credit Support Annex); and
- (B) use commercially reasonable efforts as of the occurrence of any such Subsequent DBRS Rating Event to:
  - (1) obtain a DBRS Eligible Replacement to guarantee the obligations of Party A under this Agreement; or
  - (2) subject to subparagraph 9(B), transfer all of its rights and obligations with respect to this Agreement to a DBRS 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 of paragraph (1), (2) or (3) above is satisfied at any time, Party A shall return any collateral posted in accordance with the Credit Support Annex (unless, for the avoidance of doubt, such collateral needs to remain posted in accordance with the rating criteria of Moody’s or Fitch).

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 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.

- (z) Party B and the Security Agent shall use their reasonable endeavours to co-operate with Party A in connection with any transfer of the rights and obligations of Party B under the Agreement pursuant to any downgrade as set out above.

As used herein “**DBRS Eligible Replacement**” means an entity which has the DBRS Required Ratings.

An entity shall have the “**DBRS Required Ratings**” where an entity has its long-term, unsecured and unsubordinated debt obligations assigned a rating or credit view equivalent to a rating not lower than “BBB(high)” by DBRS.”

- (b) The definition of Minimum Rating in the Master Definitions Agreement dated 19 December 2011, as amended from time to time, was deleted and replaced in its entirety with the following:

“**Minimum Ratings** 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 not rated less than Baa3 by Moody’s and BBB+ by Fitch and BBB(high) by DBRS (or are not assigned a credit view equivalent of a rating of less than BBB(high)) , or, such other ratings (or, in case of DBRS, credit view) which are otherwise acceptable to the Rating Agencies under (i) or (ii) or according to their most recent published counterparty criteria;”

- (c) Clause 6.4 of the Pledge Agreement dated 19 December 2011, as amended from time to time, was deleted and replaced in its entirety with the following:

“6.4 The Issuer undertakes to the Security Agent that the Issuer Accounts shall 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 Baa3 by Moody’s and BBB+ by Fitch and BBB(high) by DBRS (or are not assigned a credit view equivalent to a rating of not less than BBB(high) by DBRS), or such other ratings (or, if applicable, credit views) which are otherwise acceptable to the Rating Agencies under (i) or (ii) or according to their most recent published counterparty criteria (the **Minimum Ratings**), which for the time being shall be the Account Bank, and shall 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 (thereby assisted by the Issuer) will (x) within 30 calendar days as from the moment referred to in (i) or (ii) above transfer all the Issuer Accounts (other than the Share Capital Account, which can remain at Belfius Bank unless Belfius Bank ceases to be authorised to conduct business as a credit institution in Belgium) 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 or (y) find any other solution or take any other suitable action that will not, in and of itself and at this time, negatively impact the rating of the Class A Notes then outstanding.”

8. 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.

9. The Issuer accepts responsibility for the information included in this notice.

10. This notice shall be governed by and construed in accordance with Belgian law.

For further details, please contact:

Domiciliary Agent – (*Penates-4*)

Belfius Bank NV/SA

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