MOODY'S
INVESTORS SERVICE

PRE SALE REPORT

PENATES FUNDING N.V./ S.A., Compartment PENATES-4

RMBS/Prime/Belgium

Closing Date

[19th] December 2011

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Provisional Ratings

Class	Rating	Amount (€ Mil)	% Of Assets*	Legal Final Maturity	Coupon***	Subordi-nation* (%)	Reserve Fund* (%)	Total Credit Enhance-ment** (%)
A	(P)Aaa(sf)	8,077.5	89.75	2045	E3m+1.20%	10.25%	1.3%	10.25%
B	(P)A3(sf)	472.5	5.25	2045	E3m+1.85%	5.00%	1.3%	5.00%
C	NR	450.0	5.00	2045	E3m+2.30%	0.00%	1.3%	0.00%
D	NR	117.0	1.30	2045	E3M+2.50%	0.00%	1.3%	0.00%

The ratings address the expected loss posed to investors by the legal final maturity. In Moody's opinion the structure allows for timely payment of interest and ultimate payment of principal at par on or before the rated final legal maturity date. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

* Expressed as a percentage of mortgage loan assets; reserve fund does not provide credit enhancement to the notes but only liquidity

** No benefit attributed to excess spread.

*** The coupon on the Class A will step-up to 2.4% after November 2015

V Score for the sector (Belgian RMBS):	Medium
V Score for the subject transaction:	Medium

The subject transaction is a static cash securitisation of residential mortgage loans secured by residential properties in Belgium.

Asset Summary (Cut off date as of 31st of October 2011)

Seller(s)/originator(s):	Dexia Bank Belgium ("DBB", A3 / P-1 ratings under review with direction uncertain)
Servicer(s):	DBB
Receivables:	First-lien All Sums Mortgage loans and / or Mandates granted to individuals secured by residential properties located in Belgium.
Principal Methodology Used:	» Moody's Approach to Rating RMBS in Europe, Middle East, and Africa, October 2009 (SF141262)
Other Methodologies Used:	» Moody's Approach to Rating Belgian RMBS, September 2006 (SF79604) » Cash Flow Analysis in EMEA RMBS: Testing Features with the MARCO Model (Moody's Analyser of Residential Cash Flows), January 2006 (SF58290) » A Framework for Stressing House Prices in RMBS Transactions in EMEA, July 2008 (SF131751) » V Scores and Parameter Sensitivities in the Major EMEA RMBS Subsectors, April 2009 (SF158654) » Moody's Enhanced Approach to Originator Assessments in EMEA RMBS Transactions, October 2009 (SF153718)
Models Used:	MILAN (Belgian settings), MARCO & ABSROM

This pre-sale report addresses the structure and characteristics of the proposed transaction based on the information provided to Moody's as of 15 of December 2011. Investors should be aware that certain issues concerning this transaction have yet to be finalised. Upon conclusive review of all documents and legal information as well as any subsequent changes in information, Moody's will endeavour to assign definitive ratings to this transaction. The definitive ratings may differ from the provisional ratings set forth in this report. Moody's will disseminate the assignment of definitive ratings through its Client Service Desk. This report does not constitute an offer to sell or a solicitation of an offer to buy any securities, and it may not be used or circulated in connection with any such offer or solicitation.

Asset Summary (Continued)

Total Amount:	EUR 9,425,259,779
Number of Borrowers:	96,630
Length of Revolving Period:	None
Borrower concentration:	Top 20 borrowers represents 0.5% of the pool
WA Remaining Term:	17.4 years
WA Seasoning:	3.5 years
Interest Basis:	4%
WA Current Loan to initial Value ("LTV")	66.8%
WA Original Loan to initial Value:	76.9%
WA Loan to mortgage inscription:	112.5%
Moody's calculated WA indexed LTV:	59.3%
Borrower credit profile:	Prime
Delinquency Status:	0.0% loans in arrears by less than 30 days

Liabilities, Credit Enhancement and Liquidity

Excess Spread At Closing:	0.45% guaranteed excess spread through swaps
Credit Enhancement/Reserves:	Reserve Fund: 1.3% of the mortgage backed notes; Guaranteed excess margin of 0.45% over performing loans
Form of Liquidity:	Principal to pay interest mechanism Reserve Fund: 1.3% of the mortgage backed notes; Coupons, fees and 0.45% of guaranteed excess margin (over performing loans) provided by the swap agreements Should DBB no longer be rated at least P-1 then DBB must provide a "Risk Mitigation deposit" reserve which can be used to cover for any shortfalls in senior costs and note interest and any losses arising from commingling set-off or liquidity risks. When established it will be sized at minimum to the amount corresponding to the next monthly collection.
Number of Interest Payments Covered by Liquidity:	Approx. 3, 2 and 1 quarterly payment due under the notes assuming respectively Euribor 3 months of 1%, 4% and 6%.
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	Pass-through on each payment date
Payment Dates:	25th of February, May, August, November; 1st payment date: 25th of May 2012
Hedging Arrangements:	Senior and junior "Dutch" swaps, paying fees, coupons due under the notes and guaranteeing 0.45% excess spread over performing assets

Counterparties

Issuer:	Penates Funding N.V. / S.A., acting through its compartment Penates-4
Sellers/Originators:	Dexia Bank Belgium N.V. - S.A.("DBB", A3/P-1 on review with direction uncertain)
Contractual Servicer(s):	DBB
Sub-Servicer(s):	Not applicable
Back-up Servicer(s):	Not applicable
Back-up Servicer Facilitator:	Not applicable
Cash Manager:	DBB
Back-up Cash Manager:	Not applicable
Calculation Agent:	DBB
Back-up Calculation / Computational Agent:	Not applicable
Senior and Junior Swap Counterparty:	DBB
Issuer Account Bank:	DBB
Collection Account Bank:	DBB
Paying Agent:	DBB
Administrator:	DBB
Corporate Service Provider:	Dexia Fiduciaire Belgium N.V. - S.A
Arranger:	DBB
Security Agent:	Stichting Security Agent Penates

Moody's View

Outlook for the Sector:	No specific sector outlook for Belgian RMBS
Unique Feature:	The hedging agreements in the transaction provide for monthly payments from the Issuer and quarterly payment form the swap counterparty, nonetheless we believe this does not add any layer of risk in the transaction.
Degree of Linkage to Originator:	Strong linkage. DBB acts as seller, servicer, administrator, calculation agent, cash manager, paying agent, account bank, junior and senior swap provider. Nonetheless as servicer there is a rating related trigger at loss of A3 to appoint a Back Up Servicer Facilitator. A back-up cash manager and administrator shall also be appointed at loss of Baa3.
Originator's Securitisation History:	3 previous RMBS transactions, not rated by Moody's
# of Precedent Transactions in Sector:	Performance in line or better than Belgian index (previous Penates transactions are not rated by Moody's)
% of Book Securitised:	55%
Behaviour of Precedent Transactions:	Delinquencies and defaults reported on prior DBB's transactions are in line or better than the average performance of other Belgian RMBS deals.
Key Differences between Subject and Precedent Transactions:	5.8% of the pool consists of loans to DBB's employees.
Portfolio Relative Performance:	
Expected Loss/Ranking:	0.8% which is lower than the Belgian sector average due to: (i) good performance of DBB's originated loans to date, as provided by the originator (ii) the current macroeconomic environment in Belgium; and (iii) benchmarking with comparable transactions in the Belgian market.
MILAN Aaa CE/Ranking:	MILAN Aaa CE/Ranking: 7% which is lower than the Belgian sector average due to (i) the quality of the assets featuring low WA LTV, high seasoning and large owner occupancy rate and (ii) the quality of the underwriting and servicing process of DBB.
Weighted-Average Aaa Stress Rate For House Prices:	37.5%
Parameter Sensitivity:	
Chart Interpretation:	At the time the rating was assigned, the model output indicated that Class A would have achieved a Aaa rating even if the expected loss was as high as 2.4% assuming MILAN AaaCE remained at 7% and all other factors were constant.
Factors Which Could Lead to a Downgrade:	Deterioration of DBB's credit quality. Deterioration of Belgian Government's rating.Worse than expected collateral performance in terms of delinquency and loss rates. Deterioration in the real estate market.

TABLE 1*

Tranche A

		Milan Aaa CE Output			
		7.00%	8.40%	9.80%	11.20%
Median Expected Loss	0.80%	Aaa*	Aaa (0)	Aa1(1)	Aa1(1)
	1.20%	Aaa (0)	Aaa (0)	Aa1(1)	Aa1(1)
	1.60%	Aaa (0)	Aaa (0)	Aa1(1)	Aa1(1)
	2.40%	Aaa (0)	Aaa (0)	Aa1(1)	Aa2(2)

* Results under base case assumptions indicated by asterisk ' * '. Change in model output (# of notches) is noted in parentheses.

TABLE 2*

Tranche B

		Milan Aaa CE Output			
		7.00%	8.40%	9.80%	11.20%
Median Expected Loss	0.80%	A3*	A3 (0)	A3 (0)	A3 (0)
	1.20%	A3 (0)	A3 (0)	A3 (0)	A3 (0)
	1.60%	A3 (0)	A3 (0)	A3 (0)	A3 (0)
	2.40%	A3 (0)	A3 (0)	Baa1 (1)	Baa1(1)

* Results under base case assumptions indicated by asterisk ' * '. Change in model output (# of notches) is noted in parentheses.

Composite V Score

Breakdown of the V Scores Assigned to		Belgium Sector	Trans-action	Remarks
Composite Score: Low (L), Low/Medium (L/M), Medium (M), Medium/High (M/H), or High (H) "Low" reflects lowest level of uncertainty in estimating credit risk relative to other Structured Finance instruments.				
1	**Sector Historical Data Adequacy and Performance Variability**	**L/M**	**L/M**	
1.1	Quality of Historical Data for the Sector	L/M	L/M	» Same as sector score
1.2	Sector's Historical Performance Variability	L	L	» Same as sector score
1.3	Sector's Historical Downgrade Rate	L	L	» Same as sector score
2	**Issuer/Sponsor/Originator Historical Data Adequacy, Performance Variability and Quality of Disclosure**	**M**	**L/M**	
2.1	Quality of Historical Data for the Issuer/Sponsor/Originator	M	L/M	» DBB has provided historical information from 1987 to 2011 on default (vintage analysis), from 2004 to 2008 on recoveries (vintage analysis), from 2002 to 2011 on dynamic delinquencies.
2.2	Issuer/Sponsor/Originator's Historical Performance Variability	L	L	» The precedent transaction have lower delinquency rates than the Belgian index. » The loss rates are also lower than the Belgian index.
2.3	Disclosure of Securitisation Collateral Pool Characteristics	L/M	L/M	» Some missing loan level data, such as employment type for 12% of the pool
2.4	Disclosure of Securitisation Performance	L/M	L/M	» Investor report provides securitisation performance in line with other market participants.
3	**Complexity and Market Value Sensitivity**	**M/H**	**M/H**	
3.1	Transaction Complexity	M/H	M/H	» In line with a typical transaction in the sector. Generally the more complex structure of loan security mechanisms (mandates and all sums mortgages) in Belgium increases the credit risk uncertainty.
3.2	Analytic Complexity	M/H	M/H	» The MILAN model was applicable. » The standard cash flow model was used. » Additional analysis required in line with the standard for Belgian market given above Transaction complexities
3.3	Market Value Sensitivity	L/M	L/M	» The assets are secured financial assets whereby the underlying properties have a reasonably liquid secondary market.
4	**Governance**	**L/M**	**M**	
4.1	Experience of, Arrangements Among and Oversight of Transaction Parties	L	L	» Originator has prior securitisation experience through the Penates series, first issued in 2007.
4.2	Back-up Servicer Arrangement	L	L	» DBB is rated A3 / P-1 on review with direction uncertain » There is no back-up servicer appointed at close
4.3	Alignment of Interests	L/M	L/M	» Securitisation is a material component of the funding strategy. » All notes have been retained by DBB.
4.4	Legal, Regulatory, or Other Uncertainty	L/M	M	» Uncertainty on the rating of DBB and on the rating of the Belgian government (both on review at closing date)

Strengths and Concerns

Strengths:

» **Prior performance:** The levels of defaults and losses seen in previous transactions from the same originator are lower than those from other transactions in the Belgian RMBS sector.

» **Pool characteristics:** The pool has relatively lower weighted average LTV (66.8%) and average loan to mortgage value (112.5%) than Belgian benchmark. In addition the pool is not revolving, which provides more certainty on the characteristics of the pool.

» **Loss Provisioning:** The transaction includes an early provisioning mechanism for loans classified as defaulted by the servicer. Default definition is defined as loans in arrears for more than 90 days or classified as defaulted at the servicer's discretion. This mechanism helps trapping excess spread within the transaction which would otherwise leak out, thereby improving it as a source of credit enhancement.

» **Hedging arrangements:** An interest rate swap, provided by DBB (A3 / P-1, on review with direction uncertain/ on review for possible downgrade), covers for the ongoing payment of costs and interests on the notes.

» **Liquidity:** The transaction provides for the following sources of liquidity: (i) principal to pay interest mechanism, (ii) guaranteed excess spread through the swap agreement, (iii) risk mitigation deposit (that can be used to cover liquidity shortfalls) and (iv) reserve fund that can only be used for liquidity purpose.

Concerns and Mitigants:

Moody's committees particularly focused on the following factors, listed in order of those most likely to affect the ratings:

» **Set-off risk**. The transaction is exposed to set-off risk on saving/ deposit accounts held by the borrowers with DBB. This is mitigated by an early notification of the sale to the borrowers. We have taken into account additional losses that may arise from set-off risk in the cash-flow modelling as further described in the "Treatment of concerns" section.

» **Possible additional loss due to portion of the loans being granted to DBB's employees.** The transaction is exposed to 5.8% of loans to DBB's employees who are likely to default upon DBB's insolvency. This feature increases linkage between the rating of the notes and the rating of DBB. Moody's has taken this risk into account as firther described in the "Treatment of concerns" section.

» **Significant linkage between the rating of the notes and the rating of DBB:** DBB acts as seller, servicer, calculation agent/cash manager[4], paying agent, account bank and swap provider. To mitigate the linkage to DBB, the transaction documentation provides for the following rating related triggers: (i) appointment of a back-up servicer facilitator at loss of A3, (ii) appointment of a new account bank at loss of P-1, (iii) appointment of a back-up cash manager at loss of Baa3.
To mitigate linkage between the rating of the notes and the rating of DBB acting as senior swap counterparty, collateral will be posted from closing date in order to ease swap counterparty replacement if needed .
The junior swap documentation is not compliant with our de-linkage criteria, therefore Moody's has assumed full linkage between the rating of the Class B notes and the rating of the swap counterparty.

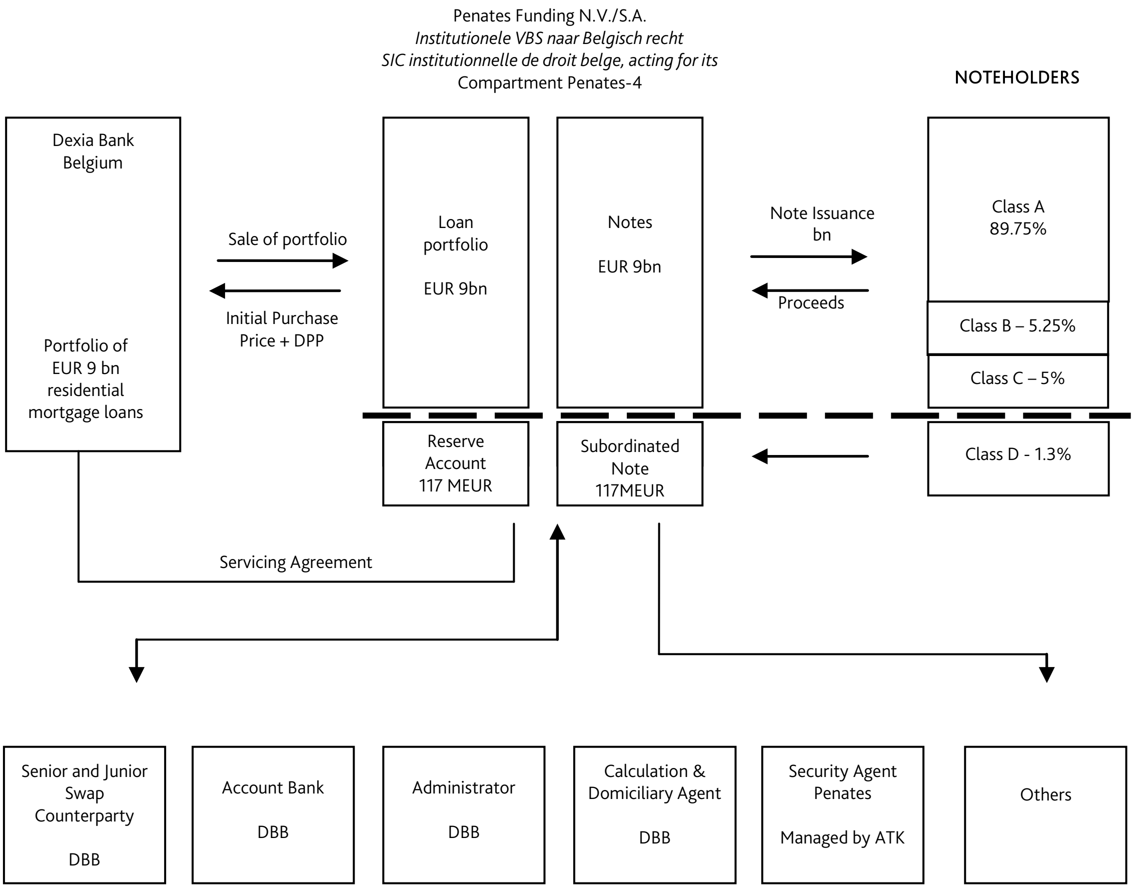
» **Loan security:** Mortgage mandates represent 20% of the total loan security in the portfolio. In Moody's view, a mortgage mandate is a weaker security than a mortgage as it does not ensure the claim ranking. See 'Treatment of Concerns'.

» **All-Sums mortgages:** The mortgage pool consists of All-Sums mortgage loans, where the loans are secured by a mortgage which also secures other amounts. The outstanding pari passu loans are taken into account in the calculation of both, default frequency and recovery for each loan. Any additional debt extended to the borrower within the All-Sums mortgage after the transaction closing date, rank junior to the earlier debt. See 'Assets' and 'Treatment of Concerns' sections below.

» **Sovereign uncertainty / Belgium** (Belgium government rating under review for downgrade at closing date) The main drivers that prompted the rating review are: (i) the material increase in long-term funding risks for euro area sovereigns with high levels of public debt, such as Belgium, as a result of the sustained fragility in the wholesale finance environment for euro sovereigns and banks, due to the sovereign debt crisis; (ii) risks of a deterioration of the public debt trajectory in light of increasing downside risks to economic growth; and (iii), the uncertainty around the impact on the already pressured balance sheet of the government of additional bank support measures which are likely to be needed. The ratings of the notes may be affected by changes in the Belgian government rating.

Structure, Legal Aspects and Associated Risks

CHART 1
Structure Chart



Allocation of payments/pre accelerated interest waterfall: On each monthly payment date, the issuer's monthly interest available funds (i.e. interests received under the loans, prepayment penalties, amount received from the risk mitigation reserve and/or the reserve fund if applicable) are applied in the following simplified order of priority:

1. Senior costs, fees and expenses
2. Reservation of the guaranteed excess margin
3. Payments to the senior and junior swap counterparty

On each quarterly payment date, the issuer's quarterly interest available funds (i.e. amounts received from the swap counterparty under the senior and junior swaps, interests accrued on the issuer's accounts, amount received from the reserve fund if applicable, guaranteed excess margin reserved in prior months, interest from the issuer accounts, recoveries from defaulted loans, excess cash available in the reserve fund, principal needed to cover for interest shortfall on class A- if applicable) are applied in the following simplified order of priority:

1. Pari passu: Interests due on Class A and senior swap termination amounts
2. Replenishment of Reserve Fund (if Class A still outstanding)
3. PDL on Class A
4. PDL on Class B
5. Pari passu: Interests due on Class B and junior swap termination amounts
6. Replenishment of Reserve Fund (if Class A has been redeemed)
7. PDL on Class C
8. Interests due on Class C
9. Interests due on Class D
10. Principal of Class D
11. Subordinated senior swap amounts
12. Subordinated junior swap amounts
13. Deferred purchase price

Allocation of payments/pre accelerated principal waterfall: On each quarterly payment date , the issuer's principal available funds (i.e. principal collections from the portfolio, amounts to be credited to the PDL and amounts to be credited from the risk mitigation deposit – if applicable) will be applied towards repayment of Class A to C in sequential order.

PDL mechanism:

A principal deficiency ledger (PDL) is defined as the outstanding balance of defaulted loans. A defaulted loan is a loan in arrears for more than 90 days or a loan that has been assigned an internal defaulted code (defined at servicer's discretion). Set-off amounts will be passed to PDL.

Performance Triggers:

Trigger	Conditions	Remedies/Cure
Reserve Fund amortisation	» Class A notes must have been redeemed by 50% » No amounts are recorded in the principal deficiency ledger » The reserve fund was at its required amount at the precedent payment date	Reserve Fund can amortize to the higher of (a) 0.5% of the initial amount of the pool and (b) lower of (i) 1.3% of the principal amount of the collateralised notes on the closing date and (ii) 2.4% of the principal amount of the collateralised notes on the preceding payment date
Reserve Fund stop amortization	» The delinquent loans represent more than 2.5% of the current balance of the portfolio » The cumulative defaulted loans represent more than 2% of the initial outstanding amount of the notes	Stop reserve fund amortization

Reserve Fund:

- At close: 1.3% of original collateralized notes balance
- Amortising according to the performance trigger above

To the extent the Class A notes are still outstanding, the reserve fund will be replenished before the interest payment of the Class B note. Through these mechanisms, we consider that the reserve fund in this transaction is in line with other comparable Belgian RMBS transactions.

Liquidity:

- Principal to pay interest mechanism is in place to cover for any interest shortfall payment on the senior class.
- Guaranteed excess spread. Should DBB no longer be rated at least P-1 then DBB must provide a "Risk Mitigation deposit" reserve which can be used to cover for any shortfalls in senior costs and note interest and any losses arising from commingling or set-off risks. When established it will be sized at the sum of:

- 1 x next scheduled interest and principal amount on the loans plus
- 50% * min (loan balance, maximum(0, (deposit- amount covered by the deposit scheme) plus any amount of salary due and payable but unpaid on such date to employees hired after January 2008)

» Reserve fund (that can only be used to cover liquidity issues and not credit losses)

Assets:

Asset transfer and vehicle status:

» True Sale under Belgian law.

» The issuer consists of separate subdivisions, each a compartment, and each such compartment, legally constitutes a separate group of assets to which corresponding liabilities are allocated. The notes are issued by the issuer Penates Funding N.V./ S.A., acting through its Compartment Penates-4.

Interest rate mismatch:

Vast majority of the portfolio are fixed rate loans with the interest rate on the remaining loans subject to a review every 1, 3, 5, 10 15 or 20 years subject to certain caps. The base rate on the notes is three-months EURIBOR resetting quarterly on the determination dates. Thus, the transaction is subject to interest rate mismatch.

Mitigant:

The issuer will enter into a senior and a junior swap agreements with DBB to mitigate the interest rate mismatch between assets and liabilities.

Under the senior swap agreement:

» The issuer will pay the product of (i) the monthly interest available funds under the assets, minus senior costs and expenses minus the guaranteed excess margin and (ii) the senior swap ratio (being the proportion of Class A (excluding unpaid PDL) in the total amount of Class A to C (excluding unpaid PDL)).

» The swap counterparty will pay the coupons due on the Class A.

» The notional of the swap will be reduced by unpaid PDL on class A.

Under the junior swap agreement:

» The issuer will pay the product of (i) the monthly interest available funds under the assets, minus senior costs and expenses minus the guaranteed excess margin and (ii) the junior swap ratio (being the proportion of Class B and C (excluding unpaid PDL) in the total amount of Class A to C (excluding unpaid PDL)).

» The swap counterparty will pay the coupons due on the Class B and C.

» The notional of the swap will be reduced by unpaid PDL on class B and C.

The senior swap documentation complies with Moody's swap criteria and has been articulated under ISDA. The junior swap documentation does not comply with Moody's swap criteria, therefore Moody's has considered almost full linkage between the ratings of the Class B and the rating of the swap counterparty (currently rated A3/P-1 on review with direction uncertain).

Cash Commingling:

All of the payments under the loans are collected by the servicer under a direct debit scheme into the servicer's collection account and transferred daily into the issuer's account. In the event of insolvency of DBB and until notification is delivered to the borrowers to redirect their payments, payments by the underlying debtors will continue to be collected by the servicer and may commingle with other funds belonging to DBB.

Mitigant*:*

» If DBB is downgraded below P-1, it will establish the "Risk Mitigation Deposit" reserve as described under the 'Liquidity' section above.

» If DBB is downgraded below Baa3, it will notify the borrowers about the transfer and assignment of the loans.

» Our analysis assumes the "Risk Mitigation Deposit" is sufficient to protect the transaction from commingling risk therefore Moody's has not modelled additional loss due to commingling in its quantitative analysis.

Set off:

» Possible sources of set-off risk

Before a notice of assignment is given, borrowers may set-off their deposits against securitised mortgages to the extent both the deposits and mortgage payments are due and payable.

After notice of assignment, a borrower can still invoke rights of set off but only between (i) the amounts due and payable to the seller under the mortgage receivable before notification, and (ii) its claim on savings accounts or deposits due and held with the seller. Under this situation, the exposure of the issuer to set-off risk should never exceed one month of collections.

After insolvency of the originator, no further right to set-off is permitted by Belgian law unless both debts are closely connected.

However, Moody's considers that defense of non-performance may be asserted by borrowers even after insolvency/notice of assignment provided there is a close interrelationship between the two debts, allowing them to effectively set-off.

» The Belgian compensation scheme:

Borrowers may prefer to make a claim with the Belgian compensation scheme for amounts in deposits up to EUR 100,000 (which is the limit of compensation) instead of seeking a set-off with the loan. The conditions of the scheme follow:

- A claim must be made within 2 months of the bank insolvency.
- If no notice of assignment has been given at the time of the claim, the securitised debt will be deducted from the compensation claim.
- If notice has been given at the time of the claim, the scheme will compensate the full deposit subject to (i) deduction for any set-off right that has already accrued, in particular for any unsecuritised debt also residing at the originator; and (ii) a limit of Eur 100,000.
- The depositor must choose if to claim the entire deposit against the compensation scheme or against the loan.

Mitigant:

» A notice of assignment will be triggered if, amongst others, DBB is downgraded below Baa3.

» If such notification also corresponds with a redirection notice to pay into an alternative collections account in the name of the issuer, then the notice shall be given in two stages. An initial notification, to be provided 'forthwith', that the mortgage receivables have been sold to the issuer. Followed by a second notification with relevant redirection instructions once the new account has been established.

» Moody's views the likely speed of the first notification as sufficient to ensure the borrowers have been notified before any compensation claim under the deposit guarantee scheme, following default of DBB, may arise. Thereby increasing the likelihood of the scheme paying gross of the securitised debt and reducing the amounts which can potentially be set-off.

» If established, the Risk Mitigation Deposit, described above under 'Liquidity', will further mitigate against losses arising from set-off.

» We have assumed that most borrowers will choose to claim under the compensation scheme when their deposit is equal or less than Eur 100,000. Therefore the gross set-off exposure from deposits/savings of 33% has been assumed to reduce to 4% in our analysis. Please see the "Treatment of concerns" section.

Permitted loan variations:

The servicer can allow loan modifications at the request of the borrower subject to certain conditions.

Mitigant:

Loan modifications are subject to the following conditions (amongst others):

» change in the fixed interest rate complying with the standard loan documentation, being market conform and will not cause the fixed rate to fall below 2.5%

» the periodicity of interest rate resets should not change

» loan must remain compliant with the eligibility criteria after modification

» variation should not cause the loan to mortgage of the loan to be higher than 100%

» the loan should still repay on a monthly basis if not an interest-only loan before variation

» maturity extension should not cause the final redemption date of the loan to be extended beyond the quarterly payment date falling 4 years prior to the maturity date of the notes

» In addition, the eligibility criteria limits the maturity of any loan to up to 30 years.

The interest rate swap mitigates any variation that would affect the weighted-average coupon of the pool.

Claw-back risk: Under Belgian law, if a transaction (i) is made during the suspect period which starts when the buyer is in a situation of cessation of payments (i.e. if the company has persistently stopped paying its debts as they fall due) and within six months prior to the bankruptcy order; and (ii) either the price given by the company substantially exceeds the value received in consideration or the issuer was aware or should have been aware of the cessation of payments, there is a risk that the contract will be annulled upon the buyer's insolvency.

In the subject transaction, claw-back risk mainly arises when loans are repurchased under the following situations:

» Mandatory repurchase of ineligible loans

» If the seller exercises the option to repurchase all-sums mortgage loan when further loans are originated backed by the same all-sums mortgage or for mandate conversion.

» Full redemption of the portfolio at the option of the issuer

Mitigant:

» Upon loss of P-2, the seller will provide a solvency certificate signed by two directors of the seller.

» The price for non-performing loans will be calculated taking into account the market value of the mortgages (note that repurchase of non-performing loans is limited to failure by the servicer to convert mandate into mortgage to the benefit of the issuer).

» Repurchases will be paid in cash, which is an important indication (although not fully conclusive) that the company is not simultaneously in cessation of payment.

Originator Profile, Servicer Profile and Operating Risks

Date of Operations Review:	October 2011

Originator Background: Dexia Bank Belgium (outsourced to Crefius, 100% subsidiary of DBB)

Rating:	» A3 (on review with direction uncertain) / P-1
Financial Institution Group Outlook for Sector:	» Stable
Ownership Structure:	» Wholly owned by the Belgian Goverment
Asset Size (mortgage book):	» Eur 20bn
% of Total Book Securitised:	» 55% as at September 2011
Transaction as % of Total Book:	» 45%
% of Transaction Retained:	» 100%

Originator Assessment	Main Strengths (+) and Challenges (-)
Overall Assessment:	**Average**
Originator Ability	
Sales & Marketing Practices	+ 100% branch originations (Via independent network (that exclusively works for DBB) or salaried network (on payroll of DBB) + Good customer knowledge (90% of the loans is originated to clients of the bank. 10% of the loans is originated to new (unknown) clients) + Mortgage lending used as bending product for cross-sale + All products approved by Belgian regulator + Strong market position (3rd or 4th player in the Belgian market)
Underwriting Policies & Procedures	+ All borrowers are checked thoroughly with credit bureau + All borrowers are checked for fraud + 56% of cases are underwritten at centralised level + 44% of cases underwritten at branch's level but through automatic underwriting system + Scorecard and repayment capacity used for approval authority, i.e. to decide whether a case can be underwritten at branch level or requires central underwriting + Clear underwriting criteria - No loan performance component in the compensation of underwriters, - Interest rate is not stressed in the affordability calculations, but this is mitigated by a predominance of fixed rate loans and the cap on interest rate increases in Belgian loans (as per rest of Belgian market).
Property Valuation Policies & Procedures	+/- External valuation required for 10% of loans, purchase price or construction costs used in 90% of cases + Valuers are all certified and receives fixed fees paid by DBB
Closing Policies & Procedures	- No systematic four eyes principles for loans underwritten at branch level
Credit Risk Management	+ Credit risk management input is a driver for change to Credit policies + Independence of the team, reporting directly to CEO + Good quality of performance reports provided to Moody's
Originator Stability	
Quality Control & Audit	+ Good internal control systems (quality control and internal audit by independent teams)
Management Strength & Staff Quality	+ Formalised training programme plus on-the job training provided by peers + Experienced management and staff at central underwriting, > 5 years + Very low turn over
Technology	+ Daily data back up + Business Continuity / Disaster Recovery plan in place + Documents are scanned

Servicer Background: Dexia Bank Belgium (outsourced to Crefius, 100% DBB's subsidiary)

Rating:	» A3 (under review with direction uncertain)/ P-1
Total Number of Mortgages Serviced:	» 390,000 as of September 2011
Number of Staff:	» 61 FTE

Servicer Assessment:	Main Strengths (+) and Challenges (-)
Overall Assessment:	**Average**
Servicer Ability	
Loan Administration	+ High proportion of direct debits (97%) + Follow-up check payment of insurance premiums + Servicing only through centralised servicing
Early Arrears Management	+ Automatic reminder letters sent at set periods + Early arrears management performed by central office but branches act as first point of contact of the customer - Borrowers cannot pay over phone - Promise to pay tracked manually
Loss Mitigation and Asset Management	+ All key decisions are taken by experienced collectors - No automatic process to convert mandate to mortgage (but market standard)
Servicer Stability	
Management Strength & Staff Quality	+ Extensive experienced of management and staff + Low turnover - On job training, no formalised training programs - Compensation not based on performance
IT & Reporting	+ Most Moody's requested data delivered in a timely manner + Field tested disaster recovery plan + Automatic tracking of loan modifications, payment plans, reminders
Quality control & Audit	+/- Servicing operations audited every 3-5 years - Phone conversations not recorded

Strength of Back-up Servicer Arrangement:	N/A

Back-up Servicer Background: None appointed

Receivable Administration:	
Method of Payment of borrowers in the pool:	+/- 97% Direct debit
% of Obligors with Account at Originator:	100%
Distribution of Payment Dates:	Collections are concentrated in the first days of the month

Cash Manager[5] Background: Dexia Bank Belgium NV

Rating:	A3 (on review with direction uncertain/ P-1 on review for possible downgrade)
Main Responsibilities:	Preparation of investor report (in case of servicer disruption, if the servicer report is not made available to the cash manager, the cash manager will estimate the cash to be distributed) Provide administration services to the Issuer Obligation to calculate the payments according to waterfall (since it is also the Calculation Agent) Management of transaction cash
Calculation Timeline:	Calculation date: 3 business days before the quarterly payment date / 3 business days before the monthly payment date Quarterly Payment Date: 25th of February, May, August and November / Monthly payment date: 25th of each month

Back-up Cash Manager Background: None appointed

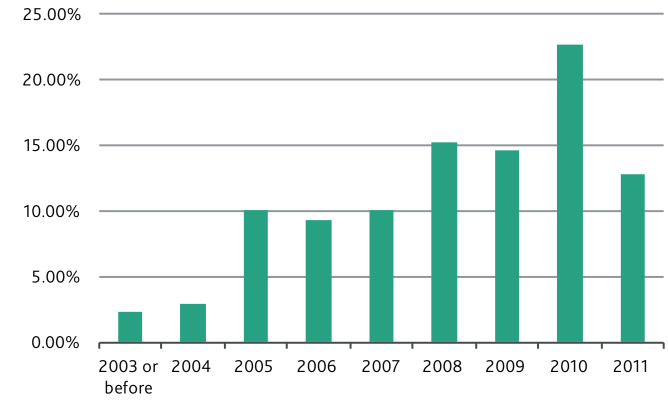
Originator/Servicer/Cash Manager Related Triggers

Key Servicer Termination Events:	Insolvency, Failure to pay or perform under servicing contract
Appointment of Back-up Servicer Upon:	N/A
Appointment of back-up servicer facilitator upon	Downgrade of the servicer below A3 (the security agent may be appointed as back-up servicer facilitator)
Key Cash Manager Termination Events:	Insolvency, Failure to perform
Appointment of Back-up Cash Manager Upon:	Appointed at loss of Baa3
Notification of Obligors of True Sale	On seller at loss of Baa3
Conversion to Daily Sweep (if original sweep is not daily)	Not applicable

Collateral Description (Cut off date as of 31 October 2011)

CHART 3

Portfolio Breakdown by Year of Origination

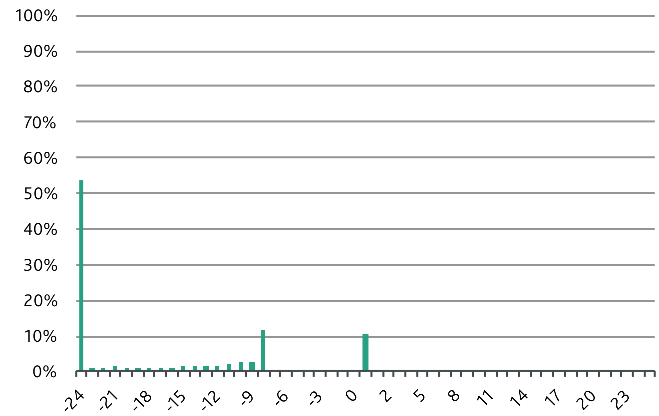


Source: DBB, Moody's

CHART 4

Portfolio Breakdown by Months Current

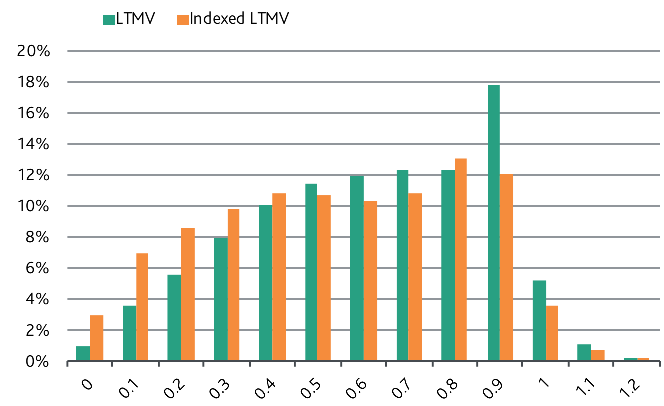
Months current (negative) and arrears (positive)



Source: DBB, Moody's

CHART 5

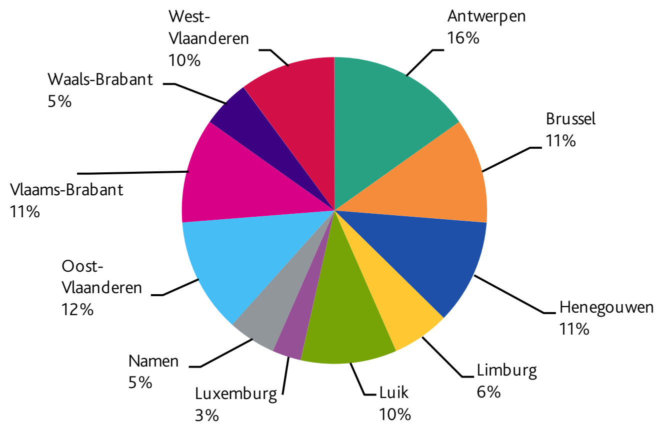
Portfolio Breakdown by LTV



Source: DBB, Moody's

CHART 6

Portfolio Breakdown by Geography



Source: DBB, Moody's

Product Description: The assets backing the notes are first-ranking All-Sums mortgage loans (see below). All the loans in the pool are secured by residential properties located in Belgium. The mortgage loans are granted by the originator to the borrower for the acquisition, construction or renovation of residential property.

Mortgage and Mandate in Belgium: Loans can be secured by a mortgage inscription, a mandate or a combination of both. A Mortgage Mandate does not constitute an actual security which creates a priority right of payment out of the proceeds of a sale of the property, but is an irrevocable power of attorney granted by a borrower to a lender enabling the later to create unilaterally a mortgage as security for the loan in the future.

A mandate does not reserve the ranking of the mortgage to be created upon exercise of the mandate. Mandates are broadly offered in the Belgium market because it reduces mortgage registration fees.

All-Sums Mortgage: The mortgage pool consists of 'All-Sums Mortgage' loans, where the loans are secured by a mortgage which also secures other amounts that the borrower owes or in the future may owe to the seller.

An All-Sums Mortgage loan which is transferred to the issuer ranks in priority to any advance that arises after the date of the transfer and that is also secured by the same All-Sums Mortgage, but has equal ranking with advances that existed at the time of the transfer and that were secured by the same All-Sums Mortgage. As of cut-off date the pari-passu loans not securitised in this pool are 4.9% of the pool size.

Eligibility Criteria: The key eligibility criteria are as follows:

- » The loan exists, is valid and enforceable. It fully complies with the requirements of the Mortgage Credit Act in Belgium.
- » The loan has been granted with respect to real property located in Belgium.
- » The loans are all denominated and payable exclusively in Euros.
- » The seller is the exclusive beneficiary of all the rights arising under the loan and it has not transferred or pledged any security interest on the rights to a third party.
- » The proceeds of each loan have been fully disbursed and the seller has no obligation to grant further advances.
- » None of the documents establishing the loans contain provisions allowing the set-off of amounts owed to the borrower by the seller.
- » On the cut-off date no loan is in arrears for more than one month or in default.
- » The current loan to value is equal or less than 125% (measured as the outstanding loan balance and pari passu balances over the unindexed valuation).
- » The current loan to mortgage is equal or less than 1000% (measured as the outstanding loan balance and pari passu balances over the secured mortgage amount).

  Each loan is secured by a first ranking mortgage, and, as the case may be, (i) a sequentially lower ranking mortgage, and/or (ii) a mandate to create such mortgages.

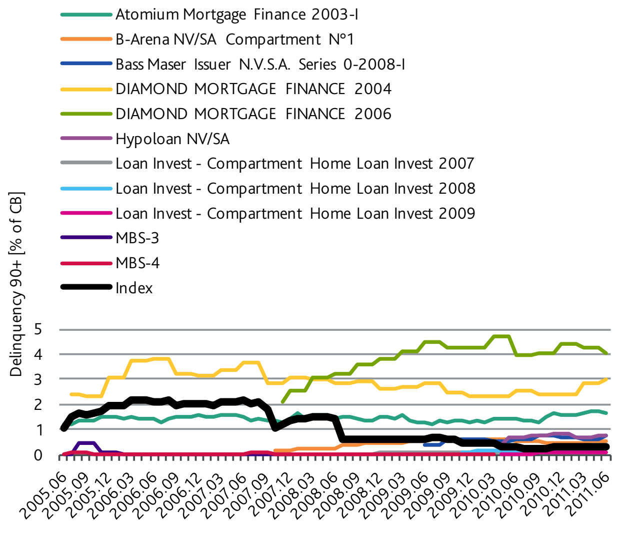
Credit Analysis

Precedent Transactions' Performance:

The previous transactions from the same originator in the Penates series are performing better than the average in the Belgian RMBS sector. The current average 90+ arrears index in the chart below is currently 0.31% whereas Penates transactions has the highest arrears out of the three precedent transactions at 0.07%.

CHART 7

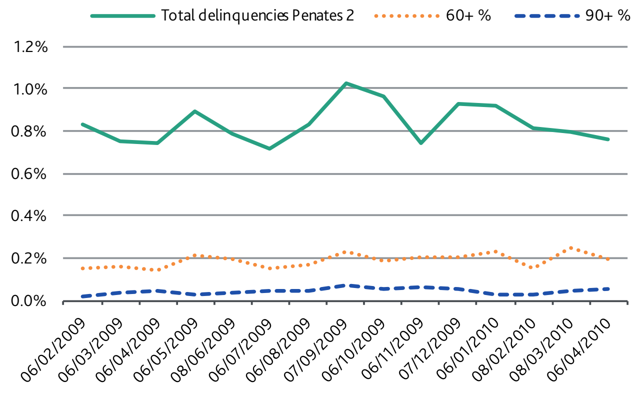
Belgian RMBS 90+ Arrears



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

CHART 8

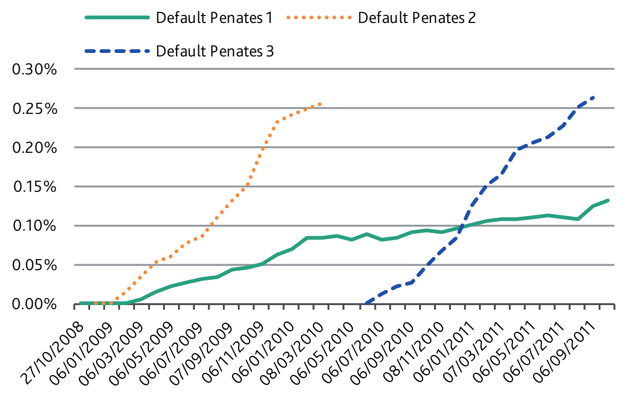
Delinquencies observed in the Penates-2 transactions



Source: DBB

CHART 9

Defaults observed in the Penates transactions



Source: DBB

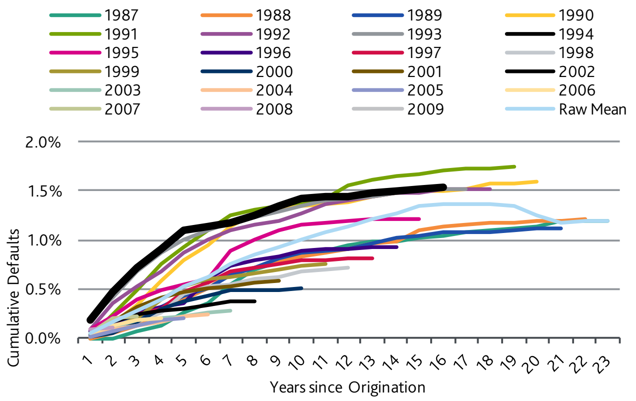
Data Quantity and Content:

DBB has provided historical information from to 1987 to 2011 on default (vintage analysis), from 2004 to 2008 on recoveries (vintage analysis), from 2002 to 2011 on dynamic delinquencies.

In Moody's view, the quantity and quality of data received is better compared to transactions which have achieved high investment grade ratings in this sector.

CHART 10

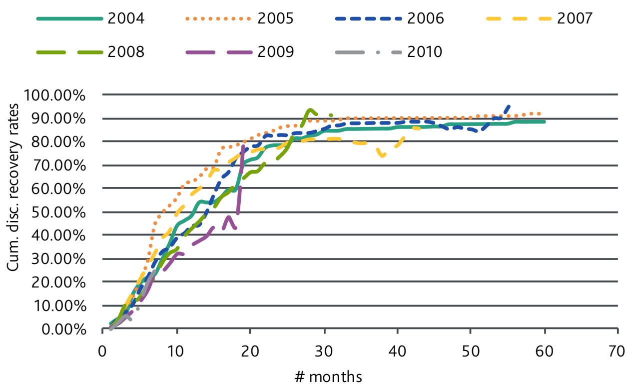
Cumulative Defaults by vintage year (%)



Source: DBB

CHART 11

Recoveries on DBB's book



Source: DBB

Assumptions and definitions Other values within a range of the notional amount listed below may result in achieving the same ratings.

Assumptions	
Spread compression / margin analysis	N/A as guaranteed margin of 45bps through swaps
Stressed Fees	N/A (included in the interest rate swap)
Definitions	
WA asset interest rate at closing	4.0%
Asset reset date	73% fixed rate loans (resetting in more than 5 years), with the interest rate on the remaining loans subject to a review every 1, 3 or 5 years
Liabilities reset date	Quarterly
Interest on cash	Available in the interest waterfall
Actual Fees	< 10bps at closing
PDL Definition	On default
Default Definition	More than 90 days arrears or/and at Servicers discretion

Expected Loss: Expected loss of 0.8% for this transaction was determined based on the following:

- Extrapolated historical default vintage data provided by the originator
- Expected recovery rate for the transaction based on characteristics of the pool and performance data provided by the originator
- Benchmark of DBB's historical data performance against peers Belgian lenders
- Current macro-economic environment in Belgium.

Modelling Approach:

Loss Distribution: The first step in the analysis is to determine a loss distribution of the pool of mortgages to be securitised. Due to the large number of loans and supporting historical data, Moody's uses a continuous distribution to approximate the loss distribution: the lognormal distribution.

In order to determine the shape of the curve, two parameters are needed: the expected loss and the volatility around this expected loss. These parameters are derived from two important sources: historical loss data and the loan-by-loan model.

Moody's uses performance data provided by the originator in addition to other relevant data in order to extrapolate expected losses for the loan pool. Examples of data include market and sector wide performance data, the performance of other securitisations, and other originators' data.

To obtain the volatility under "stressed" scenarios, Moody's takes into account historical data. However observed historical volatility may not be significant (given insufficient data points, or incomplete data), and in addition may not be representative for the future as it is based on the previous economic environments experienced.

Consequently, Moody's determines a number representing the enhancement that would be required for a pool of mortgages to obtain a rating consistent with Aaa under highly stressed conditions. This enhancement number (the "MILAN Aaa CE" number) is produced by using a loan-by-loan model, which looks at each loan in the pool individually and based on its individual characteristics such as LTV or other identified drivers of risk, will produce a benchmark CE number. This assumes stressed recovery rates (through house price decline), time to recovery, interest rates and costs to foreclosure. The weighted-average benchmark CE number will then be adjusted according to positive and negative characteristics of each loan or of the pool as a whole to produce the MILAN Aaa CE number.

Modelling assumption: The MILAN Aaa CE number and the expected loss number form the basis of Rating Committee discussions and are used to derive the lognormal distribution of the pool losses

The standard deviation of the distribution is found by setting the expected loss of the area of the lognormal distribution beyond the MILAN Aaa CE equal to the expected loss that is consistent with the idealised expected loss of a Aaa tranche.

Tranching of the Notes: Once the loss distribution of the pool under consideration has been computed, a cash flow model is used to assess the impact of structural features of the transaction. It calculates the average lives and the losses experienced by the notes for every loss scenario for the portfolio. Based on these numbers, the expected loss and the weighted-average lives for the notes are calculated as weighted averages based on the probabilities of the respective scenarios. The expected loss on each tranche together with the notes' weighted-average life determines the rating, which is consistent with Moody's target losses for each rating category.

The rating of the notes is therefore based on an analysis of:

» The characteristics of the mortgage pool backing the notes

» The relative roll-rate levels and arrears in conventional lending

» Sector-wide and originator specific performance data

» Protection provided by credit enhancement and liquidity support against defaults and arrears in the mortgage pool

» The roles of the swap and hedging providers

» The legal and structural integrity of the issue

Treatment of Concerns:

Set-off : as explained above, Moody's has considered a 4% set-off exposure to deposit in the transaction and model this additional loss in its cash-flow modelling assuming a Baa1 rating for DBB.

Employee loans: Moody's has also assumed that upon DBB's insolvency, DBB's employees (accounting for 5.8% of the pool) would default. Therefore an incremental loss of 3% (assuming about 50% would be recovered from security) has been added to the cash flow analysis upon insolvency of DBB (assuming again a Baa1 rating for DBB).

Mandates: Moody's believes that upon the originator default the benefit of mandates in the transaction might be limited due to the following reasons:

» Another lender may have registered a more senior ranking mortgage ahead of the originator's mandate before its conversion.

» Once a borrower has been declared bankrupt or has entered collective debt settlement proceedings, a mandate cannot be converted to a mortgage.

Therefore when assessing the credit quality of the assets in a Aaa scenario, reduced benefit was given to mandates when calculating the recovery rate of the loans upon default. However since, for loans originated after May 2009, even following default of the originator, the mandates should be converted by third parties outside DBB at the direction of the issuer and for the benefit of securing the loan receivables Moody's has therefore given some benefit to mandates. Approximately 40% haircut was applied to the value of the mandates to account for the above limitations in the recovery analysis.

In Moody's view, the default frequency of each loan is not affected by the type of security backing the loan (either mandate or mortgage).

On an expected case scenario, Moody's has considered that the use of mandates should be efficient to mitigate losses.

All-Sums Mortgages: The outstanding pari passu loans are taken into account in the calculation of both, default frequency and recovery for each loan.

Seasoning benefit: Moody's has reduced the benefit given to the seasoning of the pool.

Benchmark Analysis

Performance Relative to Sector: In Moody's view, the historical performance of 90+ delinquencies and cumulative defaults of previous DBB's transactions, see charts above, are better than other transactions in the prime Belgian sector.

Benchmark Table Best practice

Deal Name	Penates-4	Home Loan Invest 2011	Belgian Lion nv/sa	Hypolan nv/sa	Bass Master Issuer Series 0-2008-I
Closing date	[19] December 2011	17 October 2011	12 January 2011	20 April 2011	15 November 2010
Information from	Provisional pool as of 31st October 2011	Final pool as of 30 September 2011	Cut-off pool as of 31 December 2010	Outstanding pool as of 31 January 2011	Final pool as of August 2010
Originator	DBB	KBC	ING Belgium	LBK/CA	Fortis Bank N.V.
Servicer	DBB	KBC	ING Belgium	LBK/CA	Fortis Bank N.V.
MILAN Aaa CE	7%	12.5%	12.2%	7.2%	11.3%
EL	0.8%	1%	0.9%	1.1%	0.6%
PORTFOLIO STRATIFICATION					
Avg. Current LTV	66.8%	78.5%	78.2%	67.5%	63.9%
% Current LTV > 70%	48.7%	66.0%	66.4%	50.8%	44.8%
% Current LTV > 80%	36.4%	54.6%	54.6%	36.8%	33.0%
% Current LTV > 90%	24.1%	41.0%	39.5%	20.9%	20.9%
Avg. Current LTV indexed*	59.3%	74.9%	63.3%	56.2%	51.8%
% Self Employed (incl No data) or pensioner/student/unemployed	21.1%	9.5%	17.8%	12.1%	29.3%
% Non-owner Occupied (Includes: Partial Owner and No data)	4.5%	28.4%	0.0%	18.3%	22.2%
Average loan to mortgage coverage	112.5%	150%	118.3%	113.9%	119,9%
% Fixed interest (or floating loans with cap)	100%	100%	75.8%	100.0%	92.4%
% in Arrears	0%	0%	1.19%	1.46%	1.77%
Max regional concentration	14.7%	29.7%	17.0%	16.5%	14.8%
% Employee loans	5.8%	0%	0%	0%	3.4%
% Construction loans	16% (all fully disbursed)	13.0% (all fully disbursed)	17.0% (all fully disbursed)	19.7% (all fully disbursed)	15.8 % (all fully disbursed)
PORTFOLIO DATA					
Current Balance	€9,425,259,779	€4,031,717,337	€ 5,104,574,302	€ 587,845,715	€ 26,175,507,535
Average Loan (Borrower)	€97,540	€133,505	€ 108,084	€ 94,892	€ 54,607
Borrower top 20 (as % of pool bal)	0.5%	0.5%	0.30%	1.99%	0.1%
WA interest rate at cut-off	4.0%	3.8%	4.13%	4.34%	3.8%
Average seasoning in years	3.5	2.0	4.1	4.5	4.2
Average time to maturity in years	17.5	20.8	18.5	17.6	16.1
Average House Price stress rate***	37.5%	37.3%	37.6%	37.5%	37.5%
Average House Price change*	12.6%	5.2%	23.6%	20.2%	23.3%
STRUCTURAL FEATURES					
Notes Payment Frequency	Quarterly	Monthly	Quarterly	Quarterly	Quarterly
Replenishment periods	None	None	4 years (from closing)	None	18 months
Total Aaa size	89.8%	86.8%	90.35%	0% (91.25% Aa1)	90.00%
RF at Closing §	1.3%	1.2%	2.65% (from Feb 2011)	1%	0.9%
RF Fully Funded at Closing?	Yes	Yes	Yes (from Feb 2011)	Yes	Yes
RF Floor§	0.5%	1.2%	0.66%	0.25%	Non amortising
Hedge in place	Interest rate swap	Interest rate swap	Interest rate swap	Interest rate swap	Interest rate swap
Swap rate or guaranteed XS (if applicable)	0.45% guaranteed plus note coupons and costs	0% XS guaranteed plus note coupon and costs	0% XS guaranteed plus note coupon and costs	0.35% XS guaranteed plus note coupon and costs	0.20% XS guaranteed plus note coupon and costs
Principal to pay interest?	Yes	No	No	Yes	No

* As per Moody's calculation.

*** As per Moody's Milan methodology for Aaa scenario

§ Of original note balance

Parameter Sensitivities

Parameter Sensitivities provide a quantitative, model-indicated calculation of the number of notches that a Moody's-rated structured finance security may vary if certain input parameters used in the initial rating process differed. The analysis assumes that the deal has not aged. It is not intended to measure how the rating of the security might migrate over time, but rather, how the initial rating of the security might differ as certain key parameters vary. For more information on V Score and Parameter sensitivity methodology for RMBS, please refer to "V Scores and Parameter Sensitivities in the Major EMEA RMBS Sectors" published in April 2009.

Parameter sensitivities for this transaction were calculated in the following manner: Moody's assumed 16 loss distributions derived from the combinations of MILAN Aaa Credit Enhancement: 7% (base case), 8.4% (base x 1.2), 9.8% (base x 1.4) and 11.2% (base x 1.6) and expected loss: 0.8% (base case), 1.20% (base x 1.5), 1.60% (base x 2) and 2.40% (base x 3). The 0.8% / 7% scenario would represent the base case assumptions used in the initial rating process.

The tables below show the parameter sensitivities for this transaction with respect to all Moody's rated tranches.

TABLE 1*

Tranche A

		Milan Aaa CE Output			
		7.00%	8.40%	9.80%	11.20%
Median Expected Loss	0.80%	Aaa*	Aaa (0)	Aa1(1)	Aa1(1)
	1.20%	Aaa (0)	Aaa (0)	Aa1(1)	Aa1(1)
	1.60%	Aaa (0)	Aaa (0)	Aa1(1)	Aa1(1)
	2.40%	Aaa (0)	Aaa (0)	Aa1(1)	Aa2(2)

* Results under base case assumptions indicated by asterisk ' * '. Change in model output (# of notches) is noted in parentheses.

TABLE 2*

Tranche B

		Milan Aaa CE Output			
		7.00%	8.40%	9.80%	11.20%
Median Expected Loss	0.80%	A3*	A3 (0)	A3 (0)	A3 (0)
	1.20%	A3 (0)	A3 (0)	A3 (0)	A3 (0)
	1.60%	A3 (0)	A3 (0)	A3 (0)	A3 (0)
	2.40%	A3 (0)	A3 (0)	Baa1 (1)	Baa1(1)

* Results under base case assumptions indicated by asterisk ' * '. Change in model output (# of notches) is noted in parentheses.

Worse case scenarios: At the time the rating was assigned, If the MILAN Aaa CE was increased from 7% to 11.2% the model output indicates that the Class A notes would achieve a Aa1 assessment assuming that all other factors remained equal.

Monitoring

Moody's will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

Originator Linkage: The originator will act as Seller, Servicer, Calculation Agent, Cash manager, Paying Agent, Account bank and Swap provider. Some rating triggers should decrease the exposure to the originator's rating as listed in the table below.

Counterparty Rating Triggers	Condition	Remedies
Senior Interest Rate Swap Counterparty	In accordance with Moody's swap guidelines*	Post collateral from closing date ; replace or post additional collateral following further downgrade of the swap counterparty
Junior Interest Rate Swap counterparty	Not in line with Moody's guidelines	N/A therefore Moody's has assumed full linkage between the rating of the Class B note and the rating of the swap counterparty
Issuer Account Bank	Loss of P-1	Replace
Seller/ Collection Account Bank	Loss of Baa3	Notification of transfer to the borrowers.
	Loss of P-1	Risk mitigation deposit to be cash collateralised

* See Framework for De-Linking Hedge Counterparty Risks from Global Structured Finance Transactions Moody's Methodology, October 2010

Significant Influences: In addition to the counterparty issues noted, the following factors may have a significant impact on the subject transaction's ratings:

» Further deterioration in the real estate market beyond the recovery lag and stress which was modelled.

» Higher than expected increase in delinquency rates

Monitoring Report:

Data Quality:

» The report includes all necessary information for Moody's to monitor the transaction.

» No undertaking to periodically provide Moody's with updated pool cut.

Data Availability:

» Report provided by: DBB

» The timeline for investor report is provided in the transaction documentation. The frequency of the publication is quarterly.

Representations and Warranties

The Rule 17g-7 Report of Representations and Warranties is hereby incorporated by reference and can be found at http://www.moodys.com/viewresearchdoc.aspx?docid=PBS_SF267508.

Moody's Related Research

For a more detailed explanation of Moody's approach to this type of transaction as well as similar transactions please refer to the following reports:

Methodologies Used:

» Moody's Approach to Rating RMBS in Europe, Middle East, and Africa, October 2009 (SF141262)

» Moody's Approach to Rating Belgian RMBS, September 2006 (SF79604)

» Cash Flow Analysis in EMEA RMBS: Testing Features with the MARCO Model (Moody's Analyser of Residential Cash Flows), January 2006 (SF58290)

» A Framework for Stressing House Prices in RMBS Transactions in EMEA, July 2008 (SF131751)

» V Scores and Parameter Sensitivities in the Major EMEA RMBS Subsectors, April 2009 (SF158654)

Special Report:

» Investor/Servicer Reports: Important Considerations for Moody's Surveillance of EMEA ABS and RMBS Transactions, June 2009 (SF154502)

New Issue Report (other Belgian transactions):

» Loan Invest NV/SA, Compartment Home Loan Invest 2009, institutionele VBS naar Belgischrecht, April 2009 (SF164279)

Credit Opinion:

» Dexia Bank Belgium

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Appendix 1: Summary of Originator's Underwriting Policies and Procedures

Originator Ability	At Closing
Sales and Marketing Practices	
Origination channels:	Via independent network (that exclusively works for DBB) or salaried network (on payroll of DBB)
Underwriting Procedures	
Underwriting composition	56% decentralised / 44% centralised
Ratio of loans underwritten per FTE* per day:	4,5 files/FTE/day
Average experience in underwriting:	+5 years experience
Criteria for compensation of underwriters	Fixed salary in combination with variable fee/bonus or promotion based on performance, volume
Approval rate:	2011: 92,7%
Percentage of exceptions to underwriting policies:	0% of origination
Underwriting Policies	As of August 2011
Source of credit history checks:	Internal DBB risk system; National Credit Register (NBB, positive and negative registration)
Methods used to assess borrowers' repayment capabilities:	Calculation of repayment capacity: Income-debt (including debt for the new loan)> thresholds depending on segmentation and number of borrowers Calculation of Debt to income
Income taken into account in affordability calculations:	Employee: average net income (proof required by 2 pay slip or 3 automatic instruction on bank account if borrower has an account with DBB Independent or free-lance: weakest income of the last 2 years based on tax statement or annual accounts Rental income: 80%
Other borrower's exposures (i.e. other debts) t taken into account in affordability calculations:	Yes (automatic)
Is interest rate stressed to calculate affordability?	N/A as interest rate is fixed or capped for the term of the loan. Affordability of interest-only loans based on actual interest rate, principal repayment actual interest rate
Affordability for I/O/balloon loans:	N/A
Method used for income verification:	Payslips of 2 months + internal check on current account &/or last 3 months of bank statements
Criteria for non income verified:	Not applicable
Max age at maturity:	75y
Maximum loan size:	No absolute limit
Valuation types used for purchase & LTV limits:	Internal appraisal External appraisal by a sworn appraiser: +/- 10% of all loan applications No absolute limit on LTV
Valuation types used for remortgage & LTV limits:	if purchased more than 5 years ago = rateable value ('kadastraal inkomen')* 100; if bought no longer than 5 years ago = value as determined in deed; if received by donation or inheritance = value as determined in the deed; if purchase = price as determined in notary deed No absolute limit on LTV
Valuation types used for further advances & LTV limits:	Same procedure as per other loan purpose
Valuation types & procedure for construction loans & LTV limits:	Construction costs excluding costs + value of the building plot No absolute limit on LTV
Valuation types & procedure for new built properties & LTV limits:	No difference as per construction loans
LTV limit for first-time-buyers:	No specific limit
Collateral Valuation Policies and Procedures	
Value in the LTV calculation/ in the IT system:	Result external valuation. If not present: the purchase price/estimated construction price/ same as per LTV calculation.
Type, qualification and appointment of valuers:	Valuers (certified valuers) appointed by Crefius
Closing Policies and Procedures	
Quality check before releasing funds:	100% check between signed "goed voor grosse" and system
Credit Risk Management	
Reporting line of Chief Risk Officer :	To CEO
Track loan performance by loan characteristics?	Yes

* FTE: Full Time Equivalent

Originator Stability:	At Closing
Quality Controls and Audits	
Responsibility of quality assurance:	Decision at branch level: quality control Crefius; Central decision: Head of Origination; All files: CORM Crefius/Audit DBB
Number of files per underwriter per month being monitored:	Decided at branch level: a sampling of loans is being checked (check of conformity with underwriting guidelines, documents needed, input in system = information found in documents; number of files per cluster depends on quality previous period).
Management Strength and Staff Quality	
Training of new hires and existing staff:	Formalised underwriting induction programme, & ongoing training with testing, four-eyes principle first year.
Technology	
Tools/infrastructure available:	Mortgage loan servicing system maintenance outsourced to external party

Appendix 2: Summary of Servicer's Collection Procedures

Servicer Ability	At closing
Loan Administration	
Entities involved in loan administration:	Crefius
Operating hours:	Open every week day
Early Arrears Management	
Entities involved in early stage arrears:	Crefius
Ratio of loans per collector (FTE) in early arrears stage:	N/A
Arrears strategy for 1-29 days delinquent	» Automated reminder cycle of letter » Activity starts after 15 days past due
Arrears strategy for 30 to 59 days delinquent	Similar as above Contact with client after 45 days Check of the current financial situation, details of current employer, check of the address of the borrowers and guarantors Letters sent to guarantors, branch, desk in charge of arrears Face to face meeting with client
Arrears strategy for 60 to 89 days delinquent	Pre-cancellation letter sent Assignment of salary possible Conversion of mandate into mortgage possible
Arrears strategy above 90 days delinquent	Credit risk registration possible unless agreement with borrower on new amortisation scheme or sale deed received with sufficiently high property price
Use of updated information in the collection strategy:	Yes. Credit bureau data and internal payment history
Loss Mitigation and Asset Management Practices:	
Transfer of a loan to the late stage arrears team/stage:	After 90 days (after 3rd letter has been sent if no response received from borrower)
Entities involved in late stage arrears:	Contentieux
Ratio of loans per collector (FTE) in late arrears stage:	N/A
Time from first default to litigation and from litigation to sale:	From first default to litigation: min 100 calendar days. Litigation to sale: +/- 15 months
Average recovery rate (including accrued interest & costs):	Around 80-85% after 24 months; around 85%-90% after 36 months,

Servicer Stability	
Management and Staff	
Average experience in servicing or tenure with company:	In both underwriting and servicing; 35% of the FTE's has an experience of at least 10 years, 15% over 20 years.
Training of new hires specific to the servicing function (i.e. excluding the company induction training)	N/A
Quality control and audit	
Responsibility of quality assurance:	Management,Team leader/CORM/External audit DBB
IT and Reporting	
Tools/infrastructure available:	Same as originator

1 Role being part of the Administration agreement according to the transaction documentation

2 Role being part of the Administration agreement according to the transaction documentation

3 The borrower's repayments flow through a technical account held at Dexia before being transferred on a daily basis to the issuer's account, although there is no 'collection account' strictly speaking determined in the transaction.

4 Role being part of the Administration agreement according to the transaction documentation

5 Role being part of the Administration agreement according to the transaction documentation

» contacts continued from page 1

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