Base Prospectus dated 8 October 2013

Crédit Mutuel-CIC Home Loan SFH

(*société de financement de l'habitat* duly licensed as a French credit institution with the status of *société financière*)

€30,000,000,000 U.S. COVERED BOND PROGRAMME

FOR THE ISSUE OF OBLIGATIONS DE FINANCEMENT DE L'HABITAT

Under the U.S. Covered Bond Programme (the "**U.S. Programme**") described in this base prospectus (the "**Base Prospectus**"), Crédit Mutuel-CIC Home Loan SFH (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue covered bonds (*obligations de financement de l'habitat*) to be governed by New York law (the "**New York Law Covered Bonds**"), benefiting from the statutory priority right of payment (*Privilège*) created by article L. 515-19 of the French Monetary and Financial Code (*Code monétaire et financier*), as more fully described herein.

The aggregate nominal amount of New York Law Covered Bonds outstanding under the U.S. Programme, together with covered bonds issued under separate covered bond programme documentation pursuant to which covered bonds governed by French, German or Australian law may be issued (the "**International Programme**" and such covered bonds together with the New York Law Covered Bonds, "**Covered Bonds**"), will not at any time exceed €30,000,000,000 (or its equivalent in other currencies at the date of issue).

Application has been made to the *Autorité des marchés financiers* (the "**AMF**") for approval of this Base Prospectus in its capacity as competent authority in France pursuant to articles 212-2 of its *Règlement Général* and L. 621-8 of the French Monetary and Financial Code which implement the Prospectus Directive (as defined below). Application may be made to Euronext Paris during a period of twelve (12) months after the date of this Base Prospectus for New York Law Covered Bonds issued under the U.S. Programme to be listed and admitted to trading on Euronext Paris. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC of 21 April 2004 appearing on the list of regulated markets issued by the European Commission (a "**Regulated Market**"). New York Law Covered Bonds issued under the U.S. Programme may also be unlisted or listed and admitted to trading on any other market, including any other Regulated Market in any member state of the European Economic Area ("**EEA**[1]"). The relevant final terms in respect of the issue of any New York Law Covered Bonds (the "**Final Terms**") will specify whether or not such New York Law Covered Bonds will be listed and admitted to trading on any market and, if so, the relevant market. All New York Law Covered Bonds admitted to trading on a Regulated Market in circumstances which require the publication of a prospectus under Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by Directive 2011/73/EU, will have a minimum denomination of €100,000 (or its equivalent in any other currency at the time of issue) or such higher amount as may be allowed or required from time to time.

New York Law Covered Bonds issued under the U.S. Programme are expected on issue to be rated Aaa by Moody's Investors Service Ltd., AAA by Standard & Poor's Credit Market Services France SAS and AAA by Fitch France SAS (together the "**Rating Agencies**"). Each of the Rating Agencies is established in the European Union, registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended, and included in the list published on the European Securities and Markets Authority's website (**www.esma.europe.eu**) as of the date of this Base Prospectus. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning Rating Agency.

This Base Prospectus, any supplement thereto and, with respect to New York Law Covered Bonds admitted to trading on any Regulated Market in accordance with the Prospectus Directive, the relevant Final Terms relating to such New York Law Covered Bonds will be available on the websites of the AMF (**www.amf-france.org**) and of the Issuer (**www.creditmutuelcic-sfh.com**).

See "*Risk Factors*" below for certain information relevant to an investment in the New York Law Covered Bonds to be issued under the U.S. Programme.

AMF AUTORITÉ DES MARCHÉS FINANCIERS

In accordance with articles L. 412-1 and L. 621-8 of the French Monetary and Financial Code (*Code monétaire et financier*) and with the *Règlement général* of the AMF, in particular articles 212-31 to 212-33, the AMF has granted to this Base Prospectus its visa N°13-533 on 8 October 2013. This document may be used for the purposes of a financial transaction only if it is completed by final terms. It was prepared by the Issuer and its signatories assume responsibility for it. In accordance with article L. 621-8-1-I of the French Monetary and Financial Code, the visa was granted following an examination by the AMF of "whether the document is complete and understandable, and whether the information it contains is consistent". It does not imply that the AMF has verified the accounting and financial data set out herein. This visa has been granted subject to the publication of final terms in accordance with article 212-32 of the AMF's *Règlement général*, setting out the terms and conditions of the securities to be issued.

The New York Law Covered Bonds have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws, and are being offered only to Qualified Institutional Buyers ("**QIBs**"), within the meaning of, and in reliance on, Rule 144A under the Securities Act ("**Rule 144A**"), or in other transactions exempt from registration in accordance with Regulation S under the Securities Act ("**Regulation S**") and, in each case, in compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the New York Law Covered Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

The New York Law Covered Bonds will be issued in fully registered form. New York Law Covered Bonds offered and sold in reliance on Rule 144A will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("**DTC**"), and New York Law Covered Bonds offered and sold in reliance on Regulation S will be deposited with and registered in the name of (a) in the case of a Series intended to be cleared through Euroclear Bank S.A./N.V.("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), with a common depositary on behalf of Euroclear and Clearstream, Luxembourg, (b) if the New Safekeeping Structure (the "**NSS**") is used, with an International Central Securities Depository acting as common safekeeper ("**ICSD CSK**") for Euroclear and Clearstream, Luxembourg, or (c) in the case of a Series intended to be cleared through DTC, Cede &Co., as nominee for DTC.

ARRANGER
Citigroup

PERMANENT DEALERS

Banque Fédérative du Crédit Mutuel	**Barclays**	**BNP PARIBAS**		**Citigroup**
Credit Suisse	**Deutsche Bank Securities**	**Goldman, Sachs & Co.**	**J.P. Morgan**	**Morgan Stanley**

This Base Prospectus (together with any supplements thereto that may be published from time to time) constitutes a base prospectus for the purposes of article 5.4 of the Prospectus Directive (as defined below) and contains or incorporates by reference all relevant information concerning the Issuer which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, as well as the base terms and conditions of the New York Law Covered Bonds to be issued under the U.S. Programme. The terms and conditions applicable to each Tranche (as defined under "*Terms and Conditions of the New York Law Covered Bonds*") not contained herein (including, without limitation, the aggregate nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder) will be determined by the Issuer and the relevant dealer(s) at the time of the issue and will be set out in the relevant Final Terms.

In this Base Prospectus, "Prospectus Directive" means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended, including by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010, to the extent implemented in the relevant Member State of the EEA (each, a "Relevant Member State")), and includes any relevant implementing measure with respect thereto in each Relevant Member State.

This Base Prospectus should be read and construed in conjunction with any document and/or information which is incorporated herein by reference, with any supplement that may be published from time to time as well as, in relation to any Tranche of New York Law Covered Bonds, with the relevant Final Terms. See "*Documents Incorporated by Reference*".

This Base Prospectus (together with any supplements thereto that may be published from time to time) may only be used for the purposes for which it has been published.

The Issuer is responsible for the information contained and incorporated by reference in this Base Prospectus. The Issuer has not authorised anyone to give any information or to make any representation other than those contained or incorporated by reference in this Base Prospectus and any related amendment or supplement in connection with the issue or sale of the New York Law Covered Bonds and none of the Issuer, the Borrower, the Arranger or any of the Dealers (each as defined under "*Terms and Conditions of the New York Law Covered Bonds*") takes any responsibility for any other information or representation that others may provide to investors. Investors should carefully evaluate the information provided by the Issuer in light of the total mix of information available to investors, recognising that the Issuer can provide no assurance as to the reliability of any information not contained or incorporated by reference in this Base Prospectus. Neither the delivery of this Base Prospectus nor any sale made in connection herewith will, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Borrower and its consolidated subsidiaries or the Group (as defined herein) since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer, the Borrower or the Group since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the U.S. Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the New York Law Covered Bonds in certain jurisdictions may be restricted by law. The Issuer, the Arranger and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any New York Law Covered Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealers which is intended to permit a public offering of any New York Law Covered Bonds or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no New York Law Covered Bond may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any New York Law Covered Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of New York Law Covered Bonds.

The New York Law Covered Bonds are being offered and sold within the United States in registered form only to QIBs in reliance on Rule 144A, and outside the United States to non-U.S. persons in reliance on Regulation S. Prospective purchasers are hereby notified that sellers of the New York Law Covered Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the New York Law Covered Bonds and distribution of this Base Prospectus, see "*Plan of Distribution*" and "*ERISA Considerations*".

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus. Neither the Arranger nor any of the Dealers (except BFCM in its capacity as Borrower) makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Base Prospectus. Neither this Base Prospectus nor any other information supplied in connection with the U.S. Programme (including any information incorporated by reference) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the New York Law Covered Bonds. Each prospective investor of New York Law Covered Bonds should determine for itself the relevance of the information contained or incorporated by reference in this Base Prospectus and its purchase of New York Law Covered Bonds should be based upon such investigation as it deems necessary. Neither the Arranger nor any of the Dealers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or prospective investor in the New York Law Covered Bonds of any information that may come to the attention of the Arranger or the Dealers. This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or any Dealer to subscribe for, or purchase, any New York Law Covered Bonds.

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot New York Law Covered Bonds or effect transactions with a view to supporting the market price of the New York Law Covered Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

None of the Issuer, the Borrower, the Arranger or the Dealers makes any representation to any prospective investor in the New York Law Covered Bonds regarding the legality of its investment under any applicable laws. Any prospective investor in the New York Law Covered Bonds should be able to bear the economic risk of an investment in the New York Law Covered Bonds for an indefinite period of time.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "€", "Euro", "euro" or "EUR" are to the lawful currency of the Member States of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended, and references to "$", "USD" and "U.S. dollars" are to the lawful currency of the United States of America.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with sales of New York Law Covered Bonds, for as long as any of the New York Law Covered Bonds remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will furnish upon the request of a holder of New York Law Covered Bonds or of a beneficial owner of an interest therein, or to a prospective purchaser of such New York Law Covered Bonds or beneficial interests designated by a holder of New York Law Covered Bonds or a beneficial owner of an interest therein to such holder, beneficial owner or prospective purchaser, the information required to be delivered under Rule 144A(d)(4) under the Securities Act and will otherwise comply with the requirements of Rule 144A(d)(4) under the Securities Act, if at the time of such request, the Issuer is not a reporting company under Section 13 or Section 15(d)

of the U.S. Securities Exchange Act of 1934, as amended, (the "Exchange Act"), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. For a description of these and certain further restrictions on offers, sales and transfers of New York Law Covered Bonds and on distribution of this Base Prospectus, see "*Plan of Distribution*" and "*ERISA Considerations*".

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

ENFORCEMENT OF LIABILITIES AND SERVICE OF PROCESS

The Issuer and the Borrower are *sociétés anonymes* duly organised and existing under the laws of France, and most of their assets are located in France. Most of their subsidiaries, legal representatives and executive officers and certain other parties named herein reside in France, and substantially all of the assets of these persons are located in France. As a result, it may not be possible, or it may be difficult, for a holder or beneficial owner of the New York Law Covered Bonds located outside of France to effect service of process upon the Issuer, the Borrower, or such persons in the home country of the holder or beneficial owner or to enforce against the Issuer, the Borrower or such persons judgments obtained in non-French courts, including those judgments predicated upon the civil liability provisions of U.S. federal or state securities laws.

TERMINOLOGY

In this Base Prospectus, the following terms have the respective meanings set forth below (and, where the context permits, are deemed to include any successors). See "*History and Structure of the CM11-CIC Group*" in the Information Document incorporated by reference herein for important information relating to the entities and groups referred to in these definitions.

"**BFCM Group**" means BFCM and its consolidated subsidiaries and associates.

"**Borrower**" or "**BFCM**" means the Banque Fédérative du Crédit Mutuel.

"**CF de CM**" means the Caisse Fédérale de Crédit Mutuel.

"**CIC**" means Crédit Industriel et Commercial (CIC), which is the largest subsidiary of BFCM and the CM11-Group.

"**CM11-CIC Group**", "**CM10-CIC Group**" and "**CM5-CIC Group**" means the mutual banking groups that include the local Crédit Mutuel banks that are members of the relevant Federations (11 Federations, ten Federations or five Federations, as the case may be), and of the CF de CM, as well as the entities that are part of the BFCM Group.

"**Federation**" means each of the 11 regional federations formed by groups of Local Banks to serve their mutual interests, centralizing their products, funding, risk management and administrative functions as well as the group-wide Federation of which each of the regional federations is a member.

"**Group**" means the CM11-CIC Group as from 1 January 2012, the CM10-CIC Group for the period from 1 January 2011 to 31 December 2011 and the CM5-CIC Group for the period from 1 January 2010 to 31 December 2010.

"**Issuer**" means Crédit Mutuel-CIC Home Loan SFH.

"**Local Banks**" means the local Crédit Mutuel mutual banks (*caisses locales de Crédit Mutuel*) that are members of the Group at the relevant time. The non-capitalized term "local banks" refers to the Local Banks that are members of the Group, as well as the local Crédit Mutuel mutual banks that are members of federations that are not part of the Group.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following documents, which have been previously published and filed with the AMF and which are incorporated in, and will be deemed to form part of, this Base Prospectus:

- the English translation of the audited financial statements of the Issuer for the financial year ended 31 December 2011 and the auditors' report thereon (the "**2011 Financial Statements**");
- the English translation of the audited financial statements of the Issuer for the financial year ended 31 December 2012 and the auditors' report thereon (the "**2012 Financial Statements**");
- the English translation of the unaudited condensed financial statements of the Issuer for the six months ended 30 June 2013 and the auditors' report thereon (the "**Half-Year Financial Statements**");
- the section "Terms and Conditions of the New York Law Covered Bonds" set out on pages 36 to 63 of the base prospectus of the Issuer dated 20 September 2012 (which received visa no. 12-0456 from the AMF), as supplemented by the supplement dated 27 May 2013 which received visa no. 13-0239 from the AMF on 27 May 2013;
- the English translation of the investor report of the Issuer dated 7 December 2012 (the "**December Investor Report**");
- the English translation of the investor report of the Issuer dated 13 September 2013 (the "**September Investor Report**");
- the information document relating to the Borrower and the Group, dated 27 May 2013, and available on the Borrower's website at http://www.creditmutuelcic-sfh.com/en/coveredbonds/documentation/pdf/bfcm_information_document_mai2013.pdf (the "**Information Document**");
- the Update No. 1 to the Information Document, dated 7 October 2013, and available on the Borrower's website at http://www.creditmutuelcic-sfh.com/en/covered-bonds/documentation/index-sfh.html (the "**Update No. 1**").

All documents incorporated by reference in this Base Prospectus may be obtained, without charge on request, at the principal office of the Issuer and the Paying Agents set out at the end of this Base Prospectus during normal business hours so long as any of the New York Law Covered Bonds are outstanding. Such documents will be published on the website of the Issuer (http://www.cmcic-cb.com/en/covered-bonds/documentation/index-sfh.html).

The information incorporated by reference in this Base Prospectus should be read in connection with the cross reference list below. Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purposes only.

Cross-reference list

INFORMATION INCORPORATED BY REFERENCE (Annex XX of the European Regulation 809/2004/EC as modified by European Regulation 486/2012/EU)	**REFERENCE**
8. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
8.2 Historical financial information	
	2013 Half-Year Financial Statements
- Balance sheet	Page 5 to 6
- Profit and loss Account	Page 7
- Notes	Pages 8 to 12
- Auditor's report relating to the above	Page 1 to 3
	2012 Financial Statements
- Balance sheet	Pages 5 to 6
- Profit and loss Account	Page 7

INFORMATION INCORPORATED BY REFERENCE (Annex XX of the European Regulation 809/2004/EC as modified by European Regulation 486/2012/EU)	REFERENCE
- Notes	Pages 8 to 13
- Auditor's report relating to the above	Pages 1 to 3
	2011 Financial Statements
- Balance sheet	Pages 2 to 3
- Profit and loss Account	Page 4
- Notes	Pages 5 to 9
- Auditor's report relating to the above	Pages 10 to 13

SUPPLEMENT TO THE BASE PROSPECTUS

In connection with New York Law Covered Bonds admitted to trading on a Regulated Market, if at any time during the duration of the U.S. Programme there is a significant change affecting any matter contained or incorporated by reference in this Base Prospectus, including any modification of the terms and conditions or generally any significant new factor, material mistake or inaccuracy relating to information, included in this Base Prospectus which is capable of affecting the assessment of any New York Law Covered Bonds, which inclusion would reasonably be required by investors, and would reasonably be expected by them to be found in this Base Prospectus, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to the New York Law Covered Bonds, the Issuer will prepare a supplement to the Base Prospectus in accordance with article 16 of the Prospectus Directive and article 212-25 of the AMF's *Règlement général* for use in connection with any subsequent offering of the New York Law Covered Bonds, submit such supplement to the Base Prospectus to the AMF for approval and supply each Dealer, Euronext Paris and the AMF with such number of copies of such supplement to the Base Prospectus as may reasonably be requested.

INTERACTION BETWEEN THE INTERNATIONAL PROGRAMME AND U.S. PROGRAMME

On 30 July 2013, the Issuer updated a separate €30,000,000,000 covered bond programme (the "**International Programme**") pursuant to which the Issuer may issue covered bonds governed by French law, German law or the law of New South Wales, Australia (the "**International Covered Bonds**"), as set forth in a base prospectus which received visa no. 13-435 from the Autorité des marchés financiers (the "**AMF**") on 30 July 2013.

As the International Programme and the U.S. Programme are based on a common structure documentation, investors' attention is drawn to the fact that certain features of the U.S. Programme and New York Law Covered Bonds also apply to the International Programme, including the following:

- the aggregate nominal amount of covered bonds issued under the International Programme and the U.S. Programme shall not at any time exceed €30,000,000,000 (or the equivalent in other currencies at the date of issue);
- the provisions relating to the Borrower (as further described in section "*The Borrower Facility Agreement*") are common to the International Programme and the U.S. Programme;
- the advances made available by the Issuer to BFCM under a multicurrency term facility agreement, will be made with proceeds of the International Covered Bonds or the New York Law Covered Bonds (as further described in sections "*The Borrower Facility Agreement*" and "*Use of Proceeds*");
- the advances made with the proceeds of International Covered Bonds and New York Law Covered Bonds will be secured by the same collateral security (*garantie financière*) for the benefit of the Issuer, granted over the same pool of home loans (as further described in section "*The Collateral Security*" and "*Origination of the home loans*");
- all provisions regarding calculations and allocations of flows (as further described in sections "*Asset Monitoring*" and "*Cash Flows*") are common to the International Programme and the U.S. Programme;
- the duties of the specific controller (*Contrôleur spécifique*) are common to the International Programme and the U.S. Programme, including the duties to (i) ensure that the Issuer complies with the applicable provisions of the French Monetary and Financial Code (*Code monétaire et financier*), (ii) monitor the balance between the Issuer's assets and liabilities in terms of rates and maturity (cash flow adequacy) and (iii) control that the Eligible Assets granted as collateral (*garantie financière*) in order to secure Borrower Advances comply with the specific provisions of the French Monetary and Financial Code (*Code monétaire et financier*) (as further described in section "*Asset Monitoring*");
- the duties of the Administrator (as further described in section "*The Issuer"*) are common to the International Programme and the U.S. Programme; and
- the hedging strategy implemented by the Issuer before the occurrence of a Hedging Rating Trigger Event and/or a Borrower Event of Default or upon the occurrence of a Hedging Rating Trigger Event and/or a Borrower Event of Default (as further described in section "*The Hedging Strategy*") will apply to both the International Programme and the U.S. Programme.

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PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS

I declare, to the best of my knowledge (having taken all reasonable care to ensure that such is the case), that the information contained or incorporated by reference in this Base Prospectus, other than that incorporated by reference through the Information Document, is in accordance with the facts and contains no omission likely to affect its import.

Paris, 8 October 2013

Mr. Christian ANDER
Directeur général

Crédit Mutuel-CIC Home Loan SFH
6, avenue de Provence
75452 Paris Cedex 9
France

I declare, to the best of my knowledge (having taken all reasonable care to ensure that such is the case), that the information contained in the Information Document is in accordance with the facts and contains no omission likely to affect its import.

The statutory auditors' report on the consolidated financial statements of BFCM for the year ended 31 December 2012 set out on pages 122 and 123 of the 2012 BFCM Annual Report incorporated by reference in the 2012 Information Document contains an observation.

The statutory auditors' report on the consolidated financial statements of the CM11-CIC Group for the year ended 31 December 2012 set out on pages 48 and 49 of the CM11-CIC 2012 Financial Statements incorporated by reference in the 2012 Information Document contains an observation.

Paris, 8 October 2013

Mr. Christian KLEIN
Directeur général adjoint

Banque Fédérative du Crédit Mutuel
34, rue du Wacken
67000 Strasbourg
France

PRESENTATION OF FINANCIAL INFORMATION

The financial data presented in this Base Prospectus are presented in euros. Information regarding historical exchange rates of U.S. dollars to euros may be found herein under "*Exchange Rate Information*".

The audited financial statements of the Issuer as at and for the years ended 31 December 2012 and 2011 and the unaudited financial statements for each interim period for which the financial statements are presented herein have been prepared in accordance with French Generally Accepted Accounting Principles, which differ in certain important respects from IFRS (as defined below) and from Generally Accepted Accounting Principles in the United States (**"US GAAP**").

The audited consolidated financial statements of the Borrower and the Group as at and for the years ended 31 December 2012 and 2011 and the unaudited consolidated financial statements of the BFCM Group and the Group as at and for the six month period ended 30 June 2013, incorporated by reference herein, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). The Borrower makes use of the provisions of IAS 39 as adopted by the European Union for applying macro-fair value hedge accounting. The Borrower's and the Group's fiscal year ends on 31 December, and references in this Base Prospectus to any specific fiscal year are to the twelve-month period ended 31 December of such year.

Certain financial information regarding the Borrower and/or the Group presented herein or in the documents incorporated by reference constitute non-GAAP financial measures, which exclude certain items contained in the nearest IFRS financial measure or which include certain amounts that are not contained in the nearest IFRS financial measure.

Due to rounding, the numbers presented throughout this Base Prospectus may not add up precisely, and percentages may not reflect precisely absolute figures.

Restatement of the 2011 Consolidated Financial Information

The financial information for the Group and the BFCM Group as at and for the year ended 31 December 2011, presented in the audited consolidated financial statements of the Group and the BFCM Group as of and for the year ended 31 December 2012, incorporated by reference in the Information Document, has been restated to account for the application of IAS 19 as well as for the correction of an error with respect to the accounting treatment of the investment in Banco Popular Español (BPE). The adjustments and their impact on each of the Group and the BFCM Group are described in note 1.1 to each of the Group's and the BFCM Group's audited consolidated financial statements as at and for the year ended 31 December 2012. The equity method accounting treatment of BPE results from the significant influence the Group has had over BPE since the end of the 2010 fiscal year. The audited consolidated financial statement as at and for the year ended 31 December 2011, and the related comparative 2010 information, has not been restated for this error, as the amounts involved were not material.

International Accounting Standard IAS 19R on employee benefits, published on June 5, 2012, which became mandatory starting on January 1, 2013, has been applied early to the Borrower's and the Group's financial statements as from January 1, 2012. The impacts of this early application of IAS 19R as of June 30, 2012 mainly concern retirement bonuses and are described in note 1b to each of the Group's and the BFCM Group's unaudited condensed financial statements as at and for the six month period ended 30 June 2013. The impacts on long service awards and closed supplementary pension schemes were deemed immaterial.

EXCHANGE RATE INFORMATION

In this Base Prospectus, references to "euro," "EUR" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam. References to "$," "U.S.$" and "U.S. dollars" are to United States dollars. References to "cents" are to United States cents. Certain financial information contained herein and in any documents incorporated by reference herein is presented in euros. On 4 October 2013, the exchange rate as published by Bloomberg at approximately 5:00 p.m. (Paris time) was $1.3600 per one euro.

The following table shows the period-end, average, high and low Noon Buying Rates in New York City for cable transfers payable in foreign currencies as certified by the Federal Reserve Bank of New York (the "Noon Buying Rates") for the euro, expressed in dollars per one euro, for the periods and dates indicated.

	Noon Buying Rate			
	Period End	**Average(*)**	**High**	**Low**
Year:				
2008	1.3919	1.4695	1.6010	1.2446
2009	1.4332	1.3936	1.5100	1.2547
2010	1.3231	1.3276	1.3751	1.2970
2011	1.2973	1.3931	1.4875	1.2926
2012	1.3186	1.2858	1.3463	1.2062
2013 (through 27 September 2013)	1.3537	1.3355	1.3537	1.3120
Month:				
March 2013	1.2816	1.2953	1.3098	1.2782
April 2013	1.3200	1.3027	1.3200	1.2836
May 2013	1.2988	1.2983	1.3192	1.2818
June 2013	1.3010	1.3197	1.3407	1.3006
July 2013	1.3266	1.3078	1.3269	1.2774
August 2013	1.3228	1.3319	1.3426	1.3217
September 2013 (through 27 September)	1.3537	1.3355	1.3537	1.3120

* The average of the Noon Buying Rates on the last business day of each month (or portion thereof) during the relevant period for annual averages; on each business day of the month (or portion thereof) for monthly average.

Source: Federal Reserve Bank of New York.

Fluctuations in exchange rates that have occurred in the past are not necessarily indicative of fluctuations in exchange rates that may occur at any time in the future. No representations are made herein that the euro or dollar amounts referred to herein could have been or could be converted into dollars or euros, as the case may be, at any particular rate.

OVERVIEW

This overview does not contain all of the information that may be important to investors. Investors should read carefully the entire Base Prospectus and the documents incorporated by reference in it for more information about the Issuer, the Borrower and the Group.

Following this overview, the body of this Base Prospectus contains information (including risk factors) relating to the Issuer, the terms and conditions of the New York Law Covered Bonds and a description of the U.S. Programme Documents. Information relating to the home loan cover pool is included in the most recent Investor Report incorporated by reference herein. Information relating to the Borrower and the Group (including risk factors) is set forth in the Information Document that is incorporated by reference herein. See "Documents Incorporated by Reference".

The Issuer

Crédit Mutuel-CIC Home Loan SFH (the "**Issuer**") is a limited liability company (*société anonyme*) incorporated under French law, of which Banque Fédérative du Crédit Mutuel ("**BFCM**" or the "**Borrower**") holds 99.99% of the share capital. The Issuer, incorporated in 2005, is a duly licensed French credit institution (*établissement de credit*) and adopted the status of *société de financement de l'habitat* (a company qualified under a French legal regime relating to covered bonds) in March 2011. Its activities are generally limited to issuing covered bonds, on-lending the net proceeds of those issues to BFCM and carrying out other activities contemplated under the U.S. and International Programmes.

As of 31 August 2013, the Issuer had outstanding covered bond obligations of €20.8 billion, and a cover pool of 424,456 French home loans with an aggregate outstanding principal amount of €35.0billion. All of the home loans in the cover pool are prime, French law loans originated in France by the Group's own networks. The Issuer is authorised to issue covered bonds with an aggregate principal amount outstanding at any time of €30 billion, including amounts under this U.S. Programme and amounts under a separate International Programme.

BFCM and the CM11-CIC Group

BFCM

BFCM is a licensed French credit institution that is part of the CM11-CIC Group, a major French mutual banking group. The CM11-CIC Group includes two French retail banking networks (the first made up of the local banks in the 11 French regional Federations in the Crédit Mutuel network, and the second being the CIC network, which operates throughout France), as well as affiliates with activities in international retail banking, consumer finance, insurance, financing and market activities, private banking and private equity.

BFCM plays two principal roles in the CM11-CIC Group. First, BFCM is the central financing arm of the Group, acting as the principal issuer of debt securities in international markets. In this capacity, BFCM provides financing to Group financial institutions to meet their funding needs that are not met with deposits. Second, BFCM is the holding company for substantially all of the Group's businesses, other than the Crédit Mutuel retail banking network.

The CM11-CIC Group

The CM11-CIC Group is a mutual banking organization that serves approximately 23.8 million customers through 4,674 points of sale, mainly in France, as well as internationally in Germany, Spain and other countries. It includes 1,360 local mutual banks ("**caisses locales**" or "**Local Banks**") that are autonomous but cooperate through 11 regional Federations (including one that joined as of 1 January 2012 and five that joined as of 1 January 2011), subsidiaries such as CIC (France) and TARGOBANK (Germany and Spain), and other subsidiaries and affiliates in France and abroad.

The Group's focus is retail banking and insurance, which together represented approximately 89% of the Group's net banking income in 2012. Approximately 83% of the Group's 2012 net banking income was generated in France.

The Group had net banking income of €11,462 million and net income (Group share) of €1,622 million in 2012. As of 31 December 2012, the CM11-CIC Group had total customer savings of €506.9 billion, including

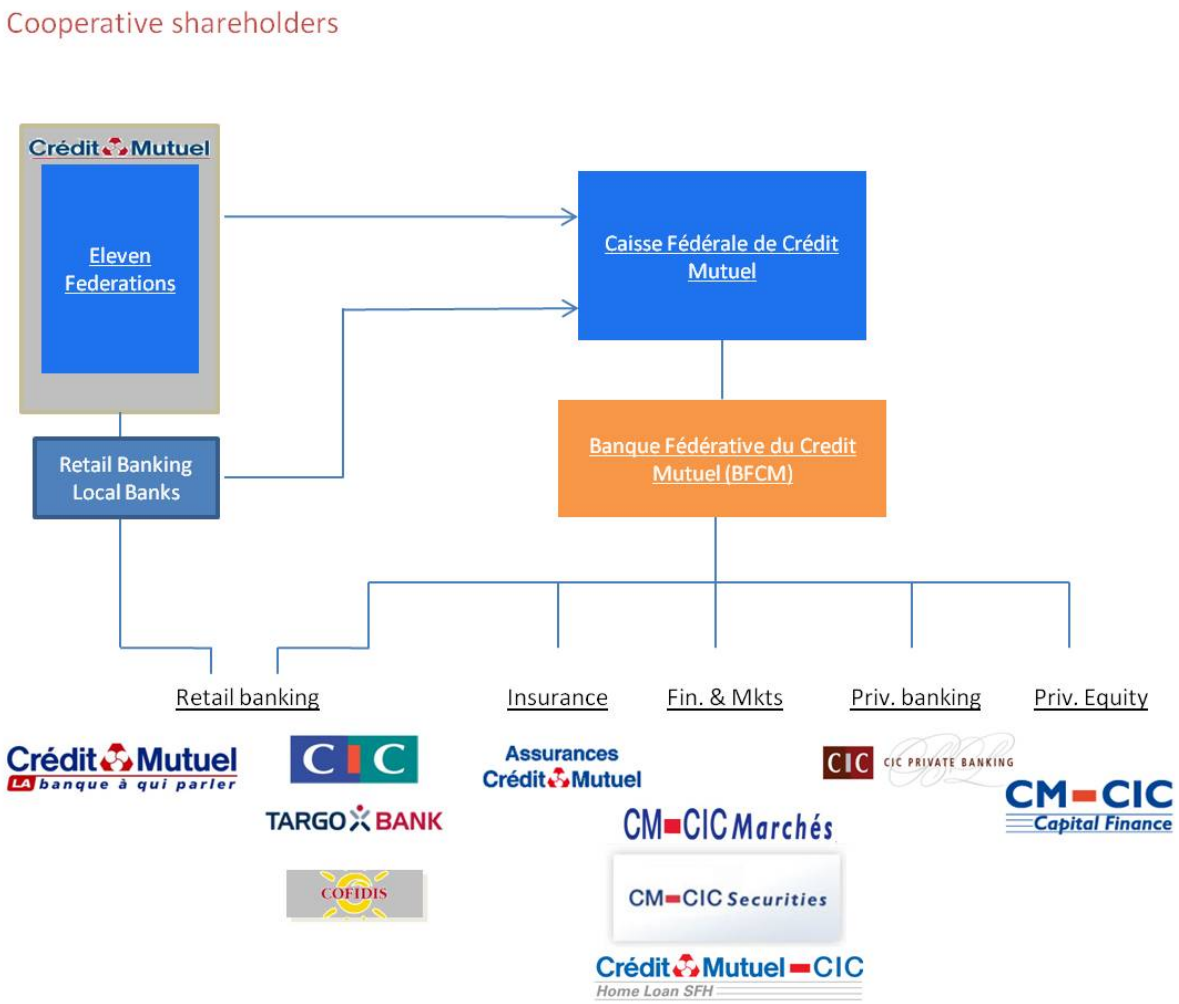
customer deposits of €213.6 billion and managed savings (such as mutual funds and life insurance) and custody assets of €293.2 billion. As of 31 December 2012, the CM11-CIC Group had outstanding customer loans of €269.4 billion, including €141.0 billion of French home loans. Its shareholders' equity, group share, was €27.3 billion.

The BFCM Group

The BFCM Group includes BFCM and its consolidated subsidiaries, including CIC. All entities in the BFCM Group are also in the CM11-CIC Group. The principal difference between the CM11-CIC Group and the BFCM Group is that the BFCM Group does not include any of the Local Banks.

The BFCM Group had net banking income of €8,159 million and net income (group share) of €930 million in 2012. Retail banking is the largest activity of the BFCM Group, representing €5,854 million of net banking income in 2012. Insurance and financing and market activities are the second and third largest business segments, representing €1,318 million and €927 million, respectively, of net banking income in 2012. At 31 December 2012, the BFCM Group had outstanding customer loans of €165.8 billion. Its shareholders' equity, group share, was €12.7 billion.

The following diagram illustrates the structure of the CM11-CIC Group as of the date of this Base Prospectus:



SELECTED FINANCIAL AND OPERATING DATA FOR THE ISSUER

Investors should read the following selected financial and other data together with the historical financial statements of the Issuer, the related notes thereto and the other financial information included or incorporated by reference in this Base Prospectus. The financial statements of the Issuer have been prepared in accordance with French Generally Accepted Accounting Principles and have been audited by Ernst & Young et Autres and PricewaterhouseCoopers Audit.

Selected Data Regarding the Home Loans underlying the New York Law Covered Bonds

The table below presents selected data regarding the home loans that serve as Collateral Security for repayment of the Borrower Advances funded by both the New York Law Covered Bonds issued under this U.S. Programme as well as the covered bonds issued under the separate International Programme.

	As of 31 December 2012	As of 31 August 2013 (unaudited)
Outstanding covered bonds (thousands of euros)	20,294,790	20,837,365
Cover Pool [1]		
Total Home Loan Balance (thousands of euros)	32,001,161	35,001,350
Average Home Loan Balance (euros)	82,127	82,462
Number of Home Loans	389,654	424,456
Weighted Average Seasoning (months)	63	63
Weighted Average Remaining Term (months)	181	179
Number of Borrowers	323,660	349,686
Number of Properties	338,881	367,411
Weighted Average Unindexed LTV [2]	0.67	0.68
Weighted Average Indexed LTV [2]	0.60	0.61

(1) Information is from the 7 December 2012 and the 13 September 2013 investor reports of the Issuer.
(2) Unindexed LTV is the ratio of the current loan balance to the original appraised value of the underlying property. Indexed LTV is the ratio of the current loan balance to the most recent appraised value of the underlying property.

Selected Balance Sheet Data of the Issuer

	At 31 December		At 30 June
	2011	2012	2013 (unaudited)
	(in millions of euros)		
Assets			
Loans and receivables due from credit institutions	23,593.9	21,012.8	21,417.3
Held-to-maturity financial assets	0.0	-	-
Other assets	19.0	427.2	300.1
Total Assets	**23,612.9**	**21,440.0**	**21,717.4**
Liabilities and Shareholders' Equity			
Debt securities	23,351.2	20,669.8	21,073.9
Accruals and other liabilities	19.0	427.2	300.1
Subordinated debt	120.6	120.2	120.2
Shareholders' equity - Group share	**122.1**	222.8	223.2
Total Liabilities and Shareholders' Equity	**23,612.9**	**21,440.0**	**21,717.4**

Selected Profit and Loss Data of the Issuer

	Year ended 31 December			Six month period ended 30 June	
	2010	2011	2012	2012 (unaudited)	2013 (unaudited)
	(in millions of euros)				
Net banking income	1.3	1.6	2.1	1.5	0.9
Gross operating income	0.2	0.8	1.1	1.0	0.6
Operating income/(loss)	0.2	0.8	1.1	1.0	0.6
Net income attributable to equity holders of the parent	0.2	0.7	0.7	0.7	0.4

SELECTED FINANCIAL DATA FOR THE GROUP

Investors should read the following selected consolidated financial data together with the historical consolidated financial statements of the Group, the related notes thereto and the other financial information included or incorporated by reference in the Information Document and Update No. 1 incorporated by reference herein. The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards, as adopted in the European Union, and have been audited by Ernst & Young et Autres and KPMG Audit, a department of KPMG S.A. The Group expanded from five Federations to 10 Federations on 1 January 2011, and to 11 Federations on 1 January 2012. The financial information for the year ended 31 December 2011 included in the Group's audited consolidated financial statements as at and for the year ended 31 December 2012 incorporated by reference herein was restated as described in note 1.1 to such financial statements. The consolidated audited financial statements as at and for the year ended 31 December 2011 and the below selected consolidated financial data for such year has not been restated.

Selected Consolidated Balance Sheet Data of the Group

	At 31 December		At 30 June
	2011 (CM10-CIC)	2012 (CM11-CIC)	2013 (CM11-CIC) (unaudited)
	(in millions of euros)		
Assets			
Financial assets at fair value through profit or loss	38,063	44,329	46,979
Available-for-sale financial assets	71,956	72,064	75,217
Loans and receivables due from credit institutions	38,603	53,924	44,839
Loans and receivables due from customers	263,906	269,411	272,688
Held-to-maturity financial assets	16,121	13,718	12,103
Other assets	39,843	45,781	42,633
Total Assets	**468,492**	**499,227**	**494,459**
Liabilities and Shareholders' Equity			
Financial liabilities at fair value through profit or loss	31,009	31,539	33,798
Hedging and Derivative Instruments	3,923	2,789	2,209
Due to credit institutions	36,422	28,885	19,735
Due to central banks	282	343	358
Due to customers	200,086	216,503	217,739
Debt securities	87,227	93,919	94,661
Technical reserves of insurance companies	65,960	72,712	74,372
Provisions	1,800	2,002	2,023
Remeasurement adjustment on interest rate risk-hedged portfolios	(2,813)	(3,451)	(2,598)
Current tax liabilities	561	674	609
Deferred tax liabilities	842	885	854
Accruals and other liabilities	10,030	16,284	13,838
Subordinated debt	6,563	6,375	6,310
Minority interests	2,382	2,441	2,384
Shareholders' equity - group share	**24,217**	**27,326**	28,170
Total Liabilities and Shareholders' Equity	**468,492**	**499,227**	**494,459**

Selected Income Statement Data of the Group

	Year ended 31 December			Six month period ended 30 June	
	2010 (CM5-CIC)	2011 (CM10-CIC)	2012 (CM11-CIC)	2012 (unaudited) (CM11-CIC)	2013 (unaudited) (CM11-CIC)
	(in millions of euros)				
Net banking income	**10,889**	**11,065**	**11,462**	**5,831**	**6,062**
Gross operating income/(loss)	**4,533**	**4,135**	**4,121**	**2,051**	**2,191**
Cost of risk	(1,305)	(1,456)	(1,081)	(568)	(551)
Operating income/(loss)	**3,228**	**2,679**	**3,040**	**1,483**	**1,640**
Share of income/(loss) of associates	26	33	(149)	(58)	(23)
Net income attributable to the Group	**1,961**	**1,660**	**1,622**	**815**	**911**

SELECTED FINANCIAL DATA FOR THE BFCM GROUP

Investors should read the following selected consolidated financial data together with the historical consolidated financial statements of the BFCM Group, the related notes thereto and the other financial information included or incorporated by reference in the Information Document and Update No. 1 incorporated by reference herein. The consolidated financial statements of the BFCM Group have been prepared in accordance with International Financial Reporting Standards, as adopted in the European Union, and have been audited by Ernst & Young et Autres and KPMG Audit, a department of KPMG S.A. The financial information for the year ended 31 December 2011 included in the Borrower's audited consolidated financial statements as at and for the year ended 31 December 2012 incorporated by reference herein was restated as described in note 1.1 to such financial statements. The consolidated audited financial statements as at and for the year ended 31 December 2011 and the below summary consolidated financial data for such year has not been restated.

Selected Consolidated Balance Sheet Data of the BFCM Group

	At 31 December		At 30 June
	2011	2012	2013 (unaudited)
	(in millions of euros)		
Assets			
Financial assets at fair value through profit or loss	36,875	43,091	45,937
Available-for-sale financial assets	64,125	63,570	66,492
Loans and receivables due from credit institutions	66,055	70,703	59,252
Loans and receivables due from customers	165,358	165,775	168,248
Held-to-maturity financial assets	14,377	11,593	10,226
Other assets	35,568	42,473	39,170
Total Assets	**382,358**	**397,205**	**389,325**
Liabilities and Shareholders' Equity			
Financial liabilities at fair value through profit or loss	30,928	30,970	33,363
Hedging Derivative Instruments	2,974	2,763	2,179
Due to credit institutions	49,114	34,477	23,281
Due to central banks	282	343	358
Due to customers	126,146	134,864	134,585
Debt securities	86,673	93,543	94,258
Technical reserves of insurance companies	55,907	62,115	63,802
Provisions	1,418	1,512	1,546
Remeasurement adjustment on interest rate risk-hedged portfolios	(1,664)	(1,947)	(1,422)
Current tax liabilities	387	446	335
Deferred tax liabilities	771	805	777
Accruals and other liabilities	7,596	13,430	11,818
Subordinated debt	8,025	7,836	7,784
Minority interests	3,070	3,338	3,388
Shareholders' equity - group share	**10,731**	**12,709**	**13,274**
Total Liabilities and Shareholders' Equity	**382,358**	**397,205**	**389,325**

Selected Income Statement Data of the BFCM Group

	Year ended 31 December			Six month period ended 30 June	
	2010	2011	2012	2012 (unaudited)	2013 (unaudited)
	(in millions of euros)				
Net banking income	**8,481**	**7,740**	**8,159**	**4,215**	**4,280**
Gross operating income	**3,570**	**2,838**	**3,019**	**1,574**	**1,576**
Cost of risk	(1,214)	(1,336)	(962)	(506)	(486)
Operating income/(loss)	**2,356**	**1,503**	**2,057**	**1,068**	**1,089**
Share in income/(loss) of associates	35	42	(131)	(53)	(15)
Net income attributable to the Group	**1,405**	**852**	**930**	**517**	**529**

GENERAL OVERVIEW OF THE U.S. PROGRAMME

This section highlights information contained elsewhere in this Base Prospectus. Words and expressions defined elsewhere in this Base Prospectus will have the same meanings in this general description. The expression "New York Law Covered Bonds" refers to the New York Law Covered Bonds issued under this U.S. Programme. The expression "Condition" refers to the Conditions set forth under "Terms and Conditions of the New York Law Covered Bonds" in this Base Prospectus.

NEW YORK LAW COVERED BONDS

Issuer:	Crédit Mutuel-CIC Home Loan SFH, a limited liability company (*société anonyme*) incorporated under French law and a duly licensed French credit institution (*établissement de credit*) with the status of a *société de financement de l'habitat* ("**SFH**") delivered by the French *Autorité de contrôle prudentiel et de résolution* on 28 March 2011.
Arranger:	Citigroup Global Markets Inc.
Dealers:	Banque Fédérative du Crédit Mutuel, Barclays Capital Inc., BNP Paribas Securities Corp., Citigroup Global Markets Inc., Citigroup Global Markets Limited, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., J.P. Morgan Securities plc and Morgan Stanley & Co. LLC have been appointed by the Issuer as dealers in respect of the U.S. Programme. The Issuer may from time to time terminate the appointment of any Dealer under the Dealer Agreement related to the New York Law Covered Bonds (the "**U.S. Dealer Agreement**") or appoint additional dealers either in respect of one or more Tranches or in respect of the U.S. Dealer Agreement. References in this Base Prospectus to "**Permanent Dealers**" are to the persons referred to above as Dealers and to such additional persons that are appointed as dealers in respect of the U.S. Dealer Agreement (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Description:	Under this U.S. Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, issue New York Law Covered Bonds the principal and interest of which benefit from the *Privilège* created by article L. 515-19 of the French Monetary and Financial Code (*"Code monétaire et financier"*). See "*Main features of the legislation and regulations relating to* sociétés de financement de l'habitat".
U.S. Programme Limit:	The aggregate nominal amount of New York Law Covered Bonds outstanding under this U.S. Programme, together with covered bonds issued under the separate International Programme (such covered bonds together with the New York Law Covered Bonds, "**Covered Bonds**"), will not at any time exceed €30,000,000,000 (or its equivalent in other currencies at the date of issue).
Calculation, Fiscal and Principal Paying Agent:	Citibank, N.A., London Branch.
Registrar:	Citigroup Global Markets Deutschland AG, Agency and Trust Department.
Method of Issue:	The New York Law Covered Bonds will be issued outside France and may be distributed on a syndicated or non-syndicated basis.
Series and Tranche:	The New York Law Covered Bonds will be issued in series (each, a "**Series**") having one or more issue dates and on terms otherwise

	identical (or identical save as to the first payment of interest), the New York Law Covered Bonds of each Series being intended to be interchangeable with all other New York Law Covered Bonds of that Series. Each Series may be issued in tranches (each, a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (including, without limitation, the aggregate nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder and supplemented, where necessary, with supplemental terms and conditions which, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be determined by the Issuer and the relevant Dealer(s) at the time of the issue and will be set out in the Final Terms of such Tranche. For the purpose of this Base Prospectus, the term "Series" will also include, where applicable, any series of Covered Bonds issued under the International Programme.
Maturities:	Subject to compliance with all relevant laws, regulations and directives, the New York Law Covered Bonds may have any maturity as specified in the relevant Final Terms (the "**Final Maturity Date**"), subject to such minimum maturity as may be required by the applicable legal and/or regulatory requirements.
Currencies:	Subject to the Hedging Strategy (as defined under "*The Hedging Strategy*" in this Base Prospectus) and to compliance with all relevant laws, regulations and directives, New York Law Covered Bonds are expected to be issued in U.S. dollars and may also be issued in Euros, Japanese Yen, Swiss Francs, Australian dollars, or, subject to prior Rating Affirmation (of S&P only), in any other currency agreed between the Issuer and the relevant Dealer(s).
Denomination(s):	New York Law Covered Bonds will be issued in the Specified Denomination(s) set out in the relevant Final Terms, save that the minimum denomination of all New York Law Covered Bonds admitted to trading on a Regulated Market in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or its equivalent in any other currency at the time of issue) or such higher amount as may be allowed or required from time to time in relation to the relevant Specified Currency.
Status of the New York Law Covered Bonds:	The New York Law Covered Bonds (*obligations de financement de l'habitat*) will constitute direct, unconditional, unsubordinated and, in accordance with Condition 5, privileged obligations of the Issuer and will rank *pari passu* without any preference among themselves and equally and rateably with all other present or future bonds (including the New York Law Covered Bonds of all other Series and all other Covered Bonds issued under the separate International Programme) and other resources raised by the Issuer benefiting from the *Privilège* created by article L. 515-19 of the French Monetary and Financial Code as described in Condition 5. See "*Terms and Conditions of the New York Law Covered Bonds*—Privilège" and "*Main features of the legislation and regulations relating to sociétés de financement de l'habitat*".
Privilège :	The New York Law Covered Bonds will benefit from a *Privilège*, which is a statutory priority in right of payment. Pursuant to article L.515-19 of the French Monetary and Financial Code, holders of amounts benefiting from the *Privilège* have preferred creditor status and the right to be paid prior to all other creditors who have no rights whatsoever to the assets of the Issuer until the claims of preferred creditors have been satisfied in full.

	This legal *Privilège* supersedes ordinary French bankruptcy law and provides that amounts received by the Issuer from its eligible assets must be allocated in priority to servicing payment of its debt benefiting from the *Privilège*. Eligible assets include home loans secured by a first ranking mortgage or the equivalent or that are guaranteed by a credit institution or an insurance company; loans to credit institutions that are secured by the remittance, transfer or pledge of receivables arising from such home loans or promissory notes transferring receivables arising from such home loans; and substitution assets as defined under French law. See "*The Collateral Security—The Collateral Security Agreement—Eligible Assets*". Upon insolvency or liquidation, all amounts due under debts benefiting from the *Privilège* are not accelerated but are to be paid on their contractual due date, in priority to all other debts. Until amounts benefiting from the *Privilège* have been paid in full, no other creditor of the Issuer may take any action against the assets of the Issuer. In addition to the above, the bankruptcy of the Borrower, which is the parent company of the Issuer, cannot result in insolvency proceedings being extended to the Issuer. In addition, provisions of French bankruptcy law affecting certain transactions entered into during the months prior to insolvency proceedings are not applicable to the Issuer.
Negative Pledge:	The Terms and Conditions of the New York Law Covered Bonds contain a negative pledge, pursuant to which the Issuer undertakes, subject to certain exceptions, - not to create or permit to subsist any mortgage, charge, pledge, privilege or other form of security interest (*sûreté réelle*) upon any of its assets or revenues, present or future, to secure any Relevant Undertaking (as defined below) of, or guaranteed by, the Issuer unless, at the same time or prior thereto, the Issuer's obligations under the New York Law Covered Bonds are equally and rateably secured therewith, where "**Relevant Undertaking**" means any present or future (i) indebtedness for borrowed money and (ii) undertaking in relation to interest or currency swap transactions. - Not to incur any indebtedness other than as contemplated by the U.S. Programme Documents unless such indebtedness is fully subordinated to the outstanding indebtedness under the New York Law Covered Bonds; or prior Rating Affirmation has been made in relation to such indebtedness. The precise terms of these undertakings as well as other additional undertakings may be found in Condition 6(i) under "*Terms and Conditions of the New York Law Covered Bonds*".
Issuer Events of Default:	The Terms and Conditions of the New York Law Covered Bonds contain Issuer events of default (each, an "**Issuer Event of Default**") as set out in Condition 11 under "Terms and Conditions of the New York Law Covered Bonds". Issuer Events of Default include (i) delivery of an enforcement notice to the Borrower following a Borrower Event of Default, (ii) payment default by the Issuer, (iii) failure by the Issuer to perform its obligations (including entering into hedging arrangements where required), (iv) certain cross acceleration events, and (v) certain insolvency and similar events.
Redemption Amount:	The Final Terms issued in respect of each Tranche will specify the final redemption amounts payable.
Optional Redemption:	The Final Terms issued in respect of each Series of New York Law Covered Bonds will state whether such New York Law Covered

	Bonds may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the New York Law Covered Bondholders, and if so the terms applicable to such redemption among the options described in Condition 8.
Final Redemption:	Unless previously redeemed, purchased and cancelled in accordance with Condition 8, each New York Law Covered Bond shall be finally redeemed on the Final Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a New York Law Covered Bond falling within Condition 8(ii), its final Instalment Amount.
Redemption by Instalments:	The Final Terms issued in respect of each Tranche that are redeemable in two (2) or more instalments will set out the dates on which, and the amounts in which, such New York Law Covered Bonds may be redeemed.
Early Redemption:	Except as provided in "Optional Redemption" above, New York Law Covered Bonds will be redeemable at the option of the Issuer prior to their stated maturity only for tax reasons (as provided in Condition 8(vi)).
French Withholding Tax:	As specified in Condition 10, subject to certain exceptions, all payments of principal and interest by or on behalf of the Issuer in respect of the New York Law Covered Bonds will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.
Interest Periods and Interest Rates:	The length of the interest periods for the New York Law Covered Bonds and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. New York Law Covered Bonds may have a maximum interest rate, a minimum interest rate or both. The use of interest accrual periods permits the New York Law Covered Bonds to bear interest at different rates in the same interest period. The relevant Final Terms will set out such information among the options and terms and conditions set forth in Condition 7.
Fixed Rate New York Law Covered Bonds:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate New York Law Covered Bonds:	Floating Rate New York Law Covered Bonds will bear interest determined separately for each Series on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service (including, without limitation, LIBOR) plus or minus any applicable margin, if any, and calculated and payable as indicated in the applicable Final Terms. Floating Rate New York Law Covered Bonds may also have a maximum rate of interest, a minimum rate of interest or both.
Zero Coupon New York Law Covered Bonds:	Zero Coupon New York Law Covered Bonds may be issued at their nominal amount or at a discount to it and will not bear interest.
Form of New York Law Covered Bonds:	New York Law Covered Bonds will be issued in the form of one or more fully registered global certificates, without coupons, registered (i) in the name of a nominee of DTC and deposited with a custodian for DTC, (ii) in the name of a common depositary for Euroclear and Clearstream, Luxembourg, (iii) in the name of an ICSD CSK for Euroclear and Clearstream, Luxembourg that is held under the NSS, or (iv) in any other clearing system as agreed between the Issuer and relevant Dealers. New York Law Covered Bonds sold to investors in the United States pursuant to Rule 144A will be represented by one

	or more restricted global certificates in registered form (a "**Restricted Global Certificate**"). New York Law Covered Bonds sold outside the United States pursuant to Regulation S will be represented by one or more unrestricted global certificates in registered form (an "**Unrestricted Global Certificate**"). Investors may hold a beneficial interest in New York Law Covered Bonds through Euroclear, Clearstream, Luxembourg or DTC directly as a participant in one of those systems or indirectly through financial institutions that are participants in any of those systems. Owners of beneficial interests in New York Law Covered Bonds will not be entitled to receive certificates in their names evidencing their New York Law Covered Bonds and will not be considered the holder of any New York Law Covered Bonds under the U.S. Agency Agreement.
Governing Law:	The New York Law Covered Bonds will be governed by, and construed in accordance with, New York law, with the exception of Condition 5 (*Privilège*) which is governed by French law.
Clearing Systems:	Euroclear, Clearstream, Luxembourg and/or DTC, or any other clearing system, as agreed between the Issuer and the relevant Dealer(s).
Initial Delivery of New York Law Covered Bonds:	On or prior to the original issue date of each Tranche of New York Law Covered Bonds or as agreed between the Issuer and the relevant Dealer(s).
Issue Price:	New York Law Covered Bonds may be issued at their nominal amount or at a discount or premium to their nominal amount.
Listing and Admission to Trading:	Application may be made for New York Law Covered Bonds to be listed and admitted to trading on Euronext Paris and/or on any other Regulated Market in the European Economic Area ("**EEA**") in accordance with the Prospectus Directive and/or any other market as specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of New York Law Covered Bonds may be unlisted.
Rating:	New York Law Covered Bonds issued under this U.S. Programme are expected on issue to be rated Aaa by Moody's Investors Service Ltd., AAA by Standard & Poor's Credit Market's Ratings Services France SAS and AAA by Fitch Ratings France SAS. As of the date of this Base Prospectus, each of Moody's Investors Service Ltd., each of Standard & Poor's Credit Market Services France SAS and Fitch France SAS is established in the EU, registered under Regulation (EC) N° 1060/2009 of the European Parliament and of the Council dated 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"), and registered and included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (www.esma.europa.eu). The rating of the New York Law Covered Bonds will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change, or withdrawal at any time by the relevant Rating Agency.
Selling Restrictions:	There are restrictions on the offer and sale of New York Law Covered Bonds and the distribution of offering material in various jurisdictions.

THE BORROWER FACILITY AGREEMENT AND THE COLLATERAL SECURITY

The Borrower Facility Agreement:

The proceeds from the issuance of the New York Law Covered Bonds under this U.S. Programme, as well as from the issuance of Covered Bonds under the International Programme, will be used by Crédit Mutuel-CIC Home Loan SFH, as lender (in such capacity, the "**Lender**") to fund advances (each, a "**Borrower Advance**") which shall be made available to Banque Fédérative du Crédit Mutuel ("**BFCM**"), as borrower (in such capacity, the "**Borrower**") under a multicurrency term facility agreement (the "**Borrower Facility**").

Under the Borrower Facility, an aggregate maximum amount equal to €30,000,000,000 is made available to the Borrower for the purpose of financing the general financial needs of the Borrower.

The terms and conditions regarding the calculation and the payment of principal and interest under a Borrower Advance will mirror the equivalent terms and conditions of the corresponding Final Terms of the relevant Covered Bonds, provided that, as a principle, the interest to be paid by the Borrower under a Borrower Advance will be the financing costs of the Lender under the Covered Bonds funding such Borrower Advance, increased by a margin (the "**Issuer Margin**"). Any amounts repaid or prepaid under any Borrower Advance may be re-borrowed.

Each of the following constitute a "**Borrower Event of Default**" for the purposes of the Borrower Facility Agreement:

- the Borrower fails to pay any sum due under the Borrower Facility when due, in the currency and in the manner specified herein; provided, however, that where such non-payment is due to an administrative error or the failure of continuing external payment systems or clearing systems reasonably used by the Borrower and such payment is made by the Borrower within three (3) Business Days of such non-payment, such non-payment shall not constitute a Borrower Event of Default;
- a Breach of Pre-Maturity Test occurs;
- a Breach of Regulatory Liquidity Test occurs;
- a Breach of Asset Cover Test occurs;
- a Breach of Collection Loss Reserve Funding Requirement occurs;
- any material representation or warranty made by the Borrower, in the Borrower Facility Agreement or in any notice or other document, certificate or statement delivered by it pursuant hereto or in connection herewith is or proves to have been incorrect or misleading in any material respect when made, and the same is not remedied (if capable of remedy) within sixty (60) Business Days after the Administrator or the Issuer has given notice thereof to the Borrower or (if sooner) the Borrower has knowledge of the same, provided that the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant Covered Bonds;
- the Borrower fails to comply with any of its material obligations under the Borrower Facility Agreement unless such breach is capable of remedy and is remedied within sixty (60) Business Days after the Administrator or the Issuer has given notice thereof to the Borrower or (if sooner) the Borrower has knowledge of the same, provided that the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant Covered Bonds;

- any Collateral Provider(s) fail to comply with any of its/their material obligations under the Programme Documents unless such breach is capable of remedy and is remedied (i) within sixty (60) Business Days after the Administrator or the Issuer has given notice thereof to the Borrower and the Collateral Security Agent or (ii) (if sooner) the Borrower or the Collateral Security Agent has knowledge of the same, provided that, in case of (i) and (ii), the Issuer, at its discretion, certifies that it is prejudicial to the interest of the holders of the relevant Covered Bonds;
- the Borrower fails to pay any sum due to the Collateral Providers as Collateral Security Fee under the Collateral Security Agreement when due and such failure is not remedied within sixty (60) Business Days after such failure;
- as regards the Borrower, an Insolvency Event occurs;
- any effect, event or matter (regardless of its nature, cause or origin and in particular the commencement of any legal, administrative or other proceedings against the Borrower) occurs which is or could be reasonably expected to be materially adverse to (i) the financial or legal situation, assets, business or operations of the Borrower and (ii) the ability of the Borrower to perform its payment obligations or the financial covenants under any of the Programme Documents;
- at any time it is or becomes unlawful for the Borrower to perform or comply with any or all of its material obligations under the Borrower Facility Agreement or any of the material obligations of the Borrower under the Borrower Facility Agreement are not or cease to be legal, valid and binding; or
- upon the occurrence of a Hedging Rating Trigger Event (as defined under "*The Hedging Strategy*" of this Base Prospectus), (i) the Issuer (or the Administrator on its behalf) fails to enter into any Issuer Hedging Agreement (as defined under "*The Hedging Strategy*" of this Base Prospectus) with any relevant Eligible Hedging Provider (as defined under "*The Hedging Strategy*" of this Base Prospectus) within thirty (30) calendar days from the occurrence date of such Hedging Rating Trigger Event, as described under the Hedging Strategy (as defined under "*The Hedging Strategy*" of this Base Prospectus) or (ii) the Issuer (or the Administrator on its behalf) or the Borrower fails to enter into any Borrower Hedging Agreement (as defined under "*The Hedging Strategy*" of this Base Prospectus) within thirty (30) calendar days from the occurrence date of such Hedging Rating Trigger Event, as described under the Hedging Strategy (as defined under "*The Hedging Strategy*" of this Base Prospectus).

Upon the occurrence of a Borrower Event of Default (as defined under "*The Borrower Facility Agreement—The Borrower Facility Agreement*"), the Administrator will, by written notice (such notice to constitute a *mise en demeure*) to the Borrower (with a copy to the Rating Agencies and to the Collateral Security Agent), (i) declare that no more Borrower Advances will be made under the Borrower Facility, (ii) declare that the Borrower Facility will be cancelled, and (iii) declare that the Borrower Advances will immediately become due and payable and enforce its rights under the Collateral Security Agreement and the Cash Collateral Agreement (a "**Borrower Enforcement Notice**").

	See "*The Borrower Facility Agreement—The Borrower Facility Agreement*".
The Collateral Security Agreement:	The Collateral Security Agreement sets forth the terms and conditions upon which the Collateral Providers will grant Eligible Assets as collateral security (*garantie financière*) (the "**Collateral Security**") for the benefit of the Lender in order to secure the payments, as they become due and payable, of all and any amounts owed by the Borrower under the Borrower Facility Agreement, whether present or future (the "**Secured Liabilities**"). For the purposes of the Collateral Security Agreement, an Eligible Asset means any Home Loan Receivable that complies with the Home Loan Eligibility Criteria (as further described in the "*The Collateral Security Agreement*"). In particular, Home Loan Receivables will comply with the criteria defined in article L. 515-35 II of the French Monetary and Financial Code. The Collateral Security will be created in accordance with article L. 211-36 *et seq.* of the French Monetary and Financial Code. The Collateral Security will not entail any transfer of title with respect to the relevant Eligible Assets until enforcement. The Collateral Providers will perform the servicing of the Collateral Security Assets (as defined in "*The Collateral Security—The Collateral Security Agreement*") in accordance with applicable laws and its customary servicing procedures (the "**Servicing Procedures**"), using the degree of skill, care and attention as for servicing of its assets for its own account, without interfering with the Issuer's material rights under the Collateral Security Agreement. In accordance with the Collateral Security Agreement, the Collateral Providers have appointed BFCM as agent (*mandataire*) of the Collateral Providers in order to manage the Collateral Security in the name and on behalf of such Collateral Providers (the "**Collateral Security Agent**"). See "*The Collateral Security—The Collateral Security Agreement*" and "*Risk Factors—Risks related to the Collateral Security*".
The Cash Collateral Agreement:	The Cash Collateral Agreement sets forth the terms and conditions upon which BFCM, as Cash Collateral Provider, will fund certain amounts as cash collateral (*gage espèces*) (each, a "**Cash Collateral**") into a Cash Collateral Account so as to secure the payments, as they become due and payable, of all and any amounts owed by the Borrower under the Borrower Facility Agreement, whether present or future (the "**Secured Liabilities**"). The Cash Collateral Provider will be requested to fund the Cash Collateral Account with the relevant Cash Collateral and up to the required amount upon non-compliance by the Borrower with (i) certain pre-maturity ratings levels following the occurrence date of such non-compliance and during a certain pre-maturity test period (as further described in "*Asset Monitoring—The Pre-Maturity Test*") and/or (ii) certain liquidity ratings levels following the occurrence date of such non-compliance (as further described in "*Asset Monitoring—The Regulatory Liquidity Test*"). Failure by the Cash Collateral Provider to fund the Cash Collateral Account with the relevant Cash Collateral and up to the required amount within the required period following any non-compliance with the relevant Pre-Maturity Ratings Required Level or Liquidity Ratings Required Level and on any relevant test date following such non-compliance will constitute a Breach of the Pre-Maturity Test or a Breach of the Regulatory Liquidity Test under the Cash Collateral

	Agreement. This breach will in turn result in the occurrence of a Borrower Event of Default under the Borrower Facility Agreement. See "*The Collateral Security—The Cash Collateral Agreement*".
ASSET MONITORING	
Asset Cover Test:	Under the Collateral Security Agreement and for so long as no Borrower Event of Default has occurred and been enforced subject to, and in accordance with, the relevant terms of the Borrower Facility Agreement, the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, will monitor the Collateral Security Assets so as to ensure compliance with an asset cover test (the "**Asset Cover Test**"). The Asset Cover Test will be performed without prejudice to compliance by the Issuer with the cover test provided by laws and regulations applicable to *sociétés de financement de l'habitat* (in particular the cover test provided for under articles L. 515-20 and R. 515-7-2 of the French Monetary and Financial Code. See "*Main features of the legislation and regulations relating to sociétés de financement de l'habitat*". For so long as Covered Bonds remain outstanding, the Asset Cover Test would not be complied with if the Asset Cover Test Ratio (as specified in "*Asset Monitoring—The Asset Cover Test*") is less than one. Non-compliance with the Asset Cover Test will not constitute an Issuer Event of Default or a Borrower Event of Default. However, it will prevent the Issuer from issuing any further Covered Bonds as long as it remains unremedied. The failure by the Collateral Security Agent to cure non-compliance with the Asset Cover Test occurring on any Asset Cover Test Date prior to the next following Asset Cover Test Date (as defined in "*Asset Monitoring—The Asset Cover Test*") will constitute a Breach of the Asset Cover Test under the Collateral Security Agreement. A Breach of the Asset Cover Test will result in a Borrower Event of Default under the Borrower Facility Agreement. A Breach of the Asset Cover Test will not constitute an Issuer Event of Default but will prevent the Issuer from issuing any further Covered Bonds. See "*Asset Monitoring—The Asset Cover Test*".
Regulatory Cover Ratio:	The Issuer must at all times maintain a cover ratio between its assets and its liabilities benefiting from the *Privilège*. In particular, pursuant to articles L. 515-20 and R. 515-7-2 of the French Monetary and Financial Code, the Issuer must at all times maintain a ratio of at least 102% as between its assets and the total amount of its liabilities benefiting from the *Privilège* (the "**Regulatory Cover Test**"). See "*Main features of the legislation and regulations relating to sociétés de financement de l'habitat*".
Pre-Maturity Test:	Under the Cash Collateral Agreement, so long as no Borrower Event of Default has occurred and been enforced under the Borrower Facility Agreement, the Borrower will fund the Cash Collateral Account up to an amount sufficient to ensure compliance with a pre-maturity test (the "**Pre-Maturity Test**"). For each Series of Covered Bonds and for so long as Covered Bonds of such Series remain outstanding, during the period starting from, and including, the 180th Business Day preceding the Final Maturity Date of such Series of Covered Bonds and ending on, and excluding, such Final Maturity Date, and upon the downgrading of the

	Borrower below any of the Pre-Maturity Ratings Required Levels (see "*Asset Monitoring—The Pre-Maturity Test*"), the Cash Collateral Provider will fund the Cash Collateral Account up to an amount determined in accordance with the Cash Collateral Agreement. The failure by the Cash Collateral Provider to fund into the Cash Collateral Account the relevant amount will constitute a Breach of the Pre-Maturity Test under the Cash Collateral Agreement. A Breach of the Pre-Maturity Test will result in a Borrower Event of Default within the meaning of, and subject to, the relevant terms of the Borrower Facility Agreement. A Breach of the Pre-Maturity Test will not constitute an Issuer Event of Default. See "*Asset Monitoring—The Pre-Maturity Test*".
Regulatory Liquidity Test:	Under the Cash Collateral Agreement, so long as no Borrower Event of Default has occurred and been enforced under the Borrower Facility Agreement, the Borrower will fund the Cash Collateral Account up to an amount sufficient to ensure compliance with a regulatory liquidity test (the "**Regulatory Liquidity Test**"). Upon the downgrading of the Borrower below any of the Regulatory Liquidity ratings required levels (see "*Asset Monitoring—The Regulatory Liquidity Test*"), the Cash Collateral Provider will fund the Cash Collateral Account up to an amount determined in accordance with the Cash Collateral Agreement. The failure by the Cash Collateral Provider to fund into the Cash Collateral Account the relevant amount will constitute a Breach of the Regulatory Liquidity Test under the Cash Collateral Agreement. A Breach of the Regulatory Liquidity Test will result in a Borrower Event of Default under the Borrower Facility Agreement. A Breach of the Regulatory Liquidity Test will not constitute an Issuer Event of Default. See "*Asset Monitoring—The Regulatory Liquidity Test*".
Amortisation Test:	For so long as Covered Bonds remain outstanding and following the enforcement of a Borrower Event of Default under the Borrower Facility Agreement, the Issuer will ensure compliance with an amortisation test defined in the Master Definitions and Construction Agreement (the "**Amortisation Test**"). For so long as Covered Bonds remain outstanding, the Amortisation Test would not be complied with if the Amortisation Ratio (as specified in "*Asset Monitoring—The Amortisation Test*") is less than one. Failure by the Issuer to cure non-compliance with the Amortisation Test prior to the next Amortisation Test Date will constitute an Issuer Event of Default. See "*Asset Monitoring—The Amortisation Test*".

RISK FACTORS

The Issuer believes that the factors described below, together with the risk factors relating to the Borrower and the Group in the Information Document incorporated by reference in this Base Prospectus (see "Documents Incorporated by Reference"), represent the principal risks inherent to investing in New York Law Covered Bonds issued under the U.S. Programme. However, the Issuer does not represent that the factors below and in the Information Document are exhaustive. Investors must be aware that other risks and uncertainties which, as of the date of this Base Prospectus, are not known to the Issuer, or are considered immaterial, may have a significant impact on the Issuer, the Borrower, the Group, their activities, their financial condition or the New York Law Covered Bonds. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and form their own opinions as to potential risks prior to making any investment decision. Investors should in particular conduct their own analysis and evaluation of risks relating to the Issuer, the Borrower, the Group, their financial condition and New York Law Covered Bonds and consult their own financial or legal advisers about risks associated with investment in a particular Series of New York Law Covered Bonds and the suitability of investing in the New York Law Covered Bonds in light of their particular circumstances.

Words and expressions defined elsewhere in this Base Prospectus shall have the same meaning in the risk factors description below.

Risks related to the Issuer

The Issuer has sole liability under the New York Law Covered Bonds.

The Issuer is the only entity with the obligation to pay principal and interest in respect of the New York Law Covered Bonds. The New York Law Covered Bonds are not and will not be the obligation or responsibility of any other entity, including (but not limited to) BFCM (in any capacity but in particular in its capacity as Borrower, Administrator, Issuer Calculation Agent, Collateral Security Agent or Cash Collateral Provider), the Collateral Providers, the Dealers, the Fiscal Agent, the Paying Agents, the Asset Monitors, any participant to the Hedging Strategy (as applicable) or any company in the same group of companies as any of them, or the shareholders or directors or agents of any company in the same group of companies as any of them.

The Issuer has limited resources.

In the absence of any Borrower Event of Default, the Issuer's ability to meet its obligations under the New York Law Covered Bonds will depend on the amount of scheduled principal and interest paid by the Borrower and the timing thereof and/or, as applicable, the amounts received under any hedging agreement concluded in accordance with the Hedging Strategy, any proceeds generated by Permitted Investments, and any proceeds under the Substitution Assets. Pursuant to the Cash Collateral Agreement, the Issuer will also benefit from the Cash Collateral to be provided by the Cash Collateral Provider under some circumstances.

Upon the occurrence of a Borrower Event of Default and enforcement of the Collateral Security granted by the Collateral Providers, and without prejudice to any other unsecured recourse the Issuer may have against the Borrower under the Borrower Debt, the Issuer's ability to meet its obligations under all the New York Law Covered Bonds will depend on the proceeds from the Collateral Security granted by the Collateral Providers that is enforced in favour of the Issuer. These proceeds would be the amount of principal and interest paid directly to the Issuer by the relevant debtors under the Home Loans transferred to the Issuer upon enforcement of such Collateral Security or the price or value of such Home Loans and related Home Loan Security upon the sale or refinancing thereof by the Issuer. The Issuer would also be entitled to any amounts to be received under any hedging agreement concluded in accordance with the Hedging Strategy, any proceeds generated by Permitted Investments, the Cash Collateral provided by the Cash Collateral Provider under the Cash Collateral Agreement, the available amount under the Share Capital Proceeds Account, and any proceeds under the Substitution Assets.

The Issuer will not have any further source of funds available to meet its obligations under the New York Law Covered Bonds other than (i) the recourse the Issuer has against the Borrower under the Borrower Debt until such Borrower Debt is repaid in full and (ii) as the case may be, funds raised under credit operations with the *Banque de France* under its monetary policy and intraday credit operations and secured by New York Law Covered Bonds issued and subscribed by the Issuer itself in accordance with article L. 515-32-1 of the French Monetary and Financial Code.

An Issuer Event of Default will not automatically trigger a Borrower Event of Default, and the Issuer will then not be able to enforce the Collateral Security securing the repayment of the New York Law Covered Bonds in order to cure such Issuer Event of Default if no Borrower Event of Default has occurred and is continuing. Therefore, notwithstanding the occurrence of such an Issuer Event of Default, if no Borrower Event of Default occurs, the Issuer's ability to meet its obligations under the New York Law Covered Bonds will still depend only on the principal and interest paid by the Borrower under the Borrowed Advances, the amounts received under any hedging agreement concluded in accordance with the Hedging Strategy, the proceeds generated by Permitted Investments, the Cash Collateral and the available amount under the Share Capital Proceeds Account.

There can be no assurance that the resources available to the Issuer will be sufficient to meet its obligations under the New York Law Covered Bonds as scheduled or at all.

The Issuer relies on BFCM and other third parties to perform its obligations under the Programme Documents.

The Issuer has entered into agreements with BFCM and other third parties, which have agreed to perform services for the Issuer. These services include, but are not limited to, the appointment of BFCM as:

- Administrator to provide the Issuer with all necessary advice, assistance and know-how, whether technical or otherwise, including in connection with the Issuer's day to day management and corporate administration and to ensure that the Issuer exercises its rights and performs its obligations under the U.S. Programme Documents; and
- Issuer Calculation Agent to make calculations as provided under the U.S. Programme Documents and in particular to make the calculations in relation to the Asset Cover Test, the Regulatory Cover Test, the Pre-Maturity Test, the Regulatory Liquidity Test and the Amortisation Test.

In the event that the Administrator, the Issuer Calculation Agent or any other relevant party providing services to the Issuer under the U.S. Programme Documents fails to perform its obligations under the relevant agreement(s) to which it is a party, the ability of the Issuer to make payments under the New York Law Covered Bonds may be affected. For instance, if the Collateral Providers or the Collateral Security Agent fail to administer the Collateral Security Assets and/or the Collateral Security adequately, the value of the Collateral Security or any part thereof may be negatively impacted, and in turn, the ability of the Issuer to make payments under the New York Law Covered Bonds may be affected.

Under the Hedging Strategy, the Issuer also relies on BFCM (only to the extent a Borrower Event of Default has not occurred) and/or any relevant Eligible Hedging Provider(s) to provide it with the funds matching its obligations under the New York Law Covered Bonds (see "*The Hedging Strategy*").

Under the relevant U.S. Programme Documents, the Issuer may in certain circumstances terminate the appointment of any third party that defaults in the performance of its obligations, in which case the transfer of the servicing function to a new servicer could result in delays, increased costs and/or losses in collection of sums due to the Issuer under its assets, could create operational and administrative difficulties for the Issuer, and could adversely affect its ability to perform its obligations under the New York Law Covered Bonds.

The U.S. Programme Documents require that certain third parties be substituted upon the occurrence of certain events, and there is no guarantee that an appropriate substitute will be found.

Pursuant to the U.S. Programme Documents, certain third parties will require substitution in the event the short-term and/or long-term debt of one or more parties to the U.S. Programme Documents (such as the Eligible Hedging Providers, the Issuer Calculation Agent, the Cash Collateral Provider, the Administrator or the Issuer Accounts Bank) is downgraded, and in certain other circumstances described in the U.S. Programme Documents. No assurance can be given that a substitute entity will be found.

In particular, if the long-term debt of the Administrator is downgraded or another Administrator Termination Event occurs pursuant to the terms of the Administrative Agreement, the Issuer will be entitled to terminate the appointment of the Administrator and appoint a new administrator in its place. There can be no assurance that a substitute Administrator with sufficient experience would be found who would be willing and able to serve on terms similar to those of the Administrative Agreement. In addition, upon the occurrence of any Borrower Event of Default and the subsequent enforcement of the Collateral Security and the transfer to the Issuer of the Collateral Security Assets, there can be no assurance that a substitute Administrator with sufficient experience of servicing such transferred Collateral Security Assets would be found who would be willing and able to serve on terms similar to those of the Administrative Agreement. The ability of a substitute Administrator to perform the

required services fully would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute Administrator may affect the realisable value of the Collateral Security Assets or any part thereof, and/or the ability of the Issuer to make payments under the New York Law Covered Bonds. No Administrator has or will have any obligation to advance payments that the Borrower fails to make in a timely manner. The Issuer Independent Representative is not obliged under any circumstance to act as an Administrator or to monitor the proper performance of obligations by any Administrator.

Certain conflicts of interest may arise during the life of the U.S. Programme.

Conflicts of interest may arise during the life of the U.S. Programme. These include, for example, potential conflicts that may arise as a result of BFCM's several roles in different capacities under the U.S. Programme Documents, including as Borrower. Also, during the course of their business activities, the parties to the U.S. Programme and/or any respective affiliates may operate, service, acquire or sell properties, or finance loans secured by properties, which are in the same markets as the Home Loans. In such cases, the interest of any of those parties or their affiliates or the interest of other parties for whom they perform services may differ from, and conflict with, the interests of the Issuer or of the holders of the New York Law Covered Bonds.

Insolvency and examinership laws in France could limit the ability of the New York Law Covered Bondholders to enforce their rights under the New York Law Covered Bonds.

The Issuer is subject to French laws and proceedings affecting creditors generally, including article 1244-1 of the French Civil Code (*Code civil*), conciliation proceedings (*procédures de conciliation*), safeguard proceedings (*procédures de sauvegarde*), financial accelerated safeguard proceedings (*procédures de sauvegarde financière accelerée*) and judicial reorganisation or liquidation proceedings (*procédures de redressement ou de liquidation judiciaires*).

As a regulated credit institution (*établissement de crédit*), the Issuer is also subject to the specific provisions of article L. 613-26 *et seq.* of the French Monetary and Financial Code that specify the conditions for opening an insolvency proceeding against a credit institution (prior information and opinion of the banking authority (*Autorité de contrôle prudentiel et de résolution*)), include specific concepts of cash flow insolvency (*cessation des paiements*, etc.) and set out specific rules for the liquidation of a credit institution.

The above-mentioned insolvency rules apply equally to each party to the U.S. Programme Documents that is regulated as a credit institution in France.

In general, French insolvency rules favour the continuation of a business and the protection of employment over the payment of creditors.

However, the Issuer, as a *société de financement de l'habitat* ("**SFH**"), benefits from certain exceptions to these insolvency rules, as described under *"Main features of the legislation and regulations relating to* sociétés de financement de l'habitat"). While these exceptions may protect New York Law Covered Bonds from some of the risks inherent in French insolvency law, there can be no assurance that they will be sufficient to provide complete protection.

Holders of the New York Law Covered Bonds may not declare the New York Law Covered Bonds immediately due and payable in the event the Issuer files for bankruptcy.

The bankruptcy of the Issuer, which is an event that is customarily considered an event of default under debt instruments giving rise to an absolute or qualified right on the part of the registered holder to declare such debt instrument immediately due and payable, constitutes the occurrence of an Issuer Event of Default under the Terms and Conditions of the New York Law Covered Bonds. However, under the legal framework applicable to *sociétés de financement de l'habitat*, the opening of bankruptcy proceedings or of conciliation proceedings with respect to the Issuer will not give rise to the right on the part of the holders of the New York Law Covered Bonds to declare the New York Law Covered Bonds immediately due and payable. The French Monetary and Financial Code provides for all cash flows generated by the eligible assets of the Issuer (as described under article L. 515-19 1° of the French Monetary and Financial Code) to be allocated as a matter of priority to servicing the liabilities of the Issuer that benefit from the *Privilège* as they fall due, in preference to all other claims, whether or not secured or statutorily preferred and, until payment in full of the liabilities of the Issuer that benefit from the *Privilège*, as such liabilities fall due, no creditors (other than the Bondholders and the creditors benefiting from the *Privilège*) may avail themselves of any right over the assets and rights of the Issuer.

The New York Law Covered Bonds include restrictions on the ability of New York Law Covered Bondholders to seek recourse and enforcement.

Recourse against the Issuer is restricted by the applicable priority of payment as described under "*Cash Flow*" in this Base Prospectus and amounts payable by the Issuer will be recoverable only from and to the extent of the Available Funds. No enforcement action under the New York Law Covered Bonds may be taken prior to the date which is 18 months and one day after the earlier of (i) the Final Maturity Date of the last Series issued by the Issuer under the U.S. Programme or the International Programme, or (ii) the date of payment of any sums outstanding and owing under the latest outstanding Covered Bond.

The value of Permitted Investments fluctuates and may decrease.

Any available funds standing to the credit of the Issuer Accounts (prior to their allocation and distribution) will be invested by the Administrator in Permitted Investments. The value of the Permitted Investments may fluctuate significantly, and the Issuer may be exposed to a credit risk in relation to such Permitted Investments. None of the Arranger, the Issuer, the Administrator or any other party to the U.S. Programme Documents guarantees the market value of the Permitted Investments, or will be liable if the market value of any of the Permitted Investments fluctuates and decreases.

Risks related to the Borrower

The value, credit rating and timing of payments on the New York Law Covered Bonds may be affected by changes in BFCM's financial condition or credit ratings.

The terms of the New York Law Covered Bonds and the related Programme Documents contain provisions that require the Issuer to take certain actions if the credit rating of BFCM deteriorates, or if BFCM defaults in its obligations as Borrower under the Borrower Facility. These actions include changing the account where the Issuer's funds are deposited, requiring BFCM (as Borrower) to provide cash collateral, and requiring the Issuer to enter into hedging agreements with banks other than BFCM. In addition, in case of a Borrower Event of Default, the New York Law Covered Bonds could be repaid before their scheduled maturity dates. While payment of the New York Law Covered Bonds should be covered by cash flow on the Home Loans that are included in the Collateral Security, or proceeds from the sale of such Home Loans, a change in the timing of payments could have an adverse impact on investors.

In addition, the rating agencies have publicly stated that the credit ratings of covered bonds are linked to the credit ratings of the programme sponsor (which is BFCM, with respect to this U.S. Programme). While the link between the ratings of a programme sponsor and those of the related covered bonds is not direct, and precise correlation between these ratings has not been published by the rating agencies, a significant downgrading of BFCM's credit rating could have an impact on the credit rating, and the value, of the New York Law Covered Bonds.

As a result of the foregoing, a significant deterioration in the financial condition of BFCM could have an adverse impact on the trading price of the New York Law Covered Bonds, even in the absence of a rating trigger event or a Borrower Event of Default. If either such event were to occur, the impact on the trading price of the New York Law Covered Bonds would be more significant.

Potential investors should also review the risk factors relating to the Borrower and the Group in the Information Document, which include risk factors relating to the implementation of Basel III (see "Risk Factors--Risks Related to the CM11-CIC Group, the BFCM Group and the Banking Industry--The Group is subject to extensive supervisory and regulatory regimes, which may change" in the Information Document which is incorporated by reference herein).

Risks related to the Collateral Security

The interpretation by French courts of rules applicable to Collateral Security is uncertain.

The Home Loans and related Home Loan Security that will be granted as Collateral Security in favour of the Issuer for the repayment of the Borrower Debt extended by the Issuer will be granted, and, as the case may be, enforced, in accordance with the provisions of articles L.211-38 *et seq* of the French Monetary and Financial Code (*Code monétaire et financier*) implementing Directive 2002/47/EC of the European Parliament and of the

Council of 6 June 2002 on financial collateral arrangements, which has been amended by Directive 2009/44/EC of the European Parliament and of the Council of 6 May 2009.

Although articles L.211-38 *et seq* of the French Monetary and Financial Code (*Code monétaire et financier*) are in full force and effect as of the date of this Base Prospectus, French courts have not yet had the opportunity to interpret these articles, and therefore the manner in which the Collateral Security would be enforced by a French court is uncertain.

There may be a delay in the ability of the Issuer to obtain effective direct payment from the debtors under the Home Loans in the event the relevant Collateral Security is enforced.

The Collateral Security Agreement will provide that the relevant Home Loans and Home Loan Security will be granted as Collateral Security (as defined under "*The Collateral Security—The Collateral Security Agreement*") without notifying the underlying debtors of such Home Loans. Such debtors will only be notified if and when the relevant Collateral Security is enforced following a Borrower Event of Default and title to the relevant Home Loans and related Home Loan Security has been transferred to the Issuer. Until such notification has been given, any payments made by any debtor under the relevant Home Loans will continue to be validly made by such debtors to the relevant Collateral Provider(s).

There is no guarantee that the debtors under the relevant Home Loans will be notified at the required time, and there can be no assurance as to the ability of the Issuer to obtain effective direct payment from the debtors under the relevant Home Loans in a timely manner, which may affect the Issuer's ability to make payments under the New York Law Covered Bonds. The Hedging Agreement(s) concluded in accordance with the Hedging Strategy are designed to cover only limited amounts of interest on the related Series of New York Law Covered Bonds for a limited period of time in this situation.

Until the debtors have been notified that insolvency proceedings have been opened against the Collateral Providers, a statutory stay of execution under mandatory rules of French insolvency law will prevent the Issuer from taking recourse against the Collateral Providers in order to obtain payment of amounts that should have been paid directly to the Issuer but that were paid to such Collateral Providers and commingled by them with other funds.

The relevant Home Loans and related Home Loan Security may be subject to set-off by the relevant debtors.

Notwithstanding the transfer to the Issuer of the relevant Home Loans and related Home Loan Security upon the occurrence of a Borrower Event of Default, the debtors under the relevant Home Loans may be entitled, subject to restrictive conditions, to set off the relevant Home Loans receivables against a claim they may have against the relevant Collateral Providers. In the absence of contractual arrangements providing for statutory set-off under the Home Loans, and since no provision under the Home Loans expressly provides a waiver of set-off (see "*The Collateral Security—The Collateral Security Agreement—Eligible Assets*"), a debtor under a Home Loan is entitled to invoke either (i) a statutory or a judicial set-off, or (ii) a set-off based on mutuality of claims (*connexité*).

Furthermore, so long as the debtor under a Home Loan is not notified of the transfer of such Home Loan to the Issuer upon enforcement of the Collateral Security, such debtor is entitled to invoke statutory and judicial set-off as if no transfer had taken place. After notification of the transfer, such debtor is still entitled to invoke statutory set-off against the Issuer if, prior to the notification of the transfer, the conditions for statutory set-off (*compensation légale*) were satisfied.

A set off between mutual claims (*dettes connexes*) is available by law. Mutual claims mainly result from economic inter-relationships. Mutuality of claims will be determined on a case by case basis, depending on the facts and circumstances then existing. The most likely circumstances where set off would have to be considered are when counterclaims resulting from a current account relationship will allow a debtor to set off such counterclaims against sums due under a Home Loan. In this situation, however, French case law states that no mutuality of claims exists when parties do not intend to inter-relate the current account relationship with the lending transaction, even when instalments under a home loan are set to be paid by way of direct debits from available funds credited to the homeowner's current account.

The value of the Collateral Security prior to or following enforcement thereof may not be maintained.

If the collateral value of the Home Loans and related Home Loan Security granted as Collateral Security in favour of the Issuer pursuant to the Collateral Security Agreement has not been maintained in accordance with the terms of the Asset Cover Test, the Amortisation Test, the other provisions of the U.S. Programme Documents or the regulatory cover ratio provided for in articles L. 515-20 and R. 515-7-2 of the French Monetary and Financial Code, the value of the relevant Collateral Security or any part thereof (both before and after the occurrence of a Borrower Event of Default) or the price or value of such Home Loans and related Home Loan Security by the Issuer may be adversely affected.

Sale or refinancing of Home Loans and related Home Loan Security by the Issuer following enforcement of the Collateral Security may affect the ability of the Issuer to make payments when due under the New York Law Covered Bonds.

Once title to Home Loans and related Home Loan Security has been transferred to the Issuer upon enforcement of the Collateral Security following the occurrence of a Borrower Event of Default (the "**Transferred Assets**"), the Administrator (or the Substitute Administrator) acting on behalf of the Issuer must (pursuant to the Administrative Agreement) sell or refinance such Home Loans and related Home Loan Security in order for the Issuer to receive sufficient Available Funds to make payments when due under the relevant Series of Covered Bonds. All payments will be made according to the priority of payment order then applicable (see "*Cash Flow*" in this Base Prospectus) and the relevant payment dates and Final Maturity Date under each relevant Series of Covered Bonds then outstanding.

There is no guarantee that a buyer will be found to acquire Home Loans and related Home Loan Security at the times required and there can be no guarantee or assurance as to the price that may be obtained, which may affect the ability of the Issuer to make payments when due under the Covered Bonds.

In addition, in respect of any sale or refinancing of Home Loans and related Home Loan Security to third parties, the Issuer will not be permitted to give warranties or indemnities as to those assets. There is no assurance that representations or warranties previously given by the Collateral Providers in respect of such assets pursuant to the terms of the Collateral Security Agreement will benefit a third party purchaser of such assets upon sale or refinancing thereof by the Issuer. Accordingly, there is a risk that the price or value of such assets upon the sale or refinancing thereof by the Issuer will be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the Issuer to make payments when due under the relevant Series of Covered Bonds.

Risks related to the Home Loans and related Home Loan Security

Debtors under the Home Loans may not be able to pay.

The debtors under the Home Loans are individuals that have borrowed in order to finance the acquisition of real property. If following enforcement of the Collateral Security, the Issuer does not receive the full amount due from the debtors on such Home Loans, the ability of the Issuer to make payments under the New York Law Covered Bonds may be affected. The Issuer is therefore exposed to credit risk in relation to the debtors under the Home Loans.

None of the Borrower, the Collateral Providers, the Issuer or any other party to the U.S. Programme Documents guarantees or warrants full and timely payment by the debtors under the Home Loans of any sums payable under such Home Loans.

The ability of a debtor under a Home Loan to make timely payment of amounts due under such Home Loan will mainly depend on the debtor's assets and liabilities as well as the debtor's income. Such income may be adversely affected by a large number of factors, some of which (i) relate specifically to the debtor (including but not limited to age, health, employment situation and family situation) or (ii) are more general in nature (such as changes in governmental regulations and fiscal policy).

Furthermore, a debtor under a Home Loan may benefit from the favourable legal and statutory provisions of the French Consumer Code (*Code de la consommation*), pursuant to which any individual may, under certain circumstances, and subject to certain conditions, request and obtain from the competent court a grace period, a reduction of the amount of all and any of its indebtedness and any interest relating thereto and, as the case may

be (pursuant to (i) law No. 98-657 dated 29 July 1998, as amended, and (ii) law No. 2003-710 dated 1 August 2003, as amended), a full or partial extinguishment of its indebtedness against a credit institution.

The value of the properties securing the Home Loans may decrease.

The value of the properties securing the Home Loans may decrease as a result of any number of factors, including the national or international economic climate, regional economic or housing conditions, changes in tax laws, mortgage interest rates, inflation, the availability of financing, yields on alternative investments, increasing utility costs and other day-to-day expenses, political developments and government policies. In addition, as the properties securing the Home Loans are predominantly located in France, the value of such properties may decline in the event of a general downturn in the value of property in France. A reduction in the value of these properties could result in the Issuer having insufficient funds to meet its obligations under the New York Law Covered Bonds.

None of the Issuer, the Arranger, the Dealers, the Administrator or any other party to any of the U.S. Programme Documents has undertaken an independent investigation regarding the Home Loans or related Home Loan Security.

None of the Issuer, the Arranger, the Dealers, the Administrator or any other party to any U.S. Programme Document has undertaken or will undertake any investigations, searches or other due diligence regarding the Home Loans, the related Home Loan Security or the status and/or the creditworthiness of the debtors under the Home Loans. Each of them has relied solely on the representations and warranties given by the Collateral Providers under the Collateral Security Agreement.

If any breach of Home Loan Eligibility Criteria (as defined in "*The Collateral Security—The Collateral Security Agreement—Home Loan Eligibility Criteria*") relating to any Home Loan is material and (if capable of remedy) is not remedied, the Collateral Providers are required under the Collateral Security Agreement to provide sufficient Eligible Home Loans and the Issuer may acquire Substitution Assets, in both cases in order to maintain compliance with the Asset Cover Test.

In addition, the Issuer, as a *société de financement de l'habitat*, has appointed a specific controller (*contrôleur spécifique*). The specific controller must certify that the cover ratio is satisfied in connection with (i) the Issuer's quarterly programme of issues benefiting from the *Privilège* and (ii) any specific issue benefiting from the *Privilège* in a principal amount greater than €500 million. The specific controller must also verify the compliance of assets with the eligibility criteria, the process of yearly revaluation and the quality of the asset liability management.

Holders will receive only a limited description of the Home Loans.

The holders of the New York Law Covered Bonds will not receive detailed statistics or information in relation to the Home Loans or to the Collateral Security Assets, as it is expected that the composition of the Collateral Security Assets will constantly change due to, for instance, the Collateral Providers granting security over additional and/or new Collateral Security Assets or new Collateral Providers acceding to the U.S. Programme. However, each Eligible Home Loan will be required to meet the applicable Home Loan Eligibility Criteria.

The Home Loans may be subject to prepayment.

The rate of prepayment of Home Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws (including amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in the debtor's behaviour (including home-owner mobility). No guarantee can be given as to the prepayment rate for the Home Loans, and variation in the prepayment rate on the Home Loans may reduce the amount of funds available to make payments under the New York Law Covered Bonds upon the service of a Borrower Enforcement Notice.

The Collateral Providers may change their lending criteria.

Each of the Home Loans originated by the Collateral Providers will be originated in accordance with its lending criteria at the time of origination. It is expected that each Collateral Provider's lending criteria will generally consider the type of financed property, the term of loan, the age of applicants, the loan-to-value ratio, the status of applicants and their credit history. All lending criteria and preconditions as applied by the originator of the Home Loan pursuant to its customary lending procedures must be satisfied prior to the provision of the Home

Loan. Each of the Collateral Providers retains the right to revise its lending criteria from time to time (although only Home Loans that meet the then applicable Home Loan Eligibility Criteria will be Eligible Home Loans). If the lending criteria change in a manner that affects the creditworthiness of the Home Loans, this may lead to increased defaults by borrowers and may affect the realisable value of the Collateral Security Assets, and may ultimately affect the ability of the Issuer to make payments under the New York Law Covered Bonds upon the service of a Borrower Enforcement Notice.

French legal procedure must be followed in foreclosing on real property granted as security under French law governed mortgages.

The French legal procedures to be followed in relation to the enforcement of French law governed mortgages and any related expenses may affect the Issuer's ability to liquidate the properties secured under such mortgages in an efficient and timely manner. An outline of these procedures is set out below (specific rules apply to lender's privileges and mortgages registered in the departments of Haut-Rhin, Bas-Rhin and Moselle, but they do not substantially change the nature of these procedures set out below.)

Foreclosure on property located in France by secured creditors (*saisie immobilière*) may be implemented via a voluntary sale by the debtor upon judicial authorization (*vente amiable sur autorisation judiciaire*) or may require the sale of the property at a public auction (*vente aux enchères*). The foreclosure procedure may take up to one and a half years in normal circumstances. The beneficiary of a lender's privilege or mortgage will thus rank in respect of the sale proceeds in the order of priority of registration of the privileges or mortgages (*droits de préférence*) encumbering such seized property (article 2458 and seq. of the French Civil Code). The first step in the foreclosure procedure consists of delivering a foreclosure notice to the debtor by a bailiff or *huissier* (a process server or *commandement de payer*). This notice should be filed at the French Land and Charges Registry having jurisdiction in the district where the relevant real property is located. A number of legal notices are required to be given prior to the sale, including a summons (*assignation à comparaître*). The debtor may file objections against such foreclosure, the validity of which will be decided by a competent court. In the context of a public auction, the reserve price is set by the creditor. If no bid is made at the public auction, and provided there is only one foreclosing creditor, such foreclosing creditor is declared the highest bidder and is thus obliged to purchase the property.

In accordance with article 2461 of the French Civil Code, secured creditors will continue to benefit from the lender's privilege or mortgage, even if the property is transferred by the debtor to a third party without the lenders' consent. This right is known as *droit de suite*. If the secured creditor wishes to exercise this right, an order to pay is required to be served on the debtor by a bailiff and notice is required to be served on the third party to whom the relevant secured property was transferred (*tiers détenteur de l'immeuble hypothéqué*) with instructions either to pay the debt secured by the property or to surrender such property at an auction.

The exercise of such *droit de suite* is often stayed due to an "advanced clearing" of the privileges and mortgages granted over the relevant property (*purge des privilèges et hypothèques*). If the debtor and all secured creditors agree for the sale proceeds to be allocated (*affecté*) to them in accordance with article 2475 of the French Civil Code, the secured creditors exercise their preferential rights over the sale proceeds, the payment of which will discharge all privileges and mortgages granted over the property (*purge amiable*). And if no agreement is reached (for instance if the sale price of the property is substantially below the amount of the secured debt), the third party will still be entitled to offer to pay the sale price to the secured creditors in order to clear all privileges and mortgages granted over the relevant property (*purge judiciaire*). Secured creditors may refuse this offer if they consider that the sale price has been underestimated by the debtor and the third party. In this case, an auction will be ordered with a minimum bid which is the price offered by the relevant third party being made to the secured creditor, plus 10%.

The Issuer's ability to liquidate the properties secured under the Home Loans efficiently and in a timely manner, and in turn to make payments when due on the New York Law Covered Bonds, may be adversely affected by the legal procedures described above.

Certain Home Loans benefit from a Home Loan Guarantee rather than a mortgage.

Certain Home Loans benefit from a Home Loan Guarantee from a credit institution or an insurance company rather than a mortgage. If following enforcement of the Collateral Security, a guarantor does not pay in whole or in part any amounts due under the relevant Home Loan Guarantees or does not pay such amounts in a timely manner, this may adversely affect the ability of the Issuer to make payments under the New York Law Covered Bonds.

Risks relating to swaps and options derivatives

The Issuer may be exposed to interest and currency risks.

Each Borrower Advance granted by the Issuer for the benefit of the Borrower under the Borrower Facility Agreement will be made available in the same Specified Currency and according to the same interest conditions as the New York Law Covered Bonds funding such Borrower Advance. As a consequence, as long as a Borrower Event of Default does not occur, the Issuer will not be exposed to currency or interest risk regarding the Borrower Debt and the New York Law Covered Bonds.

However, there can be no assurance that the Home Loans that are part of the Collateral Security will bear interest under the same terms and conditions as the New York Law Covered Bonds or will be denominated in the same currency as the New York Law Covered Bonds. Upon the occurrence of a Borrower Event of Default and the enforcement of the Collateral Security, Home Loans and related Home Loan Security will be transferred to the Issuer. In this case, in order to hedge the potential mismatch of the interest rates applicable to the New York Law Covered Bonds and to the Home Loans and the potential mismatch of currencies, the Issuer will apply the Hedging Strategy as from the occurrence of a Hedging Rating Trigger Event. However, there can be no assurance that the Hedging Strategy will adequately address such hedging risks.

Implementation of the Hedging Strategy is subject to various risks.

Upon the occurrence of a Hedging Rating Trigger Event, no assurance can be given that the hedging documentation agreed under the Hedging Strategy will be concluded, and in particular, that all the relevant Eligible Hedging Provider(s) will be found and will accept to conclude the hedging documentation as agreed under the Hedging Strategy. Upon the occurrence of a Hedging Rating Trigger Event, a failure by the Issuer (or the Administrator on its behalf) to enter into any Issuer Hedging Agreement with any relevant Eligible Hedging Provider or enter into any Borrower Hedging Agreement with the Borrower within thirty (30) calendar days from the occurrence of such Hedging Rating Trigger Event, as described under the Hedging Strategy, will constitute an Issuer Event of Default and a Borrower Event of Default. In addition, in certain circumstances, the hedging documentation contemplated under the Hedging Strategy may be terminated, leaving the Issuer's exposure unhedged if replacement interest rates and/or currency derivative transactions are not entered into.

Risks related to New York Law Covered Bonds generally

The New York Law Covered Bonds may not be a suitable investment for all investors.

Each potential investor in the New York Law Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the New York Law Covered Bonds, the merits and risks of investing in the relevant New York Law Covered Bonds and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement to this Base Prospectus and the relevant Final Terms;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant New York Law Covered Bonds and the impact the relevant New York Law Covered Bonds will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the New York Law Covered Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the relevant New York Law Covered Bonds and be familiar with the behaviour of any relevant rates and financial markets;

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

(f) be aware, in terms of any legislation or regulatory regime applicable to such investor, of the applicable restrictions on its ability to invest in New York Law Covered Bonds generally and in any particular type of New York Law Covered Bonds.

A potential investor should not invest in New York Law Covered Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the New York Law Covered Bonds will perform under changing conditions, the resulting effects on the value of such New York Law Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Certain of the terms and conditions of a Series of New York Law Covered Bonds may be modified by a majority of the New York Law Covered Bondholders of such Series.

The terms and conditions applicable to New York Law Covered Bonds permit in certain cases defined majorities to bind all holders of any Series of New York Law Covered Bonds, including New York Law Covered Bondholders of such Series who did not attend and vote at the relevant meeting or provide written consent and holders of such Series of New York Law Covered Bonds who voted in a manner contrary to the majority.

Future regulatory changes may have an adverse effect on the Issuer.

The Issuer is subject to financial services laws, regulations, administrative actions and policies in each jurisdiction in which it carries on business. Changes in supervision and regulation, in particular in France, could materially affect the Issuer's business, the products and services offered or the value of its assets. Future changes in regulation, tax or other policies are beyond the control of the Issuer and may have a material adverse effect on it.

Transactions in the New York Law Covered Bonds could be subject to a future European financial transaction tax.

The European Commission has proposed a directive that, if adopted in its current form, would subject transactions involving financial institutions in securities such as the New York Law Covered Bonds to a financial transaction tax. The proposed directive would call for eleven European member states, including France, to impose a tax of at least 0.1% on all such transactions, generally determined by reference to the amount of consideration paid. The mechanism by which the tax would be applied and collected is not yet known, but if the proposed directive or any similar tax is adopted, transactions in the New York Law Covered Bonds would be subject to higher costs, and the liquidity of the market for the New York Law Covered Bonds may be diminished.

Ratings of the New York Law Covered Bonds and Rating Affirmation

The ratings assigned to the New York Law Covered Bonds by the Rating Agencies are based on the *Privilège*, the Collateral Security, the Home Loans and Home Loan Security, the Cash Collateral and the other relevant structural and credit enhancement features provided for under the U.S. Programme Documents, including, among other things, the short-term and/or long-term unsecured, unguaranteed and unsubordinated debt ratings of the parties to the U.S. Programme Documents (including BFCM), and reflect only the views of the Rating Agencies. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgment of the Rating Agencies, circumstances so warrant. A qualification, downgrade or withdrawal of any ratings applicable to the New York Law Covered Bonds may affect both the value of the New York Law Covered Bonds and their liquidity in the secondary market.

The Rating Agencies will be notified if certain discretions are exercised by or on behalf of the Issuer under the U.S. Programme Documents. However, the Rating Agencies are under no obligation to revert to the Issuer (or any of its agents) regarding the impact of the exercise of such discretion on the ratings of the New York Law Covered Bonds. Any decision as to whether or not to confirm, downgrade, withdraw or qualify the ratings of all classes or any class of New York Law Covered Bonds based on such notification may be made at the sole discretion of the Rating Agencies at any time, including after the relevant action has been taken.

If a particular matter involves a request to the Rating Agencies to give a prior Rating Affirmation, the Rating Agencies, at their sole discretion, may or may not give such affirmation. Depending on the timing of delivery of the request and any information needed to be provided as part of such request, the Rating Agencies may not provide the relevant affirmation in the time available or at all and they will not be held responsible for the

consequences thereof. Any affirmation received from the Rating Agencies, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the New York Law Covered Bonds form part since the date of this Base Prospectus. Furthermore, in the event that the Rating Agencies give a Rating Affirmation, this will be on the basis of full and timely receipt by the relevant New York Law Covered Bondholders of interest on the New York Law Covered Bonds and the likelihood of receipt of principal of the New York Law Covered Bonds by the relevant Final Maturity Date. There is no assurance that after any such affirmation, the then current ratings of the New York Law Covered Bonds will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by one or more of the Rating Agencies. As such, an affirmation of the ratings of the New York Law Covered Bonds by the Rating Agencies is not a representation or warranty that, as a result of a particular matter, the interest and principal due under the New York Law Covered Bonds will be paid or repaid in full and when due.

Agencies other than the Rating Agencies could seek to rate the New York Law Covered Bonds and if such unsolicited ratings are lower than the comparable ratings assigned to the New York Law Covered Bonds by the Rating Agencies, those unsolicited ratings could have an adverse effect on the value and the marketability of the New York Law Covered Bonds. For the avoidance of doubt and unless the context otherwise requires, any references to "ratings" or "rating" in this Base Prospectus are to ratings assigned by the specified Rating Agencies only.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant Rating Agency at any time. In addition, the Rating Agencies may change their methodologies for rating securities similar to the New York Law Covered Bonds. If the Rating Agencies change their practices for rating such securities and the ratings of the New York Law Covered Bonds are subsequently lowered, the trading price of the New York Law Covered Bonds may be negatively affected.

An active trading market for the New York Law Covered Bonds may not develop.

A Series of New York Law Covered Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their New York Law Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for New York Law Covered Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of New York Law Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of New York Law Covered Bonds.

In addition, prevailing global credit market conditions have reduced liquidity in the secondary market for instruments similar to the New York Law Covered Bonds. This lack of liquidity may result in investors suffering losses on the New York Law Covered Bonds in secondary resales even if there is no decline in the credit strength of the Issuer or the performance of the Collateral Security Assets. The Issuer cannot predict when these circumstances will change and if and when they do, whether there will be a more liquid market for the New York Law Covered Bonds and instruments similar to the New York Law Covered Bonds at that time.

Investments in New York Law Covered Bonds may be exposed to exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the New York Law Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the New York Law Covered Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the New York Law Covered Bonds and (3) the Investor's Currency-equivalent market value of the New York Law Covered Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) New York Law Covered Bonds are legal investments for it, (2) New York Law Covered Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any New York Law Covered Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of New York Law Covered Bonds under any applicable risk-based capital or similar rules.

It may be difficult for holders or beneficial owners of New York Law Covered Bonds to effect service of process upon the Issuer or the Borrower in the home country of the holder or beneficial owner or to enforce against the Issuer or the Borrower judgments obtained in non-French courts.

The Issuer and the Borrower are *sociétés anonymes* duly organised and existing under the laws of France, and most of their assets are located in France. Most of their subsidiaries, legal representatives and executive officers and certain other parties named herein reside in France, and substantially all of the assets of these persons are located in France. As a result, it may not be possible, or it may be difficult, for a holder or beneficial owner of the New York Law Covered Bonds located outside of France to effect service of process upon the Issuer, the Borrower, or such persons in the home country of the holder or beneficial owner or to enforce against the Issuer, the Borrower or such persons judgments obtained in non-French courts, including those judgments predicated upon the civil liability provisions of U.S. federal or state securities laws.

Risks related to the structure of a particular issue of New York Law Covered Bonds

A wide range of New York Law Covered Bonds may be issued under the U.S. Programme. New York Law Covered Bonds may have features that pose particular risks for potential investors. Set out below is a description of the most common such features:

New York Law Covered Bonds subject to optional redemption by the Issuer

An optional redemption feature of New York Law Covered Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem New York Law Covered Bonds, the market value of such New York Law Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem New York Law Covered Bonds when its cost of borrowing is lower than the interest rate on the New York Law Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the New York Law Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Fixed Rate New York Law Covered Bonds

Investment in New York Law Covered Bonds that bear interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the relevant Series of New York Law Covered Bonds.

Floating Rate New York Law Covered Bonds

The floating rate at which a Series of New York Law Covered Bonds may bear interest will generally be comprised of (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such reference rate. Typically, the relevant margin will not change throughout the life of the New York Law Covered Bonds but there will be a periodic adjustment (as specified in the relevant Final Terms) of the reference rate (e.g., every three or six months) which itself will change in accordance with general market conditions. Accordingly, payment of interest under New York Law Covered Bonds may be volatile and the market value of floating rate New York Law Covered Bonds may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these New York Law Covered Bonds upon the next periodic adjustment of the relevant reference rate.

Fixed/Floating Rate New York Law Covered Bonds

Fixed/Floating Rate New York Law Covered Bonds may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such New York Law Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate New York Law Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate New York Law Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other New York Law Covered Bonds. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its New York Law Covered Bonds.

Zero Coupon New York Law Covered Bonds

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon New York Law Covered Bonds than on the prices of ordinary New York Law Covered Bonds because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon New York Law Covered Bonds can suffer higher price losses than other New York Law Covered Bonds having the same maturity and credit rating. Due to their leverage effect, Zero Coupon New York Law Covered Bonds are a type of investment associated with a particularly high price risk.

New York Law Covered Bonds issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

STRUCTURE DESCRIPTION AND DIAGRAM

This section highlights information contained elsewhere in this Base Prospectus. Words and expressions defined elsewhere in this Base Prospectus will have the same meanings in this general description. The expression "New York Law Covered Bonds" refers to the New York Law Covered Bonds issued under this U.S. Programme. The expression "Condition" refers to the Conditions set forth under "Terms and Conditions of the New York Law Covered Bonds" in this Base Prospectus.

Basic Structure

The U.S. Programme is designed so that investors in New York Law Covered Bonds will have recourse to the cash flow generated by a cover pool of home loans provided as collateral security, in priority to other creditors of the Issuer.

The U.S. Programme, like the Issuer's International Programme, is based on this structure and used as a source of financing to be raised by the Issuer and provided to the Borrower. The Issuer issues Covered Bonds and on-lends the proceeds of such issuance to the Borrower as Borrower Advances under the Borrower Facility Agreement. The Borrower pays a collateral security fee to Collateral Providers (which are eligible Local Banks and CIC branches) to provide eligible home loans as collateral security to the Issuer under a Collateral Security Agreement. In the ordinary course, payments made by the Borrower to the Issuer under the Borrower Facility Agreement are designed to mirror payments to be made by the Issuer to Holders of New York Law Covered Bonds (or holders of other Covered Bonds issued under the International Programme).

Status, *Privilège*

The New York Law Covered Bonds will constitute direct, unconditional, unsubordinated and, in accordance with Condition 5, privileged obligations of the Issuer and will rank *pari passu* without any preference among themselves and equally and rateably with all other present or future bonds (including the New York Law Covered Bonds of all other Series and all other Covered Bonds issued under the separate International Programme) and other resources raised by the Issuer benefiting from the *Privilège*. See Condition 5 under "*Terms and Conditions of the New York Law Covered Bonds*".

The *Privilège* of which the New York Law Covered Bonds benefit is a statutory priority in right of payment. This legal *Privilège* supersedes ordinary French bankruptcy law and provides that amounts received by the Issuer from its eligible assets must be allocated in priority to servicing payment of debt benefiting from the *Privilège*. Eligible assets include (i) home loans secured by a first ranking mortgage or the equivalent or that are guaranteed by a credit institution or an insurance company; loans to credit institutions that are secured by the remittance, transfer or pledge of receivables arising from such home loans or promissory notes transferring receivables arising from such home loans; and (ii) substitution assets as defined under French law. See "*The Collateral Security—The Collateral Security Agreement—Eligible Assets*".

Upon insolvency or liquidation, amounts due under debt benefiting from the *Privilège* are not accelerated but are to be paid out of the allocated amounts on their contractual due date, in priority to all other debt and in accordance with a priority payment order determined in accordance with French law. Until amounts benefiting from the *Privilège* have been paid in full, no creditor may take any action against the assets of the Issuer with respect to claims not benefiting from the *Privilège*.

Under applicable French law and the U.S. Programme Documents, the Issuer, as a *société de financement de l'habitat*, is structured to be insolvency remote. The insolvency of the Borrower will not trigger the insolvency of the Issuer. Provisions of French bankruptcy law affecting certain transactions entered into during the months prior to insolvency proceedings are also not applicable to the Issuer. The U.S. Programme Documents also include limited recourse language pursuant to which the creditors of the Issuer (including the Holders of the New York Law Covered Bonds) agree that their recourse will be limited to the funds that are available to the Issuer at any relevant date; and each U.S. Programme Document to which the Issuer is or will become a party will also include non-petition language, whereby the creditors of the Issuer (including the Holders of the New York Law Covered Bonds) will agree not to commence or to join any proceedings for the insolvency of the Issuer prior to the end of an eighteen (18)-month period after all New York Law Covered Bonds have been paid and discharged in full. See "*Main features of the legislation and regulations relating to* sociétés de financement de l'habitat" and Conditions 6(g) and 15 under "*Terms and Conditions of the New York Law Covered Bonds*".

Borrower Facility, Collateral Security, Triggers and Enforcement

The Borrower Advances provided by the Issuer to the Borrower (and which provide the cash flow to service payments to be made by the Issuer under the New York Law Covered Bonds as well as other Covered Bonds) are secured by certain Eligible Assets (which are Home Loan Receivables that comply with certain Home Loan Eligibility Criteria) granted as collateral by certain Collateral Providers (which are eligible Local Banks and CIC branches) pursuant to a Collateral Security Agreement.

The U.S. Programme Documents include various triggers for the Borrower or Collateral Providers to provide cash collateral or additional assets as collateral, respectively. Failure to provide the required collateral within the required period of time results in a Borrower Event of Default.

- Cash collateral must be provided by the Borrower as security of Borrower Advances in the event that the Borrower does not comply with certain pre-maturity rating levels and/or certain liquidity rating levels (which require that the Borrower maintain credit ratings from S&P, Moody's or Fitch of respectively at least A-1 (short-term), P-1 (short-term) or F1+ (short-term)) pursuant to a Cash Collateral Agreement. The Borrower must also fund various Issuer accounts in the event of certain downgrades in the credit rating of the Borrower, or, in certain cases, CIC. See "*The Collateral Security—Asset Servicing*", "*The Collateral Security—Collection Loss Trigger Event*", "*The Collateral Security—Home Loan Guarantee Trigger Events*", "*Asset Monitoring—The Pre-Maturity Test*" and "*Asset Monitoring—The Regulatory Liquidity Test*".

- There is also an Asset Cover Test that compares the aggregate collateral securing the Borrower Advances to the aggregate outstanding principal amount of Covered Bonds, using the formula set forth under "Asset Monitoring—The Asset Cover Test". In the event of non-compliance with the Asset Cover Test, additional or substitute Eligible Assets must be provided as collateral by Collateral Providers so that the Asset Cover Test is met. See "*Asset Monitoring—The Asset Cover Test*".

A Hedging Strategy is also put in place by the Issuer upon the occurrence of a Hedging Rating Trigger Event and/or any Borrower Event of Default in order to manage the Issuer's exposure to the risks inherent in receiving direct payments on the home loans provided as collateral. See "*The Hedging Strategy*".

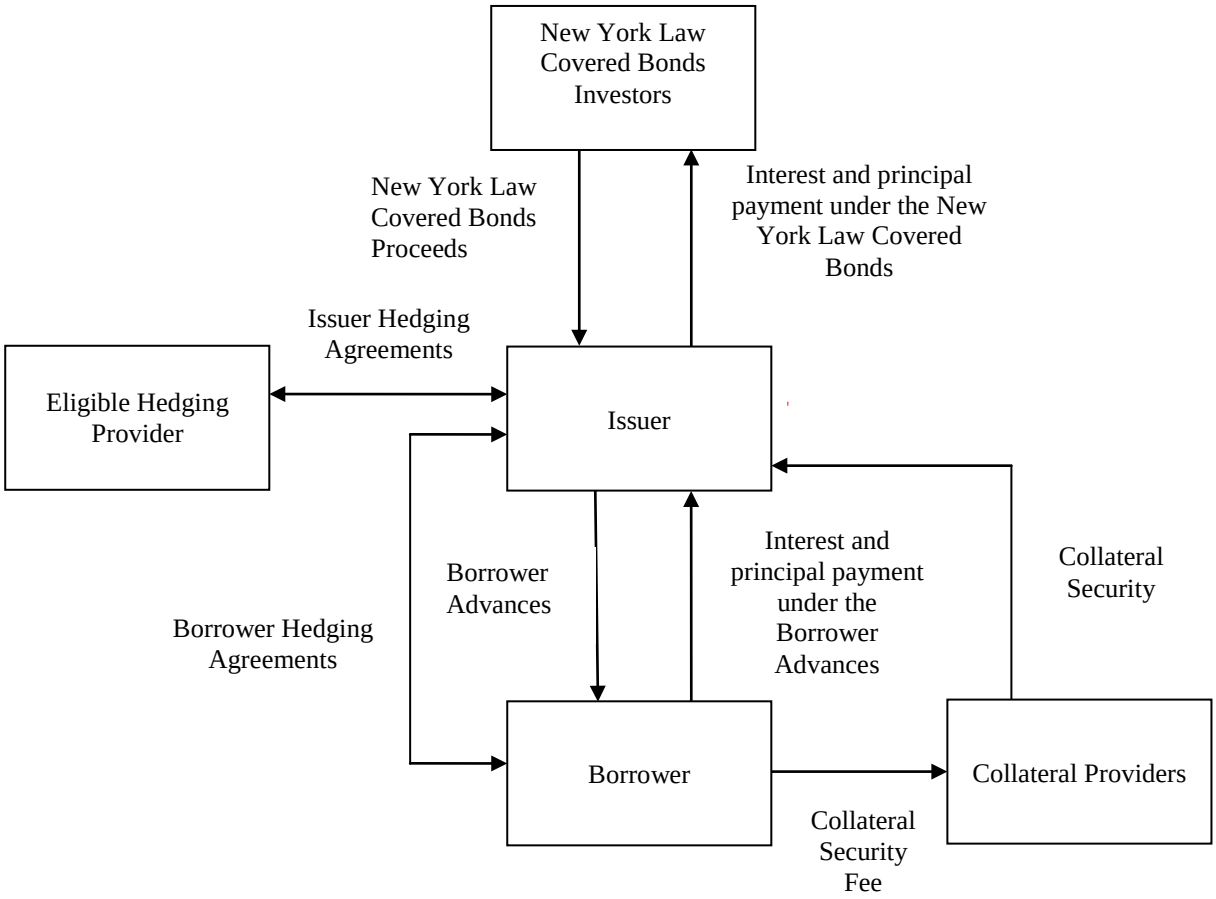
The occurrence of a Borrower Event of Default results (pursuant to a written "Borrower Enforcement Notice") in no further Borrower Advances being provided, the Borrower Facility being cancelled, the Borrower Advances becoming immediately due and payable and the Issuer's rights to the collateral security under the Collateral Security Agreement and the Cash Collateral Agreement being enforced. Borrower Events of Default include failure to pay sums when due under the Borrower Facility, breach of certain tests, insolvency of the Borrower and other events as described under "The Borrower Facility Agreement—Borrower Events of Default". Following the occurrence of a Borrower Event of Default, the Issuer must comply with an Amortisation Test comparing the amount of transferred home loans to the outstanding amount of Covered Bonds.

If an Issuer Event of Default occurs and is continuing in respect of any Series of New York Law Covered Bonds, an Issuer Enforcement Notice may be provided to the Issuer with respect to such Series in accordance with Condition 11 under "*Terms and Conditions of the New York Law Covered Bonds*", and, as a result, the principal amount (or specified amount) of such Series, together with any accrued interest thereon, will become immediately due and payable (subject to the priority payment order then applicable). Issuer Events of Default include failure to pay sums when due under a Series of New York Law Covered Bonds, breach of the Amortisation Test (when applicable), certain other breaches, acceleration of other indebtedness of the Issuer (including under another Series of New York Law Covered Bonds or other Covered Bonds), certain insolvency events and failure to institute the Hedging Strategy (when required).

Amounts due to Holders of New York Law Covered Bonds are paid by the Issuer in accordance with the applicable priority payment order, which varies according to whether a Borrower Enforcement Notice or Issuer Enforcement Notice (following an Issuer Event of Default) has been provided to the Borrower or Issuer, respectively. See "*Cash Flow—Priority Payment Orders*".

Structure Diagram

The following diagram shows the flow of funds between the parties to the U.S. Programme Documents (as defined below).



"**U.S. Programme Documents**" has the meaning given to it in the Master Definitions and Construction Agreement, as amended and/or restated from time to time. As of the date of this Base Prospectus, U.S. Programme Documents means:

(a) the Shareholder Letter of Undertaking (see section "The Issuer—Issuer Share Capital, New York Law Covered Bonds, Subordinated Loans and Issuer Majority Shareholder's undertakings");

(b) the Subordinated Loan agreements (see section "The Issuer—Issuer Share Capital, New York Law Covered Bonds, Subordinated Loans and Issuer Majority Shareholder's undertakings");

(c) the Administrative Agreement (see section "*The Issuer—The Administrative Agreement*"), as amended from time to time;

(d) the Administrative Services Agreement (Convention d'externalisation et de mise à disposition de moyens) (see section "The Issuer—Issuer Risk Management") as amended from time to time;

(e) the Issuer Accounts Agreement (see section "*The Issuer—The Issuer Accounts Agreement*") as amended from time to time;

(f) the Terms and Conditions of the New York Law Covered Bonds;

(g) the U.S. Agency Agreement;

(h) the Dealer Agreement (see section "*Plan of Distribution*");

(i) the Borrower Facility Agreement (see section "*The Borrower Facility Agreement*") as amended from time to time;

(j) the Collateral Security Agreement (see section "*The Collateral Security—The Collateral Security Agreement*") as amended from time to time;

(k) the Cash Collateral Agreement (see section "*The Collateral Security—The Cash Collateral Agreement*") as amended from time to time;

(l) the Calculation Services Agreement (see section "*Asset Monitoring—The Calculation Services Agreement*") as amended from time to time;

(m) the Asset Monitor Agreement and the engagement letter of the Asset Monitors (see section "*Asset Monitoring—The Asset Monitor Agreement and the Engagement Letter*") as amended from time to time;

(n) the Master Definitions and Construction Agreement, as amended from time to time, providing for the definitions of defined terms used under some other U.S. Programme Documents;

(o) the Hedging Approved Form Letter (see section "*The Hedging Strategy*") as amended from time to time; and

(p) the Hedging Agreement(s) (if any) (see section "*The Hedging Strategy*").

With the exception of items (f), (g) and (h) above, the U.S. Programme Documents are part of this U.S. Programme and are also part of the International Programme. The Collateral Security secures all Borrower Advances, including both those made in relation to New York Law Covered Bonds and those made in relation to Covered Bonds issued under the International Programme.

USE OF PROCEEDS

The net proceeds of the issue of New York Law Covered Bonds will be used to fund Borrower Advances under the Borrower Facility to be made available by the Issuer to BFCM, in accordance with the provisions of article L. 515-35-I-1° of the French Monetary and Financial Code, and may also be used, in certain cases, to fund Issuer repurchases of its own securities. The Borrower will use the proceeds for general corporate purposes.

TERMS AND CONDITIONS OF THE NEW YORK LAW COVERED BONDS

The following is the text of the terms and conditions that, as completed in accordance with the provisions of the relevant Final Terms, shall be applicable to the New York Law Covered Bonds.

Certain capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Certain capitalised terms defined in the Programme Documents have definitions that are included in the Master Definitions and Construction Agreement (as defined below). Certain of these definitions are repeated for ease of reference in other sections of the Base Prospectus, and the section of the Base Prospectus is indicated in italics after the definition in this case. References in these Conditions to "New York Law Covered Bonds" are to the New York Law Covered Bonds of one Series only, not to the Covered Bonds (including New York Law Covered Bonds) of any other series that may be issued under the U.S. Programme, the International Programme or any other programme or otherwise.

The New York Law Covered Bonds will be issued outside France by Crédit Mutuel-CIC Home Loan SFH (the "**Issuer**") in series (each, a "**Series**") having one or more issue dates and on terms otherwise identical (or identical save as to the first payment of interest), the New York Law Covered Bonds of each Series being intended to be interchangeable with all other New York Law Covered Bonds of that Series. Each Series may be issued in tranches (each, a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (including, without limitation, the aggregate nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder and supplemented, where necessary, with supplemental terms and conditions which, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be determined by the Issuer and the relevant Dealer(s) at the time of the issue and will be set out in the final terms of such Tranche (the "**Final Terms**").

The New York Law Covered Bonds are issued with the benefit of an agency agreement dated 20 September 2012 (as amended and/or supplemented and/or restated from time to time, the "**U.S. Agency Agreement**"), governed by New York law and entered into between the Issuer, Citibank, N.A., London Branch, as fiscal agent (the "**Fiscal Agent"**), principal paying agent (the "**Principal Paying Agent**"), transfer agent (the "**Transfer Agent**"), calculation agent (the "**Calculation Agent**") and exchange agent (the "**Exchange Agent**") and Citigroup Global Markets Deutschland AG, Agency and Trust Department as registrar (the "**Registrar**") and the other agents named therein or appointed from time to time. References above or below to "**Conditions**" are, unless the context requires otherwise, to the numbered paragraphs below.

1. Definitions

"**Administrative Agreement**" has the meaning given to it in the Master Definitions and Construction Agreement. (*See "The Issuer—The Administrative Agreement*")

"**Administrator**" means BFCM in its capacity as administrator of the Issuer pursuant to the terms of the Administrative Agreement, or any person appointed for such purposes in accordance with the terms of the Administrative Agreement.

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by, or under direct or indirect common control, with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person, means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" shall be construed accordingly.

"**Available Funds**" has the meaning given to it in the Master Definitions and Construction Agreement. (*See "Cash Flow—Issuer Accounts*")

"**Benchmark**" means the benchmark specified in the relevant Final Terms.

"BFCM" or "**Borrower**" means Banque Fédérative du Crédit Mutuel, a *société anonyme* established with limited liability under the laws of the Republic of France.

"**Bondholders**" mean the International Bondholders and New York Law Covered Bondholders.

"**Borrower Advance**" means advances made by the Lender to the Borrower pursuant to the Borrower Facility Agreement.

"**Borrower Debt**" means the Borrower's indebtedness outstanding from time to time under the Borrower Facility.

"**Business Day**" means:

(i) in the case of payments to be made in a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal Financial Center for such currency and/or

(ii) in the case of payments to be made in euro, a day on which the TARGET System is operating (a "**TARGET Business Day**") and/or

(iii) in the case of payments to be made in a currency and/or one or more Financial Centers, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Financial Center(s) or, if no currency is indicated, generally in each of the Financial Centers.

"**Calculation Amount**" has the meaning attributed thereto in the applicable Final Terms.

"**CF de CM**" means Caisse Fédérale de Crédit Mutuel, a French *société coopérative à forme de société anonyme*, duly licensed as a French credit institution (*établissement de credit*), registered in the *Registre du Commerce et des Sociétés* of Strasbourg under number 588 505 354 and having its registered office at 34 rue du Wacken, 67000 Strasbourg.

"**Clearstream, Luxembourg**" means Clearstream Banking, Société Anonyme.

"**CM-CIC Entities**" means (i) any entity, duly licensed as a French credit institution, controlled by BFCM within the meaning of article L. 233-3 of the French Commercial Code (*Code de commerce*) and/or (ii) any Caisse de Crédit Mutuel (within the meaning of article L. 512-55 et seq. of the French Monetary and Financial Code (*Code monétaire et financier*) and to the exclusion of the *caisses mutuelles agricoles et rurales* referred to in article R. 512-26 et seq. of the French Monetary and Financial Code which is affiliated to CF de CM.

"**Covered Bonds**" means the New York Law Covered Bonds and the International Covered Bonds.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any New York Law Covered Bond for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual-ISDA**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by three hundred and sixty-five (365) (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by three hundred and sixty-six (366) and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by three hundred and sixty-five (365).

(ii) if "**Actual/Actual-ICMA**" is specified in the relevant Final Terms:

(A) if the Calculation Period is equal to or shorter than the Determination Period in which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in

such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

in each case, where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date, and

"**Determination Date**" means the date(s) specified in the relevant Final Terms or, if none is so specified, the Interest Payment Date.

(iii) if "**Actual/365 (Fixed)**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by three hundred and sixty-five (365).

(iv) if "**Actual/360**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by three hundred and sixty (360).

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by three hundred and sixty (360), calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30.

1. if "**30E/360**" **or** "**Eurobond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30

2. if "30E/360 (ISDA)" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Final Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

"**DTC business day**" means a day that DTC is open for business.

"**Early Redemption Amount**" has the meaning attributed thereto in the Final Terms.

"**EEA**" means the European Economic Area.

"**Euroclear**" means Euroclear Bank, S.A./N.V.

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Final Redemption Amount**" has the meaning attributed thereto in the Final Terms.

"**Final Maturity Date**" has the meaning attributed thereto in the applicable Final Terms.

"**Financial Center**" means the financial center specified as such in the relevant Final Terms or, if none is so specified, the financial center with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the euro-zone) or, if none is so connected, New York.

"**Fixed Rate New York Law Covered Bonds**" mean New York Law Covered Bonds identified as such in the Final Terms.

"**Floating Rate**" means the rate identified as such in the relevant Final Terms.

"**Floating Rate New York Law Covered Bonds**" mean New York Law Covered Bonds identified as such in the Final Terms.

"ICSD CSK" means International Central Securities Depository acting as common safekeeper.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate New York Law Covered Bonds, and shall mean the Fixed Coupon Amount or Broken Amount specified in the relevant Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the relevant Final Terms.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in the Financial Center for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is Euro.

"**Interest Payment Date**" means the date(s) specified in the relevant Final Terms.

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"**Interest Period Date**" means each Interest Payment Date.

"**International Covered Bonds**" means the covered bonds issued by the Issuer under the International Programme.

"**International Programme**" means the Issuer's separate €30,000,000,000 programme, as amended from time to time, for the issue of covered bonds governed by French law, the law of New South Wales, Australia, German law or any other law.

"**International Bondholder**" means the holder for the time being of an International Covered Bond.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc..

"**Issue Date**" means, in respect of any Tranche of any Series of New York Law Bonds, the date on which such Tranche is issued, as specified in the relevant Final Terms .

"**Issuer Enforcement Notice**" has the meaning given in Condition 11.

"**Issuer Event of Default**" means the occurrence of any of the following events:

(a) at any relevant time following the service of a Borrower Enforcement Notice (as defined in the Borrower Facility Agreement), a Breach of Amortisation Test (as defined in the Master Definitions and Construction Agreement) occurs (*See "The Borrower Facility Agreement—Borrower Events of Default"; "Asset Monitoring—The Amortisation Test"*); or

(b) the Issuer is in default in the payment of principal of, or interest on, any Covered Bond (including the payment of any additional amounts mentioned in Condition 10) when due and payable, unless such default has arisen by reason of technical default or error and payment is made within five (5) Business Days of the due date thereof; or

(c) the Issuer is in default in the performance or observance of any of its other material obligations under any Covered Bond and such default has not been cured within thirty (30) days after the receipt by the Fiscal Agent (with copy to the Issuer), of the written notice of such default by, with respect to New York Law Covered Bonds, a New York Law Covered Bondholder, or with respect to International Covered Bonds, the Person specified in the International Programme, requiring such default to be remedied and indicating that this provision may be invoked if it is not so remedied; or

(d) any other present or future indebtedness of the Issuer (including any Covered Bonds of any other Series) is declared due and payable prior to its stated maturity as a result of a default thereunder, or any such indebtedness shall not be paid when due or, as the case may be, within any originally applicable grace period therefor (a "**Covered Bonds Cross Acceleration Event**"); or

(e) an order is made or an effective resolution passed for the liquidation or winding up of the Issuer (except in the case of a liquidation or winding up for the purpose of a reconstruction, amalgamation, merger or following the transfer of all or substantially all of the assets of the Issuer, the terms of which have previously been approved by the Majority New York Law Covered Bondholders of each Series of Covered Bonds then outstanding, and such liquidation or winding up being subject to prior Rating Affirmation); or

(f) the Issuer makes any proposal for a general moratorium in relation to its debt or applies for, or is subject to, the appointment of a *mandataire ad hoc* or has applied to enter into a conciliation proceeding (*procédure de conciliation*) or into a safeguard proceeding (*procédure de sauvegarde*) or into a financial accelerated safeguard proceeding (*procedure de sauvegarde financière accélerée)* or a judicial reorganisation proceeding (*procédure de redressement judiciaire*) or a judgment is issued for the judicial liquidation (*liquidation judiciaire*) or the transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or, to the extent permitted by applicable law, if the Issuer is subject to any other insolvency or bankruptcy proceedings or makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors; or

(g) the Issuer ceases to carry on all or a material part of its business (except in the case of a cessation for the purpose of a reconstruction, amalgamation, merger or following the transfer of all or substantially all of the assets of the Issuer, in each case the terms of which have previously been approved by the Majority New York Law Covered Bondholders of each Series of New York Law Covered Bonds then outstanding, and such cessation being subject to prior Rating Affirmation); or

(h) upon the occurrence of a Hedging Rating Trigger Event (as defined in the Master Definitions and Construction Agreement), (i) the Issuer (or the Administrator on its behalf) fails to enter into any Issuer Hedging Agreement (as defined in the Master Definitions and Construction Agreement) with any relevant Eligible Hedging Provider (as defined in the Master Definitions and Construction Agreement) within thirty (30) calendar days from the occurrence date of such Hedging Rating Trigger Event, or (ii) the Issuer (or the Administrator on its behalf) or the Borrower fails to enter into any Borrower Hedging Agreement within thirty (30) calendar days from the occurrence date of such Hedging Rating Trigger Event. (*see "The Hedging Strategy"*)

"**Majority New York Law Covered Bondholders**"

(i) means with respect any Series of New York Law Covered Bonds, (i) at a meeting where a quorum is present in accordance with Condition 13, New York Law Covered Bondholder of more than 50% in aggregate principal amount of the then Outstanding New York Law Covered Bonds of such

Series represented and voting at such meeting or (ii) in the case where approval is requested by written consent, New York Law Covered Bondholders of more than 50% in aggregate principal amount of the then Outstanding New York Law Covered Bonds of such Series; or

(ii) with respect to any other Series of Covered Bonds, shall have the meaning given to it in the conditions of such Covered Bonds.

"**Master Definitions and Construction Agreement**" means the agreement of that name between the Issuer and BFCM, as amended and/or restated from time to time at the Issue Date of a Series of New York Law Covered Bonds.

"**Maturity**", when used with respect to any New York Law Covered Bond, means the date on which the principal of such New York Law Covered Bond or an instalment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"**Maximum Rate of Interest**" means any amount specified as such in the relevant Final Terms.

"**Minimum Rate of Interest**" means any amount specified as such in the relevant Final Terms.

"**New York Law Covered Bondholder**" or "**Holder of a New York Law Covered Bond**" means a Person in whose name such New York Law Covered Bond is registered by the Registrar (which, in the case of any Global Covered Bond, shall be a nominee for DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be).

"**New York Law Covered Bonds**" means the covered bonds governed by New York law issued by the Issuer under the U.S. Programme.

"**Notice Period**" has the meaning attributed thereto in the applicable Final Terms.

"NSS" means New Safekeeping Structure, as described in below in the section entitled Clearance and Settlement

"**Optional Redemption Amount**" has the meaning attributed thereto in the applicable Final Terms.

"**Optional Redemption Date**" means the date a Series of New York Law Covered Bonds is to be redeemed in accordance with Condition 8(iii) or 8(iv).

"**Original Issue Discount Covered Bond**" means any New York Law Covered Bond which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Condition 11.

"**Outstanding**", when used with respect to New York Law Covered Bonds, means, as of the date of determination, all New York Law Covered Bonds theretofore authenticated and delivered under the U.S. Agency Agreement, *except*:

(i) New York Law Covered Bonds theretofore cancelled by the Fiscal Agent or delivered to the Fiscal Agent for cancellation pursuant to Condition 8(viii); and

(ii) New York Law Covered Bonds which have been paid or in exchange for or in lieu of which other New York Law Covered Bonds have been authenticated and delivered pursuant to Condition 14, other than any such New York Law Covered Bonds in respect of which there shall have been presented to the Fiscal Agent proof satisfactory to it that such New York Law Covered Bonds are held by a bona fide purchaser in whose hands such New York Law Covered Bonds are valid obligations of the Issuer;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding New York Law Covered Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, (A) the principal amount of an Original Issue Discount Covered Bond that shall be deemed to be Outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof pursuant to

Condition 11, (B) if, as of such date, the principal amount payable at the Stated Maturity of a New York Law Covered Bond is not determinable, the principal amount of such New York Law Covered Bond which shall be deemed to be Outstanding shall be the amount as specified or determined in the applicable Final Terms, and (C) New York Law Covered Bonds owned by the Issuer or any other obligor upon the New York Law Covered Bonds or any Affiliate of the Issuer or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Fiscal Agent shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only New York Law Covered Bonds which a responsible officer of the Fiscal Agent actually knows to be so owned shall be so disregarded. New York Law Covered Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Fiscal Agent the pledgee's right so to act with respect to such New York Law Covered Bonds and that the pledgee is not the Issuer or any other obligor upon the New York Law Covered Bonds or any Affiliate of the Issuer or of such other obligor.

"**Paying Agent**" means the paying agents appointed from time to time under the U.S. Agency Agreement.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**Priority Payment Order**" means, as the context requires, the Pre-Enforcement Priority Payment Order and/or the Controlled Post-Enforcement Priority Payment Order and/or the Accelerated Post-Enforcement Priority Payment Order, defined in the section "*Cash Flow*" of this Base Prospectus.

"**Privilège**" has the meaning given to it in Condition 5.

"**Programme Documents**" has the meaning given to it in the Master Definitions and Construction Agreement, as amended and/or restated from time to time at the Issue Date of a Series of New York Law Covered Bonds.

"**Prospectus Directive**" means Directive 2003/71/EC of the European Parliament and of the European Council.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of the New York Law Covered Bonds and that is either specified or calculated in accordance with the provisions in the relevant Final Terms.

"**Rating Affirmation**" means, with respect to any specified action, determination or appointment, and except as otherwise specified herein and/or in any Programme Documents, (i) notification by the Issuer (or the relevant Representative) to Moody's and S&P, for as long as any New York Law Covered Bonds are rated by them, of such specified action, determination or appointment which does not result in the downgrading, or withdrawal, of the ratings then assigned to the New York Law Covered Bonds and (ii) notification by the Issuer (or the relevant Representative) to Fitch, for as long as any Covered Bonds are rated by it, of such specified action, determination or appointment, and the absence of downgrading or withdrawal, of the ratings then assigned to the Covered Bonds.

"**Rating Agency**" means each of Moody's Investors Service Ltd. ("**Moody's**"), Standard & Poor's Credit Market Service France SAS ("**S&P**") and Fitch Ratings France SAS ("**Fitch**"), and each of their successors from time to time.

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent.

"**Reference Rate**" means the rate specified as such in the relevant Final Terms.

"**Regulated Market**" means a regulated market within the meaning of the Markets in Financial Instruments Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 within the EEA.

"**Regulation S**" means Regulation S under the U.S. Securities Act of 1933, as amended.

"**Relevant Date**" in respect of any New York Law Covered Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the New York Law Covered Bondholders that, upon further presentation of the New York Law Covered Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

"**Relevant Dealer**" means the dealer or dealers specified in the relevant Final Terms with respect to a Series of Covered Bonds.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 ("**Reuters**")) as may be specified in the relevant Final Terms for the purpose of providing a Reference Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organization providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Reference Rate.

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Financial Center specified in the relevant Final Terms or, if none is specified, the local time in the Financial Center at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Financial Center, or, if no such customary local time exists, 11.00 hours in the Financial Center and for the purpose of this definition, "local time" means, with respect to Europe and the Euro-zone as a Financial Center, Brussels time.

"**Representative Consent**" means, with respect to any specified action, determination or appointment, receipt by the Issuer of:

(a) in relation to all Series of outstanding New York Law Covered Bonds, an approval of the Majority New York Law Covered Bondholders; and

(b) in relation to all Series of outstanding International Covered Bonds, a confirmation of consent in the form specified in the terms and conditions of the relevant International Covered Bonds.

"**Rule 144A**" means Rule 144A under the U.S. Securities Act of 1933, as amended.

"**Specified Currency**" means the currency specified as such in the relevant Final Terms or, if none is specified, U.S. dollars.

"**Specified Denomination**" has the meaning attributed thereto in the relevant Final Terms.

"**Stated Maturity**," when used with respect to any New York Law Covered Bond or any instalment of principal thereof or interest thereon, means the date specified in such New York Law Covered Bond as the fixed date on which the principal of such New York Law Covered Bond or such instalment of principal or interest is due and payable.

"**TARGET Business Day**" if so specified as a Business Day in the relevant Final Terms, means a day on which the TARGET System is operating.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

"**U.S. Programme**" means the Issuer's U.S. Programme for the issue of New York Law Covered Bonds.

"**U.S. Programme Date**" means 20 September 2012.

"Zero Coupon New York Law Covered Bonds" mean New York Law Covered Bonds identified as such in the Final Terms.

2. Form, Denomination and Title

Form: The New York Law Covered Bonds are in global form ("**Global Covered Bonds**"), without coupons, in the Specified Currency and Specified Denominations. New York Law Covered Bonds sold in reliance on Rule 144A will be represented by one or more permanent global certificates in fully registered form (each, a "**Restricted Global Certificate**") and New York Law Covered Bonds sold to non-U.S. persons in offshore transactions in reliance on Regulation S will be represented by one or more permanent global certificates in fully registered form (each, an "**Unrestricted Global Certificate**" and, together with the Restricted Global Certificates, the "**Global Certificates**"). New York Law Covered Bonds will trade only in book-entry form, Restricted Global Certificates will be issued in physical (paper) form (or in the form of one or more master notes) registered in the name of a nominee of, and custodian for, DTC and Unrestricted Global Certificates will be issued in physical (paper) form (or in the form of one or more master notes) registered either in the name a nominee of, and custodian for DTC, in the name of a nominee of the common depositary for Euroclear and/or Clearstream, Luxembourg, or in the name of an ICSD CSK for Euroclear and/or Clearstream, Luxembourg, as specified in the relevant Final Terms of a Series, as described in the U.S. Agency Agreement.

Denomination: New York Law Covered Bonds will be issued in the Specified Denomination(s) set out in the relevant Final Terms, save that all New York Law Covered Bonds admitted to trading on a Regulated Market in circumstances which require the publication of a prospectus under the Prospectus Directive will have a minimum denomination of €100,000 (or its equivalent in any other currency at the time of issue) or such higher amount as may be allowed or required from time to time in relation to the relevant Specified Currency.

Title: The Issuer shall procure that there shall at all times be a Fiscal Agent and one or more Paying Agent(s), which can be the Fiscal Agent, for so long as any New York Law Covered Bond is Outstanding. The Issuer has appointed the Registrar at its specified office to act as registrar of the New York Law Covered Bonds. The Issuer shall cause to be kept at the specified office of the Registrar for the time being at Citigroup Global Markets Deutschland AG, Agency and Trust Department, 5th Floor Reuterweg 16, 60323 Frankfurt, Germany, a register (the "**Register**") on which shall be entered, among other things, the name and address of the Holders of New York Law Covered Bonds and particulars of all transfers of title to New York Law Covered Bonds.

New York Law Covered Bonds that are represented by a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and/or Clearstream, Luxembourg, as applicable.

3. Transfers of New York Law Covered Bonds

(i) Transfers of interests in Global Covered Bonds

Transfers of beneficial interests in Global Covered Bonds will be effected by DTC, Euroclear and/or Clearstream, Luxembourg, as applicable, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Covered Bond will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for New York Law Covered Bonds only in the Specified Denomination(s) and only in accordance with the conditions set forth in sub-paragraph (ii) below.

(ii) Exchanges and transfers of Global Covered Bonds for definitive New York Law Covered Bonds

Global Covered Bonds will not be exchangeable for definitive New York Law Covered Bonds and will not otherwise be issuable as definitive New York Law Covered Bonds, subject to the following exceptions, whereby physical certificates will be issued to beneficial owners of a Global Covered Bond if:

(a) an Event of Default under the New York Law Covered Bonds of that Series has occurred and is continuing;

(b) with respect to Global Covered Bonds held by DTC, DTC notifies the Issuer that it is unwilling or unable to continue as depositary and the Issuer does not appoint a successor within 90 days;

(c) with respect to Global Covered Bonds held by DTC, DTC ceases to be a clearing agency registered under the Exchange Act and the Issuer does not appoint a successor within 90 days; or

(d) with respect to Global Covered Bonds held by Euroclear and/or Clearstream, Luxembourg, either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no successor clearing system is available.

If any of the events described in the preceding paragraph occurs, the Issuer will cause New York Law Covered Bonds in definitive form in an amount equal to a New York Law Covered Bondholder's beneficial interest in the New York Law Covered Bonds ("**Definitive Certificates**" and together with the Global Certificates, "**Certificates**") to be executed and delivered to the Registrar and authenticated by the Fiscal Agent, for delivery to such New York Law Covered Bondholder in accordance with the U.S. Agency Agreement. Definitive New York Law Covered Bonds will be issued in the Specified Denomination(s), and will be registered in the name of the person DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, specifies in a written instruction to the Registrar of the New York Law Covered Bonds.

New York Law Covered Bonds issued in definitive form will bear the applicable restrictive legend referred to in the U.S. Agency Agreement, unless the Issuer determines otherwise in accordance with and in compliance with applicable law.

(iii) Transfers of New York Law Covered Bonds in definitive form

Subject as provided in paragraph (v) below and to compliance with all applicable legal and regulatory restrictions, upon the terms and subject to the conditions set forth in the U.S. Agency Agreement, including the transfer restrictions contained therein, a New York Law Covered Bond in definitive form may be transferred in whole or in part (in the Specified Denominations). In order to effect any such transfer (A) the New York Law Covered Bondholder or New York Law Covered Bondholders must (1) surrender the New York Law Covered Bond for registration of the transfer of the New York Law Covered Bond (or the relevant part of the New York Law Covered Bond) at the specified office of the Transfer Agent, with the form of transfer thereon duly executed by the New York Law Covered Bondholder or New York Law Covered Bondholders thereof or his or their attorney or attorneys duly authorized in writing and (2) complete and deposit such other certifications specified in the U.S. Agency Agreement and as may be required by such Transfer Agent and (B) such Transfer Agent must, after due and careful inquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Transfer Agent may from time to time prescribe. Subject as provided above, the Fiscal Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of such Fiscal Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new New York Law Covered Bond in definitive form of a like aggregate nominal amount to the New York Law Covered Bond (or the relevant part of the New York Law Covered Bond) transferred. In the case of the transfer of only part of a New York Law Covered Bond in definitive form, a new New York Law Covered Bond in definitive form in respect of the balance of the New York Law Covered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(iv) Closed Periods

No New York Law Covered Bondholder may require the transfer of New York Law Covered Bonds of a Series to be registered (i) during the period of 15 days ending on the due date for

redemption of, or payment of any Instalment Amount in respect of, such Series of New York Law Covered Bonds, (ii) during the period of 15 days before any date on which such Series of New York Law Covered Bonds may be called for redemption by the Issuer at its option pursuant to Condition 8(iii), (iii) after any such Series of New York Law Covered Bond has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 9(i)).

(v) Costs of registration

New York Law Covered Bondholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for (a) any costs or expenses of delivery other than by regular, uninsured mail and (b) any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

4. Status

The New York Law Covered Bonds will constitute direct, unconditional, unsubordinated and, in accordance with Condition 5, privileged obligations of the Issuer and will rank *pari passu* without any preference among themselves and equally and rateably with all other present or future bonds (including any other Covered Bonds) and other resources raised by the Issuer benefiting from the *Privilège* created by article L. 515-19 of the French Monetary and Financial Code as described in Condition 5.

5. Privilège

(i) The principal and interest of the New York Law Covered Bonds benefit from the *privilège* (priority right of payment) created by article L. 515-19 of the French Monetary and Financial Code (the "***Privilège***") and the New York Law Covered Bondholders shall benefit from all rights set out in article L. 515-19 of the French Monetary and Financial Code.

(ii) Accordingly, notwithstanding any legal provisions to the contrary (including Book VI (*Livre VI*) of the French Commercial Code), pursuant to articles L. 515-19 and L.515-35 I of the French Monetary and Financial Code:

(a) all amounts payable to the Issuer in respect of loans or assimilated receivables, exposures and securities referred to in articles L. 515-14, L. 515-16 to L. 515-17 and L. 515-35 of the French Monetary and Financial Code and forward financial instruments referred to in article L. 515-18 of the French Monetary and Financial Code (in each case after any applicable netting), together with the claims in respect of deposits made by the Issuer with credit institutions, are allocated in priority to the payment of any sums due in respect of the New York Law Covered Bonds (and other Covered Bonds), together with any other resources raised by the Issuer and benefiting from the *Privilège*; it should be noted that not only Covered Bonds benefit from the *Privilège*. Other resources (such as Covered Bonds of all other Series and loans) and forward financial instruments (i.e. derivative transactions such as the Hedging Agreements (as defined in the Master Definitions and Construction Agreement (*see "The Hedging Strategy"*))) for hedging Covered Bonds and/or eligible assets of the Issuer, as well as the sums, if any, due under the contract provided for in article L. 515-22 of the French Monetary and Financial Code may also benefit from the *Privilège*;

(b) in the event of conciliation proceedings, safeguard proceedings, judicial reorganisation proceedings or judicial liquidation proceedings of the Issuer, all amounts due regularly under the New York Law Covered Bonds (and other Covered Bonds), together with any other resources benefiting from the *Privilège*, are paid on their contractual due date, and in priority to all other debts, whether or not preferred, including interest resulting from agreements whatever their duration;

(c) until all Bondholders and all other creditors benefiting from the *Privilège* have been fully paid, no other creditor of the Issuer may exercise any right over the assets and rights of the Issuer; and

(d) the judicial liquidation of the Issuer will not result in the redemption of the New York Law Covered Bonds (and other Covered Bonds).

6. Covenants

So long as any of the New York Law Covered Bonds are Outstanding:

(i) **Negative Pledge**

Except as described or authorised by any applicable provisions in the Programme Documents, the Issuer will not create or permit to subsist any mortgage, charge, pledge, privilege or other form of security interest (*sûreté réelle*) upon any of its assets or revenues, present or future, to secure any Relevant Undertaking (as defined below) of, or guaranteed by, the Issuer unless, at the same time or prior thereto, the Issuer's obligations under the New York Law Covered Bonds are equally and rateably secured therewith, where "**Relevant Undertaking**" means any present or future (i) indebtedness for borrowed money and (ii) undertaking in relation to interest or currency swap transactions.

(ii) **Limitation on Indebtedness**

The Issuer undertakes not to incur any indebtedness other than as contemplated by the Programme Documents (which, for the avoidance of doubt, includes all Covered Bonds), unless:

(a) such indebtedness is fully subordinated to the outstanding indebtedness under the New York Law Covered Bonds; or

(b) prior Rating Affirmation has been made in relation to such indebtedness.

(iii) **Restrictions on mergers or reorganisations**

The Issuer undertakes not to enter into any merger, re-organisation or similar transaction without prior Representative Consent and Rating Affirmation.

(iv) **Separateness covenants**

The Issuer undertakes (except as permitted under the Programme Documents or the Issuer's by-laws (each in the form existing as at the relevant Issue Date)):

(a) to maintain books and records separate from any other person or entity;

(b) to maintain its accounts separate from those of any other person or entity;

(c) not to commingle assets with those of any other entity;

(d) to conduct its own business in its own name;

(e) to maintain separate financial statements;

(f) to pay its own liabilities out of its own funds;

(g) to observe all corporate, partnership or other formalities required by its constituting documents;

(h) not to guarantee or to become obligated for the debts of any other entity or to hold out its credit as being available to satisfy the obligations of others;

(i) not to acquire capital shares of its partners or shareholders;

(j) to use its own separate stationery, invoices and cheques;

(k) to hold itself out as a separate entity;

(l) not to have any employees;

(m) not to voluntarily wind up; and

(n) to correct any known misunderstanding regarding its separate identity.

(v) **Amortisation Test**

Following the enforcement of a Borrower Event of Default subject to, and in accordance with, the relevant terms of the Borrower Facility Agreement, the Issuer undertakes to comply with the Amortisation Test as defined in the Master Definitions and Construction Agreement. (*see "Asset Monitoring—The Amortisation Test"*)

(vi) **Hedging Strategy**

Upon the occurrence of a Hedging Rating Trigger Event and, as applicable, upon the occurrence of any Borrower Event of Default, the Issuer undertakes to take all reasonable steps to implement the Hedging Strategy as defined in the Master Definitions and Construction Agreement. (*see "The Hedging Strategy"*)

(vii) **Programme Documents**

Subject to the qualifications described in the relevant Programme Document(s) to which it is a party, the Issuer undertakes that no amendment, modification, alteration or supplement shall be made to any Programme Document to which it is a party without prior Rating Affirmation if the same materially and adversely affects the interests of the Issuer or the New York Law Covered Bondholders.

For the avoidance of doubt, the Issuer may amend, modify, alter or supplement any Programme Document to which it is a party without prior Rating Affirmation:

(a) to cure any ambiguity, omission, defect or inconsistency;

(b) to evidence or effect the transition of any party to any Programme Document to which it is a party to any successor;

(c) to add to the undertakings and other obligations of any party (except the Issuer) under any Programme Document to which it is a party; or

(d) to comply with any mandatory requirements of applicable laws and regulations.

In addition, the Issuer undertakes that:

(e) each Programme Document to which the Issuer is or will become a party will include limited recourse language pursuant to which the creditors of the Issuer (including the Holders of Covered Bonds) will agree that their recourse will be limited to the funds that are available to the Issuer at any relevant date; and

(f) each Programme Document to which the Issuer is or will become a party will also include non-petition language, whereby the creditors of the Issuer (including the Holders of Covered Bonds) will agree not to commence or to join any proceedings for the insolvency of the Issuer prior to the end of an eighteen (18)-month period after all Covered Bonds have been paid and discharged in full.

(viii) **Notification of Issuer Events of Default**

In respect of any Series, the Issuer undertakes to promptly inform the Rating Agencies, the Holders of New York Law Covered Bonds and the Administrator of the occurrence of any Issuer Event of Default. Upon receipt of a written request from the Rating Agencies or the Administrator, the Issuer will confirm to the Rating Agencies, the Holders of New York Law Covered Bonds and the Administrator that, save as previously notified to the Rating Agencies, the Holders of New

York Law Covered Bonds and the Administrator or as notified in such confirmation, no Issuer Event of Default has occurred or is continuing.

(ix) **No further Issuance**

The Issuer undertakes not to issue new further Covered Bonds:

(a) as from the date a Borrower Enforcement Notice (as defined in the Borrower Facility Agreement) has been served (except Covered Bonds issued and subscribed by the Issuer itself in accordance with article L. 515-32-1 of the French Monetary and Financial Code);

(b) as from the date an Issuer Enforcement Notice has been served;

(c) for so long as a Non-Compliance with Asset Cover Test (as defined in the Master Definitions and Construction Agreement) has occurred and is not remedied;

(d) for so long as a Non-Compliance with Amortisation Test (as defined in the Master Definitions and Construction Agreement (*see "Asset Monitoring—The Amortisation Test"*)) has occurred and is not remedied; or

(e) for so long as, regarding the Pre-Maturity Test and the Regulatory Liquidity Test (as defined in the Master Definitions and Construction Agreement), a Non-Compliance Notice (as defined in the Master Definitions and Construction Agreement) has been delivered and is not withdrawn (except Covered Bonds issued and subscribed by the Issuer itself in accordance with article L. 515-32-1 of the French Monetary and Financial Code).

(x) **Rating of further Issuance**

Subject to Condition 6(ix) above, the Issuer undertakes that any new further issuance of Covered Bonds will be rated by the Rating Agencies.

7. Interest and other Calculations

(i) **Interest on Fixed Rate New York Law Covered Bonds**

Each Fixed Rate New York Law Covered Bond bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 7(vi).

(ii) **Interest on Floating Rate New York Law Covered Bonds**

(a) *Interest Payment Dates*: Each Floating Rate New York Law Covered Bond bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 7(vi).

Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(b) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which

event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day. Notwithstanding the foregoing, where the applicable Final Terms specify that the relevant Business Day Convention is to be applied on an "unadjusted" basis, the Interest Amount payable on any date shall not be affected by the application of that Business Day Convention.

(c) *Rate of Interest for Floating Rate New York Law Covered Bonds*: The Rate of Interest in respect of Floating Rate New York Law Covered Bonds for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending on which is specified in the relevant Final Terms.

(A) ISDA Determination for Floating Rate New York Law Covered Bonds

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the relevant Final Terms

(y) the Designated Maturity is a period specified in the relevant Final Terms and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate New York Law Covered Bonds

(x) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(I) the offered quotation; or

(II) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate New York Law Covered Bonds is specified in the relevant Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such New York Law Covered Bonds will be determined as provided in the relevant Final Terms.

(y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(I) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(II) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels Time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels Time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels Time) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(iii) **Zero Coupon New York Law Covered Bonds**

Where a New York Law Covered Bond the interest basis of which is specified in the relevant Final Terms to be Zero Coupon is repayable prior to the Final Maturity Date and is not paid when due, the amount due and payable prior to the Final Maturity Date shall be the Early Redemption

Amount. As from the Final Maturity Date, the Rate of Interest for any overdue principal of such a New York Law Covered Bond shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 8(v)(a)).

(iv) **Accrual of Interest**

Interest shall cease to accrue on each New York Law Covered Bond on the due date for redemption unless payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 7 to the Relevant Date.

(v) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**

(a) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(b) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(c) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest fifth decimal (with halves being rounded up), (y) all figures shall be rounded to seven (7) decimal places (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency.

(vi) **Calculations**

The amount of interest payable per Calculation Amount in respect of any New York Law Covered Bond for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the relevant Final Terms and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such New York Law Covered Bond for such Interest Accrual Period shall equal such Interest Amount. Where any Interest Period comprises two (2) or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(vii) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts**

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the

holders of New York Law Covered Bonds, any other Calculation Agent appointed in respect of the New York Law Covered Bonds that is to make a further calculation upon receipt of such information and, if the New York Law Covered Bonds are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth (4th) Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 7(ii)(b), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the New York Law Covered Bonds become due and payable under Condition 11, the accrued interest and the Rate of Interest payable in respect of the New York Law Covered Bonds shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(viii) **Calculation Agent**

The Issuer shall procure that there shall at all times be one or more Calculation Agents, if provision is made for them in the relevant Final Terms and for so long as any New York Law Covered Bond is Outstanding. Where more than one Calculation Agent is appointed in respect of the New York Law Covered Bonds, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid. The Calculation Agent shall act as an independent expert in the performance of its duties as described above.

(ix) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7 by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents and all Holders and (in the absence as aforesaid) no liability to the Issuer or the Holders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions. Neither the Issuer nor any Paying Agent shall have any responsibility to any person for any errors or omissions in (i) the calculation by the Calculation Agent of any amount due in respect of the New York Law Covered Bonds or (ii) any determination made by the Calculation Agent in relation to the New York Law Covered Bonds and, in each case, the Calculation Agent shall not be so responsible in the absence of its bad faith or wilful default.

8. Redemption, Purchase and Options

(i) **Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, each New York Law Covered Bond shall be finally redeemed on the Final Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a New York Law Covered Bond falling within Condition 8(ii) below, its final Instalment Amount.

(ii) **Redemption by Instalments**

Unless previously redeemed, purchased and cancelled as provided in this Condition 7, each New York Law Covered Bond that provides for Instalment Dates (being the dates specified as such in the relevant Final Terms) and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such New York Law Covered Bond shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such New York Law Covered Bond, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(iii) **Redemption at the Option of the Issuer and Partial Redemption**

If "Call Option" is specified in the relevant Final Terms, the Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not less than fifteen (15) nor more than thirty (30) days' irrevocable prior notice (or such other Notice Period specified in the relevant Final Terms) in accordance with Condition 18 to the Holders (or such other Notice Period as may be specified in the relevant Final Terms) redeem all, or, if so provided, some of the New York Law Covered Bonds on the Optional Redemption Date(s) provided in the relevant Final Terms. Any such redemption of New York Law Covered Bonds shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to New York Law Covered Bonds of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed as specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

All New York Law Covered Bonds in respect of which any such notice is given shall be redeemed, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of New York Law Covered Bonds, the New York Law Covered Bonds to be redeemed ("**Redeemed New York Law Covered Bonds**") will be selected individually by lot, in the case of Redeemed New York Law Covered Bonds represented by definitive New York Law Covered Bonds, and in accordance with the rules of DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, in the case of Redeemed New York Law Covered Bonds represented by a Global Covered Bond, not more than thirty (30) days prior to the date fixed for redemption (such date of selection the **"Selection Date**"). In the case of Redeemed New York Law Covered Bonds represented by definitive New York Law Covered Bonds, a list of the serial numbers of such Redeemed New York Law Covered Bonds will be notified in accordance with Condition 18 below, not less than five (5) days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed New York Law Covered Bonds represented by definitive New York Law Covered Bonds shall bear the same proportion to the aggregate nominal amount of all Redeemed New York Law Covered Bonds as the aggregate nominal amount of definitive New York Law Covered Bonds Outstanding bears to the aggregate nominal amount of the New York Law Covered Bonds Outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed New York Law Covered Bonds represented by a Global Covered Bond shall be equal to the balance of the Redeemed New York Law Covered Bonds. No exchange of the relevant Global Covered Bond will be permitted during the period from, and including, the Selection Date to, and including, the Optional Redemption Date pursuant to this Condition 8(iii), and notice to that effect shall be given by the Issuer to the Holders in accordance with Condition 18, at least five days prior to the Selection Date.

(iv) **Redemption at the Option of New York Law Covered Bondholders**

If "Put Option" is specified in the applicable Final Terms, upon the Holder of any New York Law Covered Bond giving to the Issuer in accordance with Condition 18 not less than fifteen (15) nor more than thirty (30) days' notice, the Issuer will, upon the expiration of such notice, redeem such New York Law Covered Bond on the Optional Redemption Date and at the Optional Redemption

Amount together, if appropriate, with interest accrued to, but excluding, the Optional Redemption Date.

If a New York Law Covered Bond is in definitive form and held outside DTC, to exercise the right to require redemption of such New York Law Covered Bond the Holder of such New York Law Covered Bond must deliver such New York Law Covered Bond at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the Notice Period, a duly completed and signed notice of exercise in the form obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the New York Law Covered Bondholder must specify a bank account, or, if payment is required to be made by check, an address, to which payment is to be made under this Condition 8(iv), accompanied by the New York Law Covered Bond or evidence satisfactory to the Paying Agent concerned that the New York Law Covered Bond will, following delivery of the Put Notice, be held to its order or under its control. If the New York Law Covered Bond is represented by a Global Covered Bond or is in definitive form and held through DTC, Euroclear and/or Clearstream, Luxembourg, to exercise the right to require redemption of such New York Law Covered Bond the Holder of the New York Law Covered Bond must, within the Notice Period, give notice to the Paying Agent of such exercise in accordance with the standard procedures of DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, which may include notice being given on his instruction by DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, to the Paying Agent by electronic means, in a form acceptable to DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, from time to time and, if a New York Law Covered Bond is represented by a Global Covered Bond, at the same time present or procure the presentation of the relevant Global Covered Bond to the Paying Agent for notation accordingly.

Any Put Notice given by a Holder of any New York Law Covered Bond pursuant to this paragraph shall be irrevocable.

(v) **Early Redemption**

(a) Zero Coupon New York Law Covered Bonds

(A) The Early Redemption Amount payable in respect of any Zero Coupon New York Law Covered Bond, upon redemption of such New York Law Covered Bond pursuant to Condition 8(vi) or upon it becoming due and payable as provided in Condition 11 shall be the Amortised Nominal Amount (calculated as provided below) of such New York Law Covered Bond.

(B) Subject to the provisions of sub-paragraph (C) below, the amortised nominal amount of any such New York Law Covered Bond (the "**Amortised Nominal Amount**") shall be the scheduled Final Redemption Amount of such New York Law Covered Bond on the Final Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the New York Law Covered Bonds if they were discounted back to their issue price on the Issue Date) (the "**Amortisation Yield**") compounded annually.

(C) If the Early Redemption Amount payable in respect of any such New York Law Covered Bond upon its redemption pursuant to Condition 8(vi) or upon it becoming due and payable as provided in Condition 11 is not paid when due, the Early Redemption Amount due and payable in respect of such New York Law Covered Bond shall be the Amortised Nominal Amount of such New York Law Covered Bond as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the New York Law Covered Bond becomes due and payable was the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Final Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such New York Law Covered Bond on

the Final Maturity Date together with any interest that may accrue in accordance with Condition 7(iv).

Where such calculation is to be made for a period of less than one (1) year, it shall be made on the basis of the Day Count Fraction as provided in the relevant Final Terms.

(b) Other New York Law Covered Bonds

The Early Redemption Amount payable in respect of any New York Law Covered Bond (other than New York Law Covered Bonds described in (i) above), upon redemption of such New York Law Covered Bond pursuant to Condition 8(vi) or upon it becoming due and payable as provided in Condition 11 shall be the Final Redemption Amount (as specified in the relevant Final Terms) together with interest accrued to the date fixed for redemption.

(vi) **Redemption for Taxation Reasons**

(a) If, by reason of any change in French laws or regulations, or any change in the official application or interpretation of such laws or regulations, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the New York Law Covered Bonds, not be able to make such payment without having to pay additional amounts as specified under Condition 10 below, the Issuer may, at its option, on any Interest Payment Date (if the New York Law Covered Bond is a Floating Rate New York Law Covered Bond) or at any time (if the New York Law Covered Bond is not a Floating Rate New York Law Covered Bond), subject to having given not more than forty-five (45) nor less than thirty (30) days' notice to the New York Law Covered Bondholders (which notice shall be irrevocable), in accordance with Condition 18, redeem all, but not some only, of the New York Law Covered Bonds at their Early Redemption Amount together with any interest accrued to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes.

(b) If the Issuer would, on the next payment of principal or interest in respect of the New York Law Covered Bonds, be prevented by French law from making payment to the New York Law Covered Bondholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 10 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven (7) days' prior notice to the New York Law Covered Bondholders in accordance with Condition 18, redeem all, but not some only, of the New York Law Covered Bonds then Outstanding at their Early Redemption Amount together with any interest accrued to the date set for redemption on (A) the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the New York Law Covered Bonds, provided that if such notice would expire after such Interest Payment Date the date for redemption pursuant to such notice of New York Law Covered Bondholders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the New York Law Covered Bonds and (ii) fourteen (14) days after giving notice to the Fiscal Agent as aforesaid or (B) provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer could make payment of the full amount payable in respect of the New York Law Covered Bonds if that date is passed, as soon as practicable thereafter.

(vii) **Purchases**

The Issuer shall have the right at all times to purchase New York Law Covered Bonds in the open market or otherwise (including by tender offer) at any price. The relevant Final Terms will specify whether New York Law Covered Bonds so purchased by the Issuer shall be held and resold in accordance with article L. 213-1 A and D. 213- 1 A of the French Monetary and Financial Code for the purpose of enhancing the liquidity of the New York Law Covered Bonds, or cancelled in accordance with Condition 8(viii) below.

(viii) **Cancellation**

Any New York Law Covered Bond purchased by or on behalf of the Issuer may be surrendered for cancellation by surrendering the Certificate representing such New York Law Covered Bond to the Registrar for cancellation and, if so surrendered shall be cancelled forthwith. Any New York Law Covered Bonds so surrendered for cancellation may not be re-issued or resold, and the obligations of the Issuer in respect of such New York Law Covered Bonds shall be discharged.

9. Payments

(i) **Method of Payment**

Subject to paragraph (b) of this Condition 9, payments in respect of principal, interest and other amounts on the New York Law Covered Bonds shall be made in the Specified Currency and, at the option of the Issuer, (i) by cheque drawn on a bank in the principal Financial Center of the country of the Specified Currency and mailed to the Holder (or to the first named of joint holders) of such New York Law Covered Bond at its address appearing in the Register or (ii) by wire transfer of same-day funds in the Specified Currency to the bank account designated in writing by the Holder of such New York Law Covered Bond to the Issuer or the specified office of a Paying Agent.

Interest (which for the purpose of this Condition 9 shall include all Instalment Amounts other than final Instalment Amounts) on New York Law Covered Bonds shall be paid to the New York Law Covered Bond Holder shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Notwithstanding the foregoing sentence, as long as the New York Law Covered Bonds are held in global form, "Record Date" shall mean, (i) in the case of New York Law Covered Bonds represented by the Restricted Global Certificate, the DTC Business Day before the due date for payment thereof, and (ii) in the case of New York Law Covered Bonds represented by the Unrestricted Global Certificate, the Clearing Systems Business Day before the due date for payment thereof; where "DTC Business Day" means a day when DTC is open for business, and "Clearing Systems Business Day" means a day when Euroclear and Clearstream, Luxembourg are both open for business.

Payments in respect of principal (which for the purposes of this Condition 9 shall include final Instalment Amounts but not other Instalment Amounts) on definitive New York Law Covered Bonds shall be made against surrender and presentation of the definitive New York Law Covered Bonds at the specified office of a Paying Agent.

(ii) **Payments through DTC in Specified Currencies other than U.S. dollars**

Payments of principal and interest in respect of New York Law Covered Bonds registered in the name of, or in the name of a nominee for, DTC and denominated in a Specified Currency other than U.S. Dollars will be made or procured to be made by the Fiscal Agent in the Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Fiscal Agent or its agent to DTC with respect to New York Law Covered Bonds held by DTC or its nominee will be received from the Issuer by the Fiscal Agent who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC business day after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC business days prior to the relevant payment date, to receive that payment in such Specified Currency. The Fiscal Agent, after the Exchange Agent (as defined in the U.S. Agency Agreement) has converted amounts in such Specified Currency into U.S. dollars, will cause the Exchange Agent to deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The U.S. Agency Agreement sets out the manner in which such conversions are to be made.

All costs of any such conversion into U.S. dollars shall be borne pro rata by the relevant New York Law Covered Bondholders by deduction from the payment made to DTC and the relevant

accountholder. If the applicable due date for payment is not business day, delivery of the U.S. dollars will occur on the next succeeding day which is such a business day in New York City and such principal Financial Center. If no bids for the purchase of U.S. dollars with the Specified Currency are available on the second business day prior to the date on wich such payment becomes due, the Exchange Agent will transfer the aggregate amount of the Specified Currency to be paid in U.S. dollars to the Fiscal Agent by wire transfer of same day funds for value on the due date for payment. In this paragraph, "business day" means a day on which commercial banks and foreign exchange markets are open for business in New York City or the principal Financial Center of the relevant Specified Currency.

In the event that the Exchange Agent is unable to convert the relevant amount of the Specified Currency into U.S. dollars, the entire payment will be made in the relevant Specified Currency in accordance with the payment instructions received from DTC following notification by the Exchange Agent to DTC of that fact.

(iii) **Payments subject to Fiscal Laws**

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 10) any law implementing an intergovernmental approach thereto.

(iv) **Appointment of Agents**

The Fiscal Agent, the Paying Agents, the Transfer Agent, the Registrar and the Calculation Agent initially appointed by the Issuer and their respective specified offices are set forth in the U.S. Agency Agreement. The Fiscal Agent, the Paying Agents, the Transfer Agent, the Exchange Agent and the Registrar act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case, do not assume any obligation or relationship of agency for any New York Law Covered Bondholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, Transfer Agent, Registrar, Exchange Agent or Calculation Agent and to appoint other Fiscal Agent, Paying Agent(s), Transfer Agent(s), Registrar, Exchange Agent or Calculation Agent(s) or additional Paying Agent(s) or Calculation Agent(s), provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one (1) or more Calculation Agent(s) where the Conditions so require, (iii) a Paying Agent having a specified office in at least one major European city (including, so long as the New York Law Covered Bonds are admitted to trading on the Regulated Market of the EEA and so long as the rules thereof so require, such city where the New York Law Covered Bonds are admitted to trading), (iv) a Registrar, (v) an Exchange Agent, (vi) a Transfer Agent and (vii) such other agents as may be required by the rules of any other Regulated Market on which the New York Law Covered Bonds may be admitted to trading.

Notice of any such change or any change of any specified office shall promptly be given to the Holders of New York Law Covered Bonds in accordance with Condition 18.

(v) **Business Days for Payment**

If any date for payment in respect of any New York Law Covered Bond is not a business day, the New York Law Covered Bondholder shall not be entitled to payment until the next following business day, nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) (A) in such jurisdictions as shall be specified as "Financial Center(s)" in the relevant Final Terms (including New York City, in the case of New York Law Covered Bonds denominated in U.S. dollars) and (B) where payment is to be made by transfer to an account maintained with a bank in the Specified Currency, on which foreign exchange transactions may be carried on in the Specified Currency in the principal Financial Center of the country of such currency Day.

(vi) **Bank**

For the purpose of this Condition 9, "Bank" means a bank in the principal Financial Center of the relevant currency or, in the case of payments in U.S. dollars, in New York City.

(vii) **No Redenomination**

The New York Law Covered Bonds issued in a Specified Currency will not be subject to redenomination and therefore will remain payable in the Specified Currency.

10. Additional Amounts

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the New York Law Covered Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If French law should require that payments of principal or interest in respect of any New York Law Covered Bond be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the New York Law Covered Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any New York Law Covered Bond:

(i) to or on behalf of a New York Law Covered Bondholder who is subject to such taxes, duties, assessments or governmental charges in respect of such New York Law Covered Bond by reason of the New York Law Covered Bondholder being connected with France otherwise than by reason only of the holding of such New York Law Covered Bond;

(ii) presented for payment more than 30 days after the Relevant Date, except to the extent that the New York Law Covered Bondholder would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days;

(iii) where such withholding or deduction is imposed on a payment to an individual or to a residual entity within the meaning of the European Council Directive 2003/48/EC (the "**Directive**") and is required to be made pursuant to such Directive or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, or Directives; or

(iv) presented for payment by or on behalf of a New York Law Covered Bondholder who would be able to avoid such withholding or deduction by presenting the relevant New York Law Covered Bond to another paying agent in a Member State of the European Union.

References in these Conditions to (A) "principal" shall be deemed to include any premium payable in respect of the New York Law Covered Bonds, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 8 or any amendment or supplement to it, (B) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 7 or any amendment or supplement to it and (C) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Condition.

Each New York Law Covered Bondholder shall be responsible for supplying to the Paying Agent, in a timely manner, any information as may be required by the latter in order for it to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC of 3 June 2003 or by any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive or Directives.

11. Events of Default

Subject to the legal framework applicable to a *société de financement de l'habitat*, if an Issuer Event of Default occurs and is continuing in respect of any Series of New York Law Covered Bonds, the Holders of not less than 25% in principal amount of the Outstanding New York Law Covered Bonds of that Series, or if such Issuer Event of Default is a Covered Bonds Cross Acceleration Event, any Holder of any New York Law Covered Bond may at its discretion, declare the principal amount (or, if the New York Law Covered Bonds of that Series are Original Issue Discount Covered Bonds, such portion of the principal amount as may be specified in the terms of that Series) of all of the New York Law Covered Bonds of that Series to be due and payable immediately, by a notice (an "**Issuer Enforcement Notice**") in writing to the Fiscal Agent and the Issuer (with a copy to the Rating Agencies), and upon any such declaration such principal amount (or specified amount), together with any accrued interest thereon, shall become immediately due and payable (subject to the then applicable Priority Payment Order), as of the date on which such notice for payment is received by the Fiscal Agent.

12. Prescription

Claims against the Issuer for payment in respect of any amount due under the New York Law Covered Bonds shall be prescribed and become void unless made within ten (10) years (in the case of principal) or five (5) years (in the case of interest) from the appropriate Relevant Date in respect of them.

13. Meetings, Modification and Waiver

(i) The Issuer may at any time call a meeting of the New York Law Covered Bondholders of a Series to seek their approval of the modification of or amendment to, or obtain a waiver of, any provision of such Series of New York Law Covered Bonds. This meeting will be held at the time and place determined by the Issuer and specified in a notice of such meeting furnished to the New York Law Covered Bondholders. This notice must be given at least thirty (30) days and not more than sixty (60) days prior to the meeting.

(ii) If at any time the Holders of at least 10% in aggregate principal amount for the then Outstanding New York Law Covered Bonds of a Series request the Issuer to call a meeting of the Holders of such New York Law Covered Bonds for any purpose, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, the Issuer will call the meeting for such purpose. This meeting will be held at the time and place determined by the Issuer, after consultation with the Fiscal Agent, and specified in a notice of such meeting furnished to the Holders. This notice must be given at least (thirty) 30 days and not more than sixty (60) days prior to the meeting.

(iii) New York Law Covered Bondholders who hold greater than 50% in aggregate principal amount of the then Outstanding New York Law Covered Bonds of a Series will constitute a quorum at a New York Law Covered Bondholders' meeting. In the absence of a quorum, a meeting may be adjourned for a period of at least twenty (20) days. At the reconvening of a meeting adjourned for lack of quorum, Holders of 25% in aggregate principal amount of the then Outstanding New York Law Covered Bonds of such Series shall constitute a quorum. Notice of the reconvening of any meeting may be given only once, but must be given at least ten (10) days and not more than fifteen (15) days prior to the meeting.

(iv) At any meeting when there is a quorum present, the Majority New York Law Covered Bondholders may approve the modification or amendment of, or a waiver of future compliance or past default by the Issuer of, any provision of the New York Law Covered Bonds of such Series, except for specified matters requiring the consent of each New York Law Covered Bondholder, as set forth in sub-paragraph (v) below. Such modifications, waivers or amendments may also be made with respect to a Series without a meeting by written consent of the Majority New York Law Covered Bondholders of the Series. Modifications, amendments or waivers made at such a meeting or by such written consent will be binding on all current and future New York Law Covered Bondholders of such Series, and if so required, the Issuer will instruct the relevant Agent to give effect to any such amendment, as the case may be, at the sole expense of the Issuer.

(v) No amendment or modification will apply, without the consent of each New York Law Covered Bondholder affected thereby, to New York Law Covered Bonds of such Series owned or held by such New York Law Covered Bondholder with respect to the following matters:

(a) to change the stated maturity of the principal of, any installment of or interest on such New York Law Covered Bonds;

(b) to reduce the principal amount of, the amount of the principal that would be due and payable upon a declaration of acceleration pursuant to Condition 11 of or the rate of interest on such New York Law Covered Bonds;

(c) to change the currency or place of payment of principal or interest on such New York Law Covered Bonds; and

(d) to impair the right to institute suit for the enforcement of any payment in respect of such New York Law Covered Bonds.

(vi) In addition, no amendment or modification may, without the consent of each New York Law Covered Bondholder of such New York Law Covered Bonds, reduce the quorum requirements or the percentages of principal amount of New York Law Covered Bonds of such Series Outstanding necessary for the adoption of any action at a New York Law Covered Bondholder meeting or by written consent.

(vii) The Issuer may also agree to amend any provision of any Series of New York Law Covered Bonds with the Holder thereof, but that amendment will not affect the rights of the other New York Law Covered Bondholders or the obligations of the Issuer with respect to the other New York Law Covered Bondholders.

(viii) No consent of the New York Law Covered Bondholders is or will be required for any modification or amendment requested by the Issuer or by the Fiscal Agent or with the consent of the Issuer to:

(a) add to the Issuer's covenants for the benefit of the New York Law Covered Bondholders; or

(b) surrender any right or power of the Issuer in respect of a Series of New York Law Covered Bonds or the U.S. Agency Agreement; or

(c) provide additional security or collateral for a Series of New York Law Covered Bonds; or

(d) cure any ambiguity in any provision, or correct any defective provision, of a Series of New York Law Covered Bonds; or

(e) change the terms and conditions of a Series of New York Law Covered Bonds or the U.S. Agency Agreement in any manner that the Issuer deems necessary or desirable so long as any such change does not, and will not, adversely affect the rights or interest of any New York Law Covered Bondholders of such New York Law Covered Bonds.

14. Replacement of Definitive Certificates

If a Definitive Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and Regulated Market regulations, at the specified office of the Fiscal Agent, the Registrar or such other Agent as may from time to time be designated by the Issuer for this purpose and notice of whose designation is given to New York Law Covered Bondholders in accordance with Condition 18, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity as the Issuer may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued. Cancellation and replacement of New York Law Covered Bonds shall be subject to compliance with such procedures as may be required under any applicable law and subject to any applicable stock exchange requirements.

15. Limited recourse, Non-petition

(i) **Limited Recourse**

By subscribing to or acquiring any New York Law Covered Bond, each New York Law Covered Bondholder will be automatically deemed to have agreed:

(a) not to seek recourse under any obligation, covenant or agreement of the Issuer under the New York Law Covered Bonds and these Conditions against any shareholder, member of the board of directors (*conseil d'administration*), managing director (*directeur général*) or agent of the Issuer, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that any obligation of the Issuer under the New York Law Covered Bonds and these Conditions is a corporate obligation of the Issuer, and that no personal liability shall attach to or be incurred by the shareholders, members of the board of directors, managing directors or agents of the Issuer, as such, or any of them under or by reason of any of the obligations, covenants or agreements of the Issuer contained in these Conditions or implied therefrom and, as a condition of and in consideration for the issuing by the Issuer of any New York Law Covered Bond, to waive any and all personal liability of every such shareholder, member of the board of directors, managing director or agent of the Issuer for breaches by the Issuer of any of its obligations, covenants or agreements under the New York Law Covered Bonds and these Conditions;

(b) to limit its recourse against the Issuer under the New York Law Covered Bonds and these Conditions to amounts payable or expressed to be payable to it by the Issuer on, under or in respect of its obligations and liabilities under the New York Law Covered Bonds and these Conditions (and, for the avoidance of doubt, to the exclusion of any damage for breach of contract or other penalties not expressed as being payable by the Issuer under the New York Law Covered Bonds and these Conditions) and in accordance with the Priority Payment Order then applicable in accordance with the section "*Cash Flow*" of this Base Prospectus; and

(c) that in accordance with, but subject to, the applicable provisions of the section "*Cash Flow*" of this Base Prospectus, amounts payable or expressed to be payable by the Issuer on, under or in respect of its obligations and liabilities under the New York Law Covered Bonds and/or these Conditions shall be recoverable only from and to the extent of the amount of the Available Funds, as calculated on the relevant Interest Payment Date or (as applicable) on the relevant Final Maturity Date of each relevant series of Covered Bonds (provided that, to the extent that no Available Funds exist at the relevant date, the Issuer shall not be liable to make payment of the aforementioned amounts and, provided further that, in the event that the Available Funds at the relevant date are insufficient to pay in full all amounts whatsoever due to it and all other claims ranking *pari passu* to its claims, then its claims against the Issuer shall be limited to its respective share of such Available Funds (as determined in accordance with the Priority Payment Order then applicable, in accordance with section "*Cash Flow*" of this Base Prospectus) and, after payment to it of its respective share of such Available Funds, the obligations of the Issuer to it shall be discharged in full).

(ii) **Non-Petition**

By subscribing to or acquiring any New York Law Covered Bond, each New York Law Covered Bondholder will also be automatically deemed to have agreed that prior to the date which is eighteen (18) months and one (1) day after the earlier of (i) the maturity date of the last series issued by the Issuer under the U.S. Programme or the International Programme, or (ii) the date of payment of any sums outstanding and owing under the last outstanding Covered Bond:

(a) it will not take any corporate action or other steps or legal proceedings for the winding-up, dissolution or organisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, examiner, sequestrator or similar officer of the Issuer, of the Issuer or of any or all of the Issuer's revenues and assets; and

(b) it will not have any right to take steps for the purpose of obtaining payment of any amounts payable to it under the New York Law Covered Bonds by the Issuer and shall not until such time take any step to recover any debts whatsoever owing to it by the Issuer otherwise than in accordance with, and subject to, the Conditions.

The above undertakings by each relevant New York Law Covered Bondholder shall survive the payment of all sums owing under any New York Law Covered Bond.

16. Priority Payment Orders

Any and all sums due by the Issuer under the U.S. Programme (including principal and interest under the New York Law Covered Bonds) will be paid within the limit of the Available Funds of the Issuer at the time of such payment and according to the then applicable relevant Priority Payment Order. As a consequence, the payment of certain sums will be subordinated to the full payment of other sums.

17. Further Issues

All New York Law Covered Bonds of one Series need not be issued at the same time and a Series may be reopened for issuances of additional New York Law Covered Bonds of such Series; *provided*, that such additional New York Law Covered Bonds will be issued with no more than *de minimis* original issue discount for U.S. federal income tax purposes or be part of a qualified reopening for U.S. federal income tax purposes. New York Law Covered Bonds may differ between Series in respect of any matters.

18. Notices

(i) All notices to the Holders of registered New York Law Covered Bonds will be valid if mailed to the addresses of the registered Holders and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

(ii) Until such time as any definitive New York Law Covered Bonds are issued, there may, so long as all the Global Covered Bonds for a particular Series, whether listed or not, are held in their entirety on behalf of DTC, Euroclear and/or Clearstream, Luxembourg, be substituted, in relation only to such Series, for such publication as aforesaid in Condition 18(i), the delivery of the relevant notice to DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, for communication by them to the Holders of the New York Law Covered Bonds, except that if the New York Law Covered Bonds are listed on a stock exchange and the rules of that stock exchange so require, the relevant notice will in any event be published as required by the rules of that stock exchange. Any such notice shall be deemed to have been given to the Holders on the third day after the day on which the notice was given to DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be.

(iii) Notices to be given by any Holder of any New York Law Covered Bonds shall be in writing and given by delivering the same, together with the relevant New York Law Covered Bond(s), to the Principal Paying Agent. While any New York Law Covered Bonds are represented by a Global Covered Bond, such notice may be given by a Holder of any of the New York Law Covered Bonds so represented to the Principal Paying Agent via DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose or in the manner specified in the U.S. Agency Agreement.

(iv) All notices given to Holders of New York Law Covered Bonds represented by a Global Covered Bond, irrespective of how given, shall also be delivered in writing to DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be.

19. Governing Law and Jurisdiction

(i) Governing Law

The New York Law Covered Bonds are governed by, and shall be construed in accordance with, the laws of the State of New York, except for the *Privilège*, which is governed by French law.

(ii) Jurisdiction

The Issuer consents to the jurisdiction of the courts of the State of New York and the U.S. courts located in The City of New York, Borough of Manhattan, with respect to any action that may be brought in connection with the New York Law Covered Bonds. The Issuer has appointed CT Corporation System as its agent upon whom process may be served in any action brought against it in any U.S. or New York State court in the Borough of Manhattan, City of New York, in connection with the New York Law Covered Bonds.

20. Method of Publication of the Final Terms

The Base Prospectus (including any document incorporated by reference), the supplement(s) to the Base Prospectus, as the case may be, and the Final Terms related to Securities listed and admitted to trading will be published on the website of the AMF (*www.amf-france.org*). Copies of these documents may be obtained from Crédit Mutuel-CIC Home Loan SFH, 6, avenue de Provence**,** 75452 Paris Cedex 9**,** France, and, in respect of the Base Prospectus (including any document incorporated by reference) and the supplement(s) to the Base Prospectus, such documents will be available on the website of the Issuer (*http://www.creditmutuelcic-sfh.com/en/covered-bonds/documentation/index-sfh.html*).

In addition, should the New York Law Covered Bonds be listed and admitted to trading on a Regulated Market other than Euronext Paris, the Final Terms relating to those New York Law Covered Bonds will provide whether this Base Prospectus (including any document incorporated by reference), the supplement(s) to the Base Prospectus, as the case may be, and the relevant Final Terms will be published on the website of (x) such Regulated Market and/or (y) the competent authority of the Member State in the EEA where such Regulated Market is situated.

CLEARANCE AND SETTLEMENT

The relevant Final Terms will specify if the Issuer will make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of New York Law Covered Bonds to be represented by an Unrestricted Global Certificate. Each Unrestricted Global Certificate deposited with (a) a common depositary or (b) an ICSD CSK that is held under the NSS, both for, and registered in the name of, a nominee of Euroclear and/or Clearstream, Luxembourg will have an ISIN and a Common Code. Depositing the Unrestricted Global Certificate with an ICSD CSK does not necessarily mean that the New York Law Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Issuer, and a relevant US agent appointed for such purpose that is an eligible DTC participant, also expects to make application to DTC for acceptance in its book-entry settlement system of the New York Law Covered Bonds represented by a Restricted Global Certificate and/or an Unrestricted Global Certificate. Each such Global Certificate will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under ‘‘Transfer Restrictions’’. In certain circumstances, as described below in ‘‘Transfers of New York Law Covered Bonds’’, transfers of interests in a Restricted Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of New York Law Covered Bonds to be cleared through the facilities of DTC, the Fiscal Agent, with whom the Global Certificates are deposited, and DTC will electronically record the nominal amount of the New York Law Covered Bonds held within the DTC system. Investors may hold their beneficial interests in a Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Global Certificate registered in the name of DTC’s nominee will be to, or to the order of, its nominee as the registered owner of such Global Certificate. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Global Certificate as shown on the records of DTC or the nominee. The Issuer also expects that payments by DTC participants to owners of beneficial interests in such Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. Neither the Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating, to or payments made on account of, ownership interests in any Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

All New York Law Covered Bonds will initially be in the form of an Unrestricted Global Certificate and/or a Restricted Global Certificate. Individual Certificates will only be available in amounts specified in the applicable Final Terms.

Payments through DTC

Payments in U.S. dollars of principal and interest in respect of a Global Certificate registered in the name of a nominee of DTC will be made to the order of such nominee as the registered Holder of such New York Law Covered Bonds. Payments of principal and interest in a currency other than U.S. dollars in respect of New York Law Covered Bonds evidenced by a Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Paying Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Paying Agent or its agent to DTC with respect to New York Law Covered Bonds held by DTC or its nominee will be received from the Issuer by the Paying Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Paying Agent will convert amounts in such currency into U.S. dollars and deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The U.S. Agency Agreement sets out the manner in which such conversions are to be made.

Transfers of New York Law Covered Bonds

Transfers of interests in Global Certificates within Euroclear, Clearstream, Luxembourg and DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may be held either through DTC and/or Euroclear or Clearstream, Luxembourg. In the case of New York Law Covered Bonds to be cleared through Euroclear, Clearstream, Luxembourg and/or DTC, transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through a Restricted Global Certificate for the same Series of New York Law Covered Bonds provided that any such transfer made on or prior to the expiration of the distribution compliance period (as used in ''Plan of Distribution") relating to the New York Law Covered Bonds represented by such Unrestricted Global Certificate will only be made upon receipt by any Transfer Agent of a written certificate from DTC, Euroclear or Clearstream, Luxembourg, as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. Any such transfer made thereafter of the New York Law Covered Bonds represented by such Unrestricted Global Certificate will only be made upon request through DTC, Euroclear or Clearstream, Luxembourg, as the case may be, by the holder of an interest in the Unrestricted Global Certificate to the Principal Paying Agent of details of that account at DTC to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at DTC or Euroclear or Clearstream, Luxembourg, as the case may be, and DTC to be credited and debited, respectively, with an interest in each relevant Global Certificate.

Subject to compliance with the transfer restrictions applicable to the New York Law Covered Bonds described above and under ''*Transfer Restrictions*'', cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar and the Fiscal Agent.

On or after the Issue Date for any Series, transfers of New York Law Covered Bonds of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of New York Law Covered Bonds of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Certificates will be effected through the Fiscal Agent, the relevant Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the Fiscal Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of New York Law Covered Bonds, see "*Transfer Restrictions*''.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of New York Law Covered Bonds (including, without limitation, the presentation of Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the relevant Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Global Certificates for exchange for Individual Certificates (which will, in the case of New York Law Covered Bonds sold in reliance on Rule 144A, bear the legend applicable to transfers pursuant to Rule 144A).

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a ''banking organisation'' under the laws of the State of New York, a member of the US Federal Reserve System, a ''clearing corporation'' within the meaning of the New York Uniform Commercial Code and a ''clearing agency'' registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, nor any Paying Agent nor any Transfer Agent will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC, New York Law Covered Bonds sold pursuant to Rule 144A and represented by Individual Certificates will not be eligible for clearing or settlement through Euroclear, Clearstream, Luxembourg or DTC.

Individual Certificates

Registration of title to New York Law Covered Bonds in a name other than a depositary or its nominee for Clearstream, Luxembourg and Euroclear or for DTC will be permitted only in the cases set forth in the terms and conditions of the New York Law Covered Bonds. In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar and Fiscal Agent for completion, authentication and dispatch to the relevant New York Law Covered Bondholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

i. a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Certificates; and

ii. in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Pre-issue Trades Settlement

It is expected that delivery of New York Law Covered Bonds will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the US secondary market generally are required to settle within three business days (''**T+3**''), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers who wish to trade New York Law Covered Bonds in the United States between the date of pricing and the date that is three business days prior to the relevant Issue Date will be required, by virtue of the fact that such New York Law Covered Bonds initially will settle beyond T+3, to specify an alternative settlement cycle at the time of any such

trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of New York Law Covered Bonds may be affected by such local settlement practices and, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers of New York Law Covered Bonds who wish to trade New York Law Covered Bonds between the date of pricing and the date that is three business days prior to the relevant Issue Date should consult their own adviser.

MAIN FEATURES OF THE LEGISLATION AND REGULATIONS RELATING TO *SOCIETES DE FINANCEMENT DE L'HABITAT*

Entities entitled to issue Obligations de Financement à l'Habitat

Pursuant to article L. 515-34 of the French Monetary and Financial Code, the exclusive purpose of an SFH (*société de financement de l'habitat*) is to grant or finance home loans (*prêts à l'habitat*) and to hold securities (*titres et valeurs*) in accordance with applicable legal and regulatory provisions. In particular, in order to carry out such purpose, an SFH (such as the Issuer) may grant to credit institutions advances secured by home loans (*prêts à l'habitat*) granted as collateral security in accordance with article L. 211-36 *et seq.* of the French Monetary and Financial Code. Such advances may be financed by a *société de financement de l'habitat* by issuing covered bonds or by raising resources benefiting from the *Privilège* (legal priority right of payment) created by article L. 515-19 of the French Monetary and Financial Code. In accordance with article L. 515-22 *et seq.* of the French Monetary and Financial Code, the management of the eligible assets for an SFH may only be ensured by a credit institution contractually appointed by such SFH.

As an SFH, the Issuer has entered into a €30,000,000,000 multicurrency term facility agreement pursuant to which the Issuer (as lender) will use the proceeds of the Covered Bonds under its U.S. Programme and its International Programme to fund advances made available to BFCM (as borrower). Such advances will be secured by home loans granted as collateral security (*garantie financière*) (see "*The Borrower Facility Agreement—The Borrower Facility Agreement*" and "*The Collateral Security—The Collateral Security Agreement*").

Pursuant to articles L. 515-32-1 and R. 515-13-1 of the French Monetary and Financial Code, if the Issuer is unable to meet its liquidity needs by any other available means, the Issuer, as an SFH, may subscribe for its own Covered Bonds for the sole purpose of securing credit from the *Banque de France* under its monetary policy and intraday credit operations. Such Covered Bonds are subject to the following conditions:

- their aggregate outstanding principal amount must not exceed 10% of the outstanding principal amount of the Issuer's liabilities benefiting from the *Privilège* on the date the Issuer subscribes for such Covered Bonds;
- they are deprived of the rights provided for under Articles L. 228-46 to L. 228-89 of the French Commercial Code for so long as they are held by the Issuer;
- they are granted as collateral to the *Banque de France* (otherwise they are cancelled within eight days from of their issue); and
- they cannot be subscribed by a third party.

The specific controller certifies these conditions are met in a report delivered to the *Autorité de contrôle prudentiel et de résolution*, the French banking regulator.

The *Autorité de contrôle prudentiel et de résolution* ensures that the Issuer respects its obligations as an SFH and has authority to impose sanctions (including a withdrawal of the Issuer's license).

Eligible assets

The eligible assets of SFHs comprise, *inter alia*:

(i) home loans secured by a first-ranking mortgage or other real estate security interests that are equivalent to a first-ranking mortgage (within the meaning of article R.515-5 of the French Monetary and Financial Code) or loans that are guaranteed by a credit institution or an insurance company. The property financed in whole or part by such a loan must be located in France or in any other Member State of the European Union or the European Economic Area ("**EEA**") or in a State benefiting from the highest level of credit quality assigned by an external rating agency recognised by the *Autorité de contrôle prudentiel et de résolution* as provided in article L. 511-44 of the French Monetary and Financial Code; article R. 515-2 of the French Monetary and Financial Code provide that the amount of each mortgage-backed home loan refinanced by resources benefiting from the *Privilège* cannot exceed a percentage of the property's value (from 60% to 100%, under certain conditions);

(ii) loans to credit institutions secured by the remittance, the transfer or the pledge of receivables arising from home loans referred to in (i) above, pursuant to articles L. 211-36 *et seq.* and/or L. 313-23 *et seq.* of the French Monetary and Financial Code;

(iii) promissory notes (*billets à ordre*) governed by article L. 313-42 *et seq.* of the French Monetary and Financial Code transferring receivables arising from home loans referred to in (i) above.

Within the limits of article R. 515-4 of the French Monetary and Financial Code, an SFH may also hold, or grant loans to credit institutions secured by the remittance, the transfer or the pledge of, units or notes (other than subordinated units or subordinated notes) issued by *organismes de titrisation*, which are French securitisation vehicles, or other similar vehicles governed by the laws of a member state of the European Community or EEA, the United States of America, Switzerland, Japan, Canada, Australia or New Zealand, the assets of which are comprised at least 90% of secured loans complying with the criteria defined in article L. 515-14 of the French Monetary and Financial Code or other receivables benefiting from equivalent security interests (within the meaning of article R. 515-5 of the French Monetary and Financial Code. The units or notes must benefit from the highest level of credit assessment assigned by an external rating agency recognised by the *Autorité de contrôle prudentiel et de résolution* pursuant to article L. 511-44 of the French Monetary and Financial Code and non-French vehicles must be governed by the laws of a Member State of the European Community or EEA if the assets are composed of loans or exposures referred to in article L. 515-14 of the French Monetary and Financial Code. In accordance with article R. 515-4 of the French Monetary and Financial Code, the aggregate outstanding principal amount of units or notes issued by *organismes de titrisation* or other similar vehicles held by the Issuer may not exceed 10% of the total outstanding nominal amount of the Issuer's liabilities benefiting from the *Privilège*.

Under the conditions set out in articles L. 515-17, R. 515-7 and R. 515-16 of the French Monetary and Financial Code, an SFH may also hold investments in assets which are sufficiently secure and liquid to be held as so-called substitution assets. The amount of such assets must not exceed, at any time, 15% of the total amount of the liabilities of the SFH that benefit from the *Privilège*.

Such substitution assets include:

(i) debts due or guaranteed by credit institutions or investment companies benefiting from the highest level of credit quality established by an external rating agency recognized by the French *Autorité de contrôle prudentiel et de résolution* (which means the following ratings: AAA to AA- for Fitch, Aaa to Aa3 for Moody's or AAA to AA- for S&P);

(ii) debt with a maturity of less than 100 days due or guaranteed by credit institutions or investment companies of a Member State of the European Union or the EEA benefiting from the second highest level of credit quality established by an external rating agency recognized by the *Autorité de contrôle prudentiel et de résolution*, (which means the following ratings: A+ to A- for Fitch, A1 to A3 for Moody's or A+ to A- for S&P); and

(iii) debt securities issued or guaranteed by public sector entities referred to in paragraph I, 1 to 5, of article L. 515-15 of the French Monetary and Financial Code.

In accordance with, but subject to the terms and conditions of the Administrative Agreement, the Issuer may acquire assets that are eligible for an investment by an SFH under articles L. 515-16 and L. 515-17 of the French Monetary and Financial Code, in order to comply with the Asset Cover Test, the Amortisation Test and/or the regulatory cover ratio referred to in article L. 515-20 of the French Monetary and Financial Code, as applicable.

In accordance with the provisions of article L. 515-35-IV of the French Monetary and Financial Code, SFHs are not allowed to hold equity participations in other companies.

Pursuant to article R. 515-14 of the French Monetary and Financial Code, an SFH must keep a record of all loans made available by it or acquired by it. This record must specify the type and value of the security and guarantees attached to such loans and the type and amount of the liabilities benefiting from the *Privilège*.

Pursuant to Regulation (*règlement*) n° 99-10 dated 9 July 1999, as amended, issued by the Banking and Financial Regulation Committee (*Comité de la Réglementation Bancaire et Financière*), an SFH must send to the *Autorité de contrôle prudentiel et de résolution* information relating to the quality of the assets they are financing. This report is published within 45 days of the general meeting approving the financial statements for

the year then ended. In particular, the characteristics and details of the distribution of home loans and guarantees, the total of any unpaid amounts, the distribution of debts by amount and by category of debtors, the proportion of prepayments, and the level and sensitivity of interest rates are required to be included in the report. An SFH must also publish the same information within 45 days of the end of each quarter.

As an SFH, the Issuer must comply with all the foregoing regulations.

Regulatory cover ratio

An SFH must at all times maintain a cover ratio of its assets over its liabilities benefiting from the *Privilège*. In particular, pursuant to articles L. 515-20 and R. 515-7-2 of the French Monetary and Financial Code, the Issuer must at all times maintain a cover ratio of at least 102% between its eligible assets (including substitution assets) and the total amount of its liabilities benefiting from the *Privilège*.

With respect to the assets of an SFH that are mainly advances to credit institutions secured by home loans, in particular those granted as collateral security pursuant to article L. 211-36 *et seq.* of the French Monetary and Financial Code, the cover ratio will be calculated on the basis of such home loans granted as security (and not only on the basis of the said advances to credit institutions).

An SFH must appoint a specific controller with the prior approval of the *Autorité de contrôle prudentiel et de résolution*, whose task is to ensure that the required cover ratio is at all times complied with. In particular, the specific controller must certify that the cover ratio is satisfied in connection with (i) on a quarterly basis, issues by the SFH benefiting from the *Privilège* and (ii) any specific issue benefiting from the *Privilège* in a principal amount greater than €500 million. The specific controller must also verify that the assets meet the eligibility criteria, the process of yearly revaluation and the quality of the asset liability management.

In addition, under the Collateral Security Agreement and for so long as no Borrower Event of Default has occurred and been enforced under the relevant terms of the Borrower Facility Agreement, the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, will monitor the Collateral Security Assets so as to ensure compliance with an asset cover test, as further described under "*Asset Monitoring—The Asset Cover Test*").

Regulatory Liquidity Test

Pursuant to article L. 515-17-1 and R. 515-7 of the French Monetary and Financial Code, an SFH must ensure, at all times, the coverage of its cash requirements for the next 180 days, taking into account the forecasted flows of principal and interest on its assets and net flows related to derivative financial instruments referred to in article L. 515-18 of the French Monetary and Financial Code.

***Privilège* relating to the New York Law Covered Bonds and certain other obligations of the Issuer**

Pursuant to article L. 515-19 of the French Monetary and Financial Code, notwithstanding any legal provisions to the contrary (including book VI (*Livre VI*) of the French Commercial Code):

- all amounts payable to the Issuer in respect of loans or assimilated receivables, exposures and securities referred to in articles L. 515-14, L. 515-16 to L. 515-17 and L. 515-35 of the French Monetary and Financial Code and forward financial instruments referred to in article L. 515-18 of the French Monetary and Financial Code (in each case after any applicable netting), together with the claims in respect of deposits made by the Issuer with credit institutions, are allocated in priority to the payment of any sums due in respect of the New York Law Covered Bonds, together with any other liabilities of the Issuer that benefit from the *Privilège*; New York Law Covered Bonds benefit from the *Privilège*, as do also Covered Bonds issued and that may be issued in the future under the Issuer's International Programme; other liabilities (such as certain loans) and forward financial instruments (i.e., derivative transactions) for hedging Covered Bonds, and eligible assets of the Issuer, as well as the sums, if any, due under the contract provided for in article L. 515-22 of the French Monetary and Financial Code may also benefit from the *Privilège*;
- in the event of conciliation proceedings, safeguard proceedings, judicial reorganisation proceedings or judicial liquidation proceedings of the Issuer, all amounts due regularly under the New York Law Covered Bonds and the other Covered Bonds, together with any other resources benefiting from the

Privilège, are paid on their contractual due date, and in priority to all other debts, whether or not preferred, including interest resulting from agreements whatever their duration;

- until all Bondholders and all other creditors benefiting from the *Privilège* have been fully paid, no other creditor of the Issuer may avail itself of any right over the assets and rights of the Issuer; and
- the judicial liquidation of the Issuer will not result in the New York Law Covered Bonds and the other obligations of the Issuer benefiting from the *Privilège* becoming due and payable.

Exceptions to French insolvency rules from which the Issuer benefits article L. 515-27 of the French Monetary and Financial Code precludes the extension of insolvency proceedings in respect of an SFH's parent company to the SFH.

The French Monetary and Financial Code provides a regime for SFHs that derogates in many ways from the French legal provisions relating to insolvency proceedings. In particular, in the event of safeguard proceedings, judicial reorganisation proceedings or judicial liquidation proceedings of a *société de financement de l'habitat*, all claims benefiting from the *Privilège*, including interest thereon, must be paid on their due dates and in preference to all other claims, whether or not secured or statutorily preferred and, until payment in full of all such preferred claims, no other creditors may avail itself of any right over the assets and rights of the SFH.

The provisions allowing an administrative receiver to render null and void certain transactions entered into during the hardening period (*période suspecte*) are not applicable to transactions entered into by an SFH or acts made by, or for the benefit of, an SFH, provided that such transactions are made in accordance with their exclusive legal purpose and without fraud. Pursuant to article L. 515-28 of the French Monetary and Financial Code, in case of the opening of any safeguard proceedings, judicial reorganisation proceedings or judicial liquidation proceedings against the credit institution which is acting as manager and servicer of the assets and liabilities of the SFH, the recovery, management and servicing contract may be immediately terminated by the SFH notwithstanding any legal provisions to the contrary.

In case of insolvency proceedings (*procédure de sauvegarde, de redressement ou de liquidation judiciaires*) involving the Issuer, the specific controller will be responsible for filing claims on behalf of creditors benefiting from the *Privilège* (including the Holders of the New York Law Covered Bonds).

THE ISSUER

General Information about the Issuer

The Issuer was incorporated on 15 February 2005, as a French *société par actions simplifiée*. Its term of existence is ninety-nine (99) years from the date of its incorporation. The Issuer is registered with the French Commercial Register (*Registre du Commerce et des Sociétés de Paris*) under number 480 618 800. The Issuer adopted the legal form of a French "*Société anonyme à conseil d'administration*" on 16 April 2007. Initially named "Devest 8" and, as from 16 April 2007, "CM-CIC Covered Bonds", the Issuer adopted the name "Crédit Mutuel-CIC Home Loan SFH" on 6 June 2011. From the date of its incorporation and until 16 April 2007, the Issuer was a dormant entity owned by BFCM and did not engage in any business activity.

The Issuer is governed by:

(a) the French Commercial Code; and

(b) the French Monetary and Financial Code.

The Issuer's registered office and principal place of business is located at 6, avenue de Provence, 75452 Paris Cedex 9, France. Its phone number is +33 (0)1 45 96 79 02.

The Issuer's authorised and issued share capital is €220,000,000 consisting of 22,000,000 ordinary shares with a par value of €10 each.

The Issuer is a subsidiary of BFCM and licensed as a credit institution with limited and exclusive purpose by the French *Autorité de contrôle prudentiel et de résolution*.

Following the entry into force of law N° 2010-1249 dated 22 October 2010 on the banking and financial regulation and decree N° 2011-205 dated 23 February 2011 with respect to the status of SFH, the Issuer decided to adopt for the legal regime of an SFH. In accordance with article 74 of law N° 2010-1249 dated 22 October 2010 on the banking and financial regulation, the French *Autorité de contrôle prudentiel et de résolution*, pursuant to its decision dated 28 March 2011, has authorised the Issuer to adopt the status of an SFH. Following its adoption of such status, the Issuer is now also governed by the laws and regulations applicable to an SFH (for further description, see "*Main features of the legislation and regulations relating to* sociétés de financement de l'habitat").

On the date of this Base Prospectus, 99.99% of the Issuer's share capital was held by BFCM.

See "*Documents Incorporated by Reference*" for a list of documents regarding the Issuer incorporated by reference herein and where to find such documents.

Issuer's Activities

Special purpose entity and restrictions on object and powers

The Issuer is an entity with separate legal capacity and existence, licensed by the French banking regulator notably for the purpose of making Borrower Advances (in accordance with article L. 515-35-I-1° of French Monetary and Financial Code) and issuing Covered Bonds that benefit from the *Privilège*.

The Issuer's objects and powers will to the extent possible be restricted to those activities necessary to carry out its obligations under the Programme Documents and under the documents of the separate International Programme. The Issuer does not have and will not have any employees, nor will it own or lease any premises. The Issuer will undertake pursuant to the Administrative Agreement and its articles of association not to engage in unrelated business activities or incur any material liabilities other than those contemplated in the U.S. Programme Documents and under the documents of the separate International Programme.

In accordance with the provisions of article L. 515-35-IV of the French Monetary and Financial Code, the Issuer, as an SFH, is not allowed to hold equity participations in other companies.

Limitations on indebtedness

Pursuant to the Conditions, the Issuer will be restricted from incurring additional indebtedness (other than as contemplated by the U.S. Programme Documents) unless:

(a) such indebtedness is fully subordinated to the outstanding indebtedness under the New York Law Covered Bonds; or

(b) prior Rating Affirmation has been made in relation to such indebtedness.

Limited recourse

Each party to any U.S. Programme Document will agree:

(a) not to seek recourse under any obligation, covenant or agreement of the Issuer contained in any U.S. Programme Document against any shareholder, member of the board of directors, managing director, or agent of the Issuer, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise; *it being expressly agreed and understood* that any obligation of the Issuer under any U.S. Programme Document is a corporate obligation of the Issuer, and that no personal liability will attach to or be incurred by the shareholders, members of the board of directors, managing directors or agents of the Issuer, as such, or any of them under or by reason of any of the obligations, covenants or agreements of the Issuer contained in any U.S. Programme Document or implied therefrom and, as a condition of and in consideration for the execution by the Issuer of any U.S. Programme Document, to waive any and all personal liability of every such shareholder, member of the board of directors, managing director or agent of the Issuer for breaches by the Issuer of any of its obligations, covenants or agreements under any U.S. Programme Document;

(b) to limit its recourse against the Issuer under any U.S. Programme Document to amounts payable or expressed to be payable to it by the Issuer in respect of its obligations and liabilities under any U.S. Programme Document (and, for the avoidance of doubt, to the exclusion of any damage for breach of contract or other penalties not expressed as being payable by the Issuer under any U.S. Programme Document) and in accordance with the then applicable Priority Payment Order; and

(c) that, in accordance with, but subject to, the then applicable provisions of the section "*Cash Flow*" of this Base Prospectus, amounts payable or expressed to be payable by the Issuer in respect of its obligations and liabilities under any U.S. Programme Document will be recoverable only from and to the extent of the amount of the Available Funds, as calculated on the relevant Interest Payment Date or (as applicable) on the relevant Final Maturity Date of each relevant Series of Covered Bonds (provided that, to the extent that no Available Funds exist at the relevant date, the Issuer will not be liable to make payment of the aforementioned amounts and provided further that in the event that the Available Funds at the relevant date are insufficient to pay in full all amounts whatsoever due to it and all other claims ranking *pari passu* to its claims, then its claims against the Issuer will be limited to its respective share of such Available Funds (as determined in accordance with the then applicable Priority Payment Order) and, after payment to it of its respective share of such Available Funds, the obligations of the Issuer to it will be discharged in full).

Non-petition

Each party to any U.S. Programme Document will also agree that prior to the date which is 18 months and one day after the earlier of (i) the Final Maturity Date of the last Series issued by the Issuer under the U.S. Programme or the International Programme, or (ii) the date of payment of any sums outstanding and owing under the last outstanding Covered Bond:

(a) it will not take any corporate action or other steps or legal proceedings for the winding-up, dissolution or organisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, examiner, sequestrator or similar officer of the Issuer, or the Issuer or of any or all of the Issuer's revenues and assets; and

(b) it will not have any right to take steps for the purpose of obtaining payment of any amounts payable to it under any U.S. Programme Document by the Issuer and will not until such time take any step to recover any debts whatsoever owing to it by the Issuer otherwise than in accordance with, and subject to, the Conditions;

The above undertakings by each relevant party survive the termination of any U.S. Programme Document and the payment of all sums owing under any such U.S. Programme Document.

No risk of Issuer consolidation upon insolvency of BFCM

The Issuer is a ring-fenced entity that will be unaffected by the insolvency of BFCM. By way of exception to the provisions of Book VI (*Livre VI*) of the French Commercial Code relating to the difficulties of companies (*difficultés des entreprises*), article L. 515-27 of the French Monetary and Financial Code precludes the extension of a safeguard proceeding, a judicial reorganisation proceeding, a financial accelerated safeguard proceeding or a judicial liquidation proceeding in respect of the Issuer's parent company (BFCM) to the Issuer itself.

Restrictions on mergers or reorganisations

The Issuer will undertake in the Conditions not to enter into any merger, re-organisation or similar transaction without prior Representative Consent and Rating Affirmation.

Issuer Risk Management

Pursuant to the terms of the Administrative Agreement (as amended from time to time) (see "*The Issuer—The Administrative Agreement*") and of the Administrative Services Agreement (as amended from time to time), the risk management of the Issuer is delegated to BFCM.

Internal control system

The Issuer has set up internal control systems, in accordance with the *Règlement 97-02* of the French *Comité de la Réglementation Bancaire et Financière* (the "***Règlement***") relating to the internal control of the credit institutions and investment companies. Internal control systems take into account the Issuer's legal form as a French limited liability company with a board of directors (*société anonyme à conseil d'administration*) and the fact that the Issuer has no employees of its own.

Ongoing internal control system (contrôle permanent)

In accordance with article 7-5 of the *Règlement*, the ongoing internal control (*contrôle interne permanent*) of the Issuer is under the responsibility of the managing director of the Issuer, within the framework of the Group's ongoing internal control system (which is under the responsibility of the Head of Ongoing Internal Control 'Business Lines' (*Responsable du Contrôle Permanent Métiers*) of the Group).

In accordance with article 6 a) of the *Règlement*, the ongoing internal control implemented on behalf of the Issuer is organised around:

(i) a middle-office, exercising a level 1 control under the responsibility of the head of post-market activities of the CM-CIC Marchés department of CIC, and deals with the accounting aspects, using a dedicated team placed under the responsibility of the head of accounting middle-office, and with the risks aspects, using a dedicated team placed under the responsibility of the head of risks middle-office; and

(ii) a team in charge of market activities, intervening as level 2 control and which ensures a monitoring of the risks and of the controls carried out within the Issuer.

The above mentioned team in charge of the control of market activities is attached to the ongoing internal control 'business lines' implemented for the Group (taken as a whole), under the responsibility of a head who reports to the Control and Conformity Committee (*Comité de Contrôle et de Conformité*).

In accordance with article 7-1 of the *Règlement*, the units in charge of the engagement of the operations are separated from the units in charge of their approval, their settlement and the monitoring of risks.

Periodic Internal Control system

In accordance with article 7-5 of the *Règlement*, the periodic internal control system (*contrôle périodique*) of the activities of the Issuer is implemented within the Group, under the responsibility of the managing director of the Issuer, within the framework of the Group's periodic internal control system (which is under the responsibility of a Head of Periodic Internal Control 'Business Lines').

Within the framework of the regulatory requirements defined by the *Règlement*, the periodic internal control of specialised business lines of the Group is carried out with specialised auditors.

In addition to the information given to the persons in charge of the audited structures, the Head of Periodic Internal Control 'Business Lines' reports his observations, conclusions and recommendations to the executive body of the Group. In addition, he provides information to the Control and Conformity Committee.

Compliance Control

In accordance with article 11 of the *Règlement*, the compliance control of the activities of the Issuer is carried out under the responsibility of the managing director of the Issuer, within the framework of the Group's compliance control system (which is under the responsibility of the Head of Compliance for the Group).

The person in charge of the compliance controls within the Issuer informs the board of directors of the Issuer of the conclusions of its missions.

All new banking and investment services by the Issuer are subject to a systematic preliminary review by the person in charge of compliance with the framework for "new products - news activities" ("*Nouveaux produits – nouvelles activités*") implemented at the Group level.

Level 1 internal controls are carried out by all persons acting on behalf of the Issuer with respect to accounting, administrative, regulatory and information technology (IT) systems of the Issuer. Some of these controls are integrated in the electronic processes and are therefore carried out automatically.

Accounting

In the context of the Administrative Services Agreement, the general accounting, the consolidation of periodical financial statements and preparation of regulatory statements (BAFI) are carried out by a team of the accounting department *Métiers & Filiales* of CIC.

To carry out such services, the accounting department *Métiers & Filiales* of CIC uses the accounting tools made available by Euro Information, one of the Group's two IT-focused subsidiaries.

IT Systems

All of the procedures below are carried out, under the responsibility of BFCM, through Euro Information programmes.

The general accounting and the provision of financial statements are carried out through the EI tool (an accounting package). The accounting statements are based on the information taken out of the BALC transactions which supply the consolidation tool Business Object Financial Conso from SAP. This tool is used to set up the consolidated accounts of BFCM, CF de CM and the Group, and is also used to set up individual financial statements through a centralised process.

The preparation and provision of regulatory and prudential statements are carried through the Evolan Report tools provided by SOPRA.

All of the accounting records are kept in accordance with the standards of the Group and updated in the event of any modification of the applicable regulations.

Finally, the preparation and electronic processing tasks relating to the accounting information systems of the Issuer are carried out, under the responsibility of BFCM, by specialised teams that have expertise in this domain and benefit from a backup site.

This organisation is based on general accounting managed by the CIC accounting department under "*Métiers & Filiales*". The Borrower Advances made available by the Issuer under the Borrower Facility Agreement and the issue of New York Law Covered Bonds are followed up by the back offices of BFCM in the KTP tool. This tool generates accounting information flows sent on a daily basis, by batch, to the central system. KTP also initiates the cash flows. The entire process is validated daily by the follow-up of the bank accounts. The inventories are generated monthly by KTP and also interfaced with the central system. These inventories are monitored by the *Contrôle Comptable et Réglementaire* and are used as a basis for regulatory information purposes, established by the accounting department of CIC.

Internal control reporting

At least twice a year, the board of directors of the Issuer reviews the activity and the results of the periodic and ongoing internal controls, and in particular, verifies compliance control on the basis of information provided by both the managing director and the internal control officer.

Information procedures of the Board of Directors

The managing director of the Issuer keeps the board of directors of the Issuer informed of the economic and financial situation of the Issuer and communicates any and all measures comprising the system of internal control as well as the main items and results which have been observed with respect to the risks to which the Issuer is exposed.

Procedures handbook

A procedures handbook notably sets out the conditions under which the recording, the management, the administration and the reporting of the information are performed as well as the accounting schemes and commitment procedures of the transactions. In the context of the Administrative Services Agreement, each relevant party thereto is entrusted with the duties of updating the procedures handbook relating to its activities.

Internal control documentation

In the context of the Administrative Services Agreement, documentation on periodic and ongoing internal controls is prepared in order to be made available, upon request, to the board of directors of the Issuer, the statutory auditors of the Issuer and the *Autorité de contrôle prudentiel et de résolution*.

On the basis of the information collected by BFCM in the exercise of its mission, and of further information provided by the Issuer, BFCM submits to the Issuer, once a year, a report on the internal control in accordance with article L. 225-37 of the French Commercial Code.

On the basis of information collected by persons in charge of Group internal control and additional information provided by the Issuer, reports on internal control, in accordance with article 42 of the *Règlement*, and on the assessment and monitoring of risks to which the Issuer is exposed, in accordance with article 43 of the *Règlement*, are prepared once a year and submitted for approval to the board of directors of the Issuer.

On the basis of information collected by persons in charge of the Group's compensation policies and practices and additional information provided by the Issuer, a report on the compensation policies and practices, in accordance with article 43-1 of the *Règlement*, is prepared once a year.

Duty of care on money laundering transactions and fight against the financing of terrorist activities

Group entities have a duty of care with respect to risks relating to money laundering and the financing of terrorist activities and must inform the Issuer in the event they identify any such risk. However, the Issuer is primarily responsible for anti-money laundering and measures against the financing of terrorist activities and "know your customer" checks in respect of the transactions the Issuer enters into.

In accordance with the provisions of the Administrative Services Agreement, the Issuer benefits from the Group's procedures with respect to anti-money laundering and measures against the financing of terrorist activities.

The TRACFIN representatives in charge of performing the above mentioned tasks for the Issuer are the same as those performing this function for BFCM.

Issuer Financial Elements

The financial year of the Issuer runs from 1 January to 31 December. The Issuer has no subsidiaries and therefore does not prepare consolidated financial statements.

The Issuer produces investor reports that are available on the Issuer's website (www.creditmutuelcic-sfh.com).

Issuer Share Capital, New York Law Covered Bonds, Subordinated Loans and Issuer Majority Shareholder's Undertakings

Share capital

The Issuer's issued share capital is €220,000,000 consisting of 22,000,000 ordinary shares with a par value of €10 each.

The Issuer's share capital may be increased or decreased in accordance with applicable law. New shares can be issued either at par value or at a premium.

A capital increase can only be approved by an extraordinary general meeting of shareholders, on the basis of a report by the Issuer's board of directors.

An extraordinary general meeting of shareholders can delegate the necessary powers to the Issuer's board of directors to increase the Issuer's share capital on one or more occasions, to establish the terms of the increase, to certify that such terms have been carried out and to amend the Issuer's articles of association accordingly.

A reduction in capital can be decided by an extraordinary general meeting of shareholders, which may delegate to the Issuer's board of directors all the necessary powers to carry out such a reduction.

Covered Bonds

From time to time, the Issuer will issue New York Law Covered Bonds under this U.S. Programme. From time to time, the Issuer has issued and will issue Covered Bonds under the separate International Programme.

Subordinated Loans

As from 6 July 2007, the Issuer has also been granted two €60,000,000 subordinated shareholder's loans granted by BFCM (the "**Subordinated Loans**").

Each Subordinated Loan provides that all amounts to be paid by the Issuer under such Subordinated Loan will be paid according to the then applicable Priority Payment Order, as described in Condition 16 under "*Terms and Conditions of the New York Law Covered Bonds*" and "*Cash Flow*".

Each Subordinated Loan includes Limited Recourse and Non-petition provisions, as described under "*Issuer's Activities—Limited recourse*" and "*Issuer's Activities—Non-petition*".

No amendment, modification, alteration or supplement may be made to the Subordinated Loans without prior Rating Affirmation if such amendment, modification, alteration or supplement materially and adversely affects the interests of the Issuer or the Bondholders.

For the avoidance of doubt, the Subordinated Loan agreements may be amended, modified, altered or supplemented without prior Rating Affirmation:

(a) to cure any ambiguity, omission, defect or inconsistency;

(b) to evidence or effect the transition of any party to a Subordinated Loan agreement to any successor;

(c) to add to the undertakings and other obligations of BFCM under a Subordinated Loan agreement; or

(d) to comply with any mandatory requirements of applicable laws and regulations.

The Subordinated Loans are governed by, and construed in accordance with, French law. The Issuer and BFCM, as lender, have agreed to submit any dispute that may arise in connection with the Subordinated Loans to the jurisdiction of the competent courts of Paris.

Shareholder Letter of Undertaking

As the majority shareholder of the Issuer and pursuant to a letter of undertaking (as amended from time to time) (the "**Shareholder Letter of Undertaking**"), BFCM has undertaken in favour of the Bondholders of all Series to be issued:

(a) not to take or participate in any corporate action or other steps or legal proceedings for the voluntary winding-up, dissolution or organisation of the Issuer or of any or all of the Issuer's revenues and assets;

(b) not to take or participate in any corporate action or other steps or legal proceedings for the voluntary appointment of a receiver, administrator, administrative receiver, trustee, liquidator, examiner, sequestrator or similar officer with respect to the Issuer or of any or all of the Issuer's revenues and assets;

(c) not to amend the constitutional documents (and in particular the articles of association) of the Issuer other than as expressly contemplated under the U.S. Programme Documents or without a prior Representative Consent and Rating Affirmation;

(d) unless required by any administrative or regulatory authorities or under any applicable law or regulation (as the same will have been notified by the Issuer and/or BFCM to the Rating Agencies) or unless approved by BFCM subject to prior Rating Affirmation, that BFCM will procure that the Issuer will at all times comply with its undertakings and other obligations as set forth in the banking license of the Issuer or in the related application form (*dossier d'agrément*) filed with the *Autorité de contrôle prudentiel et de résolution*;

(e) not to permit any amendments to the U.S. Programme Documents other than as expressly permitted or contemplated under the U.S. Programme Documents or without the prior Representative Consent and prior Rating Affirmation;

(f) not to permit that the Issuer cease to be consolidated within the tax group formed under the *régime d'intégration fiscale* provided by article 223 A *et seq*. of the French General Tax Code (*Code général des impôts*), with BFCM as head of that tax group and not to amend the tax consolidation agreement (*convention d'intégration fiscale*) in force at the date hereof between BFCM and the Issuer without prior Rating Affirmation;

(g) not to create or permit to subsist any encumbrance over the whole or any part of the shares of the Issuer it owns;

(h) not to sell, transfer, lease out or otherwise dispose of, by one or more transactions or series of transactions (whether or not related), whether voluntarily or involuntarily, the whole or any part of the shares of the Issuer it owns; and

(i) to take any necessary steps, which are available to it as shareholder, to remain majority shareholder of the Issuer.

Issuer Management bodies

The chairman and managing director

The chairman of the board of directors and the managing director are responsible for the conduct of the Issuer's activities vis-à-vis the French financial regulator in accordance with article L. 511-13 of the French Monetary and Financial Code.

In accordance with applicable French corporate laws, the managing director represents the Issuer vis-à-vis third parties. The chairman of the board of directors ensures the efficient functioning of the board of directors.

Board of directors

The Issuer's board of directors consists of a minimum of three members and a maximum of 18 members. Each member has a term of office of six years.

Members of the board of directors

On the date of this Base Prospectus, the board of directors consisted of the following six members, whose terms of office have been subsequently renewed by a decision of the Board of Directors of the Issuer dated 7 May 2013.

Name and Position	Date of appointment
Mr. Christian Klein, chairman of the board of directors.....	16 April 2007
Mr. Christian Ander, managing director	16 April 2007
Mr. Philippe Vidal, director.....	16 April 2007
Mr. Luc Chambaud, director	28 June 2008
Mr. François Migraine, independent director	15 May 2011
BFCM (represented by Mr. Marc Bauer), director.....	16 April 2007

The term of office of Mr. Christian Klein, Mr. Christian Ander, Mr. Philippe Vidal, Mr. Luc Chambaud and BFCM (represented by Mr. Marc Bauer) was renewed by a decision of the Board of Directors of the Issuer dated 7 May 2013.

The members of the board of directors have their business addresses at the registered office of the Issuer.

Mr. Christian Klein, chairman of the board of directors, is also the managing director of BFCM and head of CM - CIC Marchés, in charge of *Métiers Refinancement et Commercial*.

Mr. Christian Ander, managing director, is also head of *Métiers Refinancement* of CM - CIC Marchés.

Mr. Philippe Vidal, director, is also member of the executive board of Credit Industriel et Commercial (CIC).

Mr. Luc Chambaud, director, is also member of the supervisory board of Credit Industriel et Commercial (CIC) and managing director of *Fédération du Crédit Mutuel de Normandie*.

Rights and duties of the board of directors

In accordance with applicable French corporate laws and the articles of association of the Issuer, the board of directors determines the scope of the Issuer's business activities. Without prejudice to the powers expressly granted to meetings of the shareholders, and in so far as the Issuer's articles of association permit, the board of directors deals with all matters relating to the conduct of the Issuer's business, within the limit of the corporate purpose of the Issuer. When dealing with third parties, the Issuer is bound by acts of the board of directors that do not come within the scope of the Issuer's corporate purpose, unless it can prove that the third party knew that a specific action was out of that scope.

The board of directors carries out the inspections and verifications which it considers appropriate. The chairman of board of directors or the managing director is required to send all the necessary documents and information to each director.

The chairman of the board of directors organises and oversees the work of the board of directors and reports to the shareholders' general meeting.

Rights and duties of the managing director

The general management of the Issuer is performed by the managing director. The managing director has extensive powers to act on behalf of the Issuer in all circumstances, but exercises its powers subject to those that the law allocates explicitly to shareholders' meetings and to the board of directors.

The by-laws of the Issuer provide that some actions may not be taken by the board of directors or by the chairman or by any managing director without the prior consent of the shareholders' general meeting. These provisions of the Issuer's by-laws are not enforceable against third parties.

The Issuer Independent Representative

According to the by-laws of the Issuer, the board of directors must, at all times, include an independent member (the "**Issuer Independent Representative**"), i.e., a member having no relationship with the Issuer, its shareholders or its management that could compromise the independence of judgement of such member. As of the date of this Base Prospectus, Mr. François Migraine is the Issuer Independent Representative.

A written confirmation consent of the Issuer Independent Representative is required regarding certain actions, determinations or appointments by the Issuer or the shareholders of the Issuer.

Issuer Statutory Auditors

The statutory auditors of the Issuer, whose appointment was renewed on 7 May 2013 for a period of six years, expiring at the close of the ordinary general meeting to be called in 2019 to approve the financial statements for the year ending 31 December 2018, are:

(a) PricewaterhouseCoopers Audit, 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France;

(b) Ernst & Young et Autres, 1 place des Saisons, 92037 Paris La Défense Cedex, France.

Specific controller (*Contrôleur spécifique*)

The Issuer has appointed, in accordance with articles L. 515-30 to L. 515-31 of the French Monetary and Financial Code a specific controller and a substitute specific controller (*Contrôleur spécifique suppléant*), which have been selected from the official list of auditors and have been appointed by the board of directors of the Issuer with the prior approval of the *Autorité de contrôle prudentiel et de résolution*. The specific controller is completely independent from the Issuer.

The specific controller ensures that the Issuer complies with the French Monetary and Financial Code (notably verifying the quality and the eligibility of the assets and the cover ratios). In particular, the specific controller must certify that the cover ratio is satisfied in connection with (i) the *société de financement de l'habitat* quarterly programme of issuances benefitting from the *Privilège* and (ii) any specific issue also benefiting from the *Privilège* which amount is greater than €500 million.

It also monitors the balance between the Issuer's assets and liabilities in terms of rates and maturity (cash flow adequacy) and notifies the board of directors of the Issuer and the *Autorité de contrôle prudentiel et de résolution* if it considers such balance to be unsatisfactory. The specific controller attends all shareholders' meetings and, upon its request, may be heard by the board of directors (article L. 515-30 of the French Monetary and Financial Code).

In addition, in accordance with article L. 515-38 of the French Monetary and Financial Code, the specific controller ensures that the Eligible Assets granted as collateral in order to secure Borrower Advances, comply with the provisions of articles L. 515-34 and L. 515-35 of the French Monetary and Financial Code.

The specific controller of the Issuer is FIDES AUDIT, 37, avenue de Friedland, 75008 Paris, France, represented by Mr. Stéphane Massa.

The Administrative Agreement

This section sets out the main terms of the Administrative Agreement.

Background

The "**Administrative Agreement**" refers to the agreement (as amended from time to time) entered into between Crédit Mutuel-CIC Home Loan SFH, as Issuer and BFCM, as Administrator (the "**Administrator**").

Purpose

Under the Administrative Agreement, Crédit Mutuel-CIC Home Loan SFH, as Issuer, appointed BFCM as its agent to provide administrative services to the Issuer (including all necessary advice, assistance and know-how, day to day management and corporate administration services). The Administrator must always act in the best and exclusive interest of Crédit Mutuel-CIC Home Loan SFH.

Administrator's duties

Pursuant to the Administrative Agreement, the Administrator, *inter alia*:

(a) advises and assists the Issuer in all accounting and tax matters;

(b) advises and assists the Issuer in all legal and administrative matters;

(c) ensures that the Issuer exercises each of its rights and performs each of its obligations under the U.S. Programme Documents;

(d) provides the Issuer with all necessary technical and other assistance and know-how to exercise and perform all of its rights and obligations under the U.S. Programme Documents;

(e) assists the Issuer in operating its bank accounts, the management and investment of its available cash in Permitted Investments in accordance with the relevant Permitted Investments rules, and any other matters in relation to the management of its bank accounts and funds so as to ensure that the Issuer complies at all times with the provisions of the U.S. Programme Documents;

(f) acts as custodian of any other documents that any corporate company similar to the Issuer will keep on file under any applicable laws, until the Service Termination Date;

(g) in accordance with article L. 515-22 of the French Monetary and Financial Code, manages and services (*gérer et recouvrer*) any Borrower Advances made under the Borrower Facility and, in particular, within this context:

- upon enforcement of the Collateral Security following the occurrence of a Borrower Event of Default, causes the Collateral Providers to deliver the Collateral Security Assets to the Issuer and hence the Issuer to take title to such assets;
- upon enforcement of the Collateral Security following the occurrence of a Borrower Event of Default and upon the Issuer taking title to the Collateral Security Assets, ensures the servicing of such assets (if not transferred to a substitute servicer), and notifies the debtors for the direct payment to the Issuer of the amounts due under the Home Loans;

(h) without prejudice to the provisions of the Administrative Services Agreement and of the Calculation Services Agreement, advises and assists the Issuer with respect to any laws and regulations relating to the *sociétés de financement de l'habitat;*

(i) in accordance with article L. 515-22 of French Monetary and Financial Code, manages any payment to be made on behalf the Issuer under the New York Law Covered Bonds, on each date on which any payment in respect of the New York Law Covered Bonds becomes due, in accordance with the terms and conditions of the Agency Agreement; and

(j) notifies the Rating Agencies of the cancellation by the Issuer of any New York Law Covered Bonds previously issued and subscribed by the Issuer itself in accordance with article L. 515-32-1 of the French Monetary and Financial Code.

Administrator's duties regarding the acquisition of Substitution Assets

The Administrator, acting in the name and on behalf of the Issuer, may acquire Substitution Assets (as defined below) in order for the Issuer to comply with the Asset Cover Test, the Amortisation Test and/or the regulatory cover ratio referred to in article L. 515-20 of the French Monetary and Financial Code.

The transfer of Substitution Assets may be made by the Administrator, acting in the name and on behalf of the Issuer, subject to the following cumulative conditions:

- each purchase of a Substitution Asset will be made with the purpose of complying with the Asset Cover Test, the Amortisation Test and/or the regulatory cover ratio referred to in article L. 515-20 of the French Monetary and Financial Code, as applicable;
- each Substitution Asset to be purchased by the Issuer must be selected by the Administrator, in compliance with any and all criteria defining Substitution Assets;
- the transfer of each Substitution Asset must be valid and comply with any laws and regulations applicable to such transfer or to the Issuer;
- the transfer of each Substitution Asset must not create any material adverse tax or legal effect for the Issuer;
- any consideration and costs to be paid by the Issuer for such transfer must be determined on an arm's length basis; and
- any consideration and costs to be paid by the Issuer for such transfer must be financed by the Issuer out of financial resources that do not benefit from the *Privilège* mentioned in article L. 515-19 of the French Monetary and Financial Code.

For the purpose of the Administrative Agreement, "**Substitution Assets**" means any assets which are eligible for an investment by a *société de financement à l'habitat* under articles L. 515-16 and L. 515-17 of the French Monetary and Financial Code.

Administrator's duties regarding the refinancing of the Transferred Assets

After title to Home Loans and related Home Loan Security has been transferred to the Issuer upon enforcement of the Collateral Security following the occurrence of a Borrower Event of Default (the "**Transferred Assets**"), the Administrator (or the Substitute Administrator) acting on behalf of the Issuer will sell or refinance such Home Loans and related Home Loan Security in order for the Issuer to receive sufficient Available Funds to make payments when due under the relevant Series of New York Law Covered Bonds (after taking into account all payments to be made in priority thereto according to the then applicable Priority Payment Order as described under "*Cash Flow*" in this Base Prospectus and the relevant payment dates and Final Maturity Date under each relevant Series of Covered Bonds).

The Administrator (or the Substitute Administrator) acting on behalf of the Issuer will ensure that the Home Loans and related Home Loan Security that are proposed for sale or refinancing (the "**Selected Assets**") at any relevant date (the "**Relevant Date**") will be selected on a random basis, provided that (i) no more Selected Assets will be selected than are necessary for the estimated sale or refinancing proceeds to equal the Adjusted Required Redemption Amount, and (ii) the aggregate outstanding principal amount or value (and interest accrued thereon) of such Selected Assets will not exceed the "Selected Assets Required Amount (SARA)", which is calculated as follows:

SARA = Adjusted Required Redemption Amount * A/B

where:

"**Adjusted Required Redemption Amount**" means an amount equal to the euro equivalent of the outstanding principal amount (together with Interest Amount accrued thereon) of the first Series of Covered Bonds maturing after the Relevant Date less amounts standing to the credit of the Issuer Accounts (excluding all amounts to be applied on the first Payment Date following the Relevant Date to repay higher ranking amounts in the then applicable Priority Payment Order as described under "*Cash Flow*" in this Base Prospectus and those amounts that are required to repay any Series which mature prior to or on the same date as the relevant Series);

"**A**" means the euro equivalent of the aggregate of the outstanding principal amount or value (together with interest accrued thereon) of all Transferred Assets; and

"**B**" means the euro equivalent of the outstanding principal amount (together with Interest Amount accrued thereon) in respect of all Series of Covered Bonds then outstanding.

The Administrator (or the Substitute Administrator) acting on behalf of the Issuer will offer the Selected Assets for sale to potential buyers for the best price reasonably available, but in any event for an amount not less than the Adjusted Required Redemption Amount.

If the Selected Assets have not been sold or refinanced (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount by the date which is six months prior to the Final Maturity Date of the Series of Covered Bonds maturing after the Relevant Date (after taking into account all payments, provisions and credits to be made in priority thereto), then the Administrator (or the Substitute Administrator) acting on behalf of the Issuer will (i) offer the Selected Assets for sale for the best price reasonably available or (ii) seek to refinance the Selected Assets on the best terms reasonably available, notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

For the purpose hereof, the Administrator (or the Substitute Administrator) acting on behalf of the Issuer may through a tender process appoint a portfolio manager of recognised standing on a basis intended to incite the portfolio manager to achieve the best price for the sale or refinancing of the relevant Home Loans and related Home Loan Security (if such terms are commercially available in the market) and to advise it in relation to the sale or refinancing of the same to potential buyers.

In respect of any sale or refinancing of the Selected Assets, the Administrator (or the Substitute Administrator) acting on behalf of the Issuer will use all reasonable endeavours to procure that the same are sold as quickly as reasonably practicable (in accordance, as the case may be, with the recommendations of the portfolio manager) taking into account the market conditions at that time.

For the purpose of the Administrative Agreement, "**Permitted Investments**" means any of the following investment products, subject to the terms and conditions of the Administrative Agreement and provided that such investment product complies with article L. 515-17 of the French Monetary and Financial Code:

(a) Euro denominated government securities, Euro demand or time deposits, certificates of deposit and short term debt obligations (including commercial paper) provided that in all cases such investments have a remaining maturity date of thirty (30) days or less and mature on or before the next following Payment Date and the short term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least A-1 (short-term) or A (long-term) by S&P, F1 (short-term) and A (long-term) by Fitch and P-1 (short-term) by Moody's;

(b) Euro denominated government securities, Euro demand or time deposits, certificates of deposit and short term debt obligations (including commercial paper) provided that in all cases such investments have a remaining maturity date of 364 days or less and the short term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least A-1+ (short-term) or AA- (long-term) by S&P, F1+ (short-term) and AA- (long-term) by Fitch and P-1 (short-term) by Moody's; and

(c) Euro denominated government securities, Euro demand or time deposits, certificates of deposit which have a remaining maturity date of more than 364 days and the long term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least AAA by S&P, AAA by Fitch and Aaa by Moody's.

Substitution and Agency

The Administrator may not assign its rights and obligations under the Administrative Agreement but has the right to be assisted by, to appoint or to substitute for itself any third party in the performance of certain or all its tasks under the Administrative Agreement provided that:

(a) the Administrator remains liable to the Issuer for the proper performance of those tasks and, with respect to the Issuer only, the relevant third party has expressly waived any right to any contractual claim against the Issuer; and

(b) the relevant third party has undertaken to comply with all obligations binding upon the Administrator under the Administrative Agreement.

Fees

In consideration of the services provided by the Administrator to the Issuer under the Administrative Agreement, the Issuer must pay to the Administrator an administration fee computed subject to, and in accordance with, the provisions of the Administrative Agreement.

Representations, warranties and undertakings

The Administrator has made the customary representations and warranties and undertakings to the Issuer, the representations and warranties being given on the execution date of the Administrative Agreement and continuing until the Service Termination Date.

Indemnities

Pursuant to the Administrative Agreement, the Administrator undertakes to hold harmless and fully and effectively indemnify the Issuer against all actions, proceedings, demands, damages, costs, expenses (including legal fees), claims, losses, prejudice or other liability, which the Issuer may sustain or incur as a consequence of the occurrence of any default by the Administrator in its performance of any of its obligations under the Administrative Agreement.

Resignation of the Administrator

The Administrator may not resign from the duties and obligations imposed on it as Administrator pursuant to the Administrative Agreement, except:

(a) upon a determination that the performance of its duties under the Administrative Agreement is no longer permissible under applicable law; and

(b) in the case where the Issuer does not comply with any of its material obligations under the Administrative Agreement and fails to remedy the situation within one hundred and eighty (180) days from the receipt by the Issuer of a notice from the Administrator,

such resignation being effective on the date upon which (i) the event in paragraph (a) above occurs; or (ii) 180 days after the date of delivery of the notice referred to in paragraph (b) above and the date upon which the Administrator becomes unable to act as Administrator.

Administrator's Defaults

Each of the following events will constitute an Administrator's Default:

(a) any material representation or warranty made by the Administrator is or proves to have been incorrect or misleading in any material respect when made, and the same is not remedied (if capable of remedy) within sixty (60) Business Days after the Issuer has given notice thereof to the Administrator or (if sooner) the Administrator has knowledge of the same, provided that the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant New York Law Covered Bonds;

(b) the Administrator fails to comply with any of its material obligations under the Administrative Agreement unless such breach is capable of remedy and is remedied within sixty (60) Business Days after the Issuer has given notice thereof to the Administrator or (if sooner) the Administrator has knowledge of the same, provided that the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant New York Law Covered Bonds;

(c) an Insolvency Event occurs in respect of the Administrator; or

(d) at any time it is or becomes unlawful for the Administrator to perform or comply with any or all of its material obligations under the Administrative Agreement or any or all of its material obligations under the Administrative Agreement are not, or cease to be, legal, valid and binding.

For such purposes, "**Insolvency Event**" means the occurrence of any of the following events:

(a) the relevant entity is, or is deemed or declared for the purposes of any law to be, unable to pay its debts as they fall due or to be insolvent, including without limitation, en *état de cessation des paiements*, or admits in writing its inability to pay its debts as they fall due;

(b) the relevant entity by reason of financial difficulties, begins formal negotiations with one or more of its creditors with a view to the general readjustment or rescheduling of any of its indebtedness or applies for or is subject to an amicable settlement or a *règlement amiable* pursuant to article L. 611-1 *et seq.* of the French Commercial Code;

(c) a meeting of the shareholders of the relevant entity is convened for the purpose of considering any resolution for (or to petition for) its winding-up or its administration or any such resolution is passed;

(d) any person presents a petition for the winding-up or for the administration or for the bankruptcy of the relevant entity and the petition is not discharged within thirty (30) days;

(e) any order for the winding-up or administration of the relevant entity is issued;

(f) a judgement is issued for the judicial liquidation, the safeguard (or financial accelerated safeguard) of the relevant entity (*procédure de sauvegarde (ou sauvegarde financière accélérée)*), the rescheduling of the debt of the relevant entity or the transfer of the whole or part of the business of the relevant entity (*cession de l'entreprise*); or

(g) any liquidator, trustee in bankruptcy, receiver, administrative receiver, administrator or the like (including, without limitation, any *mandataire ad hoc*, *administrateur judiciaire*, *administrateur provisoire*, *conciliateur* or *mandataire liquidateur*) is appointed in respect of the relevant entity or any substantial or material part of the assets or the directors of the relevant entity request such appointment.

Administrator Rating Trigger Event

If an Administrator Rating Trigger Event occurs, the Administrator will notify the Issuer in writing of the occurrence of the Administrator Rating Trigger Event within five Business Days from the date upon which it becomes aware of such event and this will constitute a termination event under the Administrative Agreement.

For such purposes, "Administrator Rating Trigger Event" means the event in which the long-term senior unsecured, unsubordinated and unguaranteed debt obligations of the Administrator become rated below BBB by S&P, or Baa2 by Moody's or BBB by Fitch, or after the date hereof, any other rating levels (i) as may be required by applicable laws and regulations or as per the most recently public available rating criteria methodology reports published by the Rating Agencies and (ii) commensurate with the then current ratings of the Covered Bonds.

Termination

"**Administrator Termination Events**" under the Administrative Agreement will include the following events:

(a) the termination of the Administrative Agreement in accordance with its scheduled term;

(b) the occurrence and continuation of any Administrator's Default;

(c) the occurrence of the Administrator Rating Trigger Event;

(d) the occurrence of a Borrower Event of Default; or

(e) the resignation of the Administrator.

If an Administrator Termination Event occurs and is continuing, the Issuer will terminate the Administrative Agreement by delivery of a written termination notice to the Administrator (the "**Notice of Termination**").

Upon receipt by the Administrator of the Notice of Termination, the Administrative Agreement will terminate with effect:

- not earlier than twenty (20) Business Days as from the receipt by the Administrator of the Notice of Termination, if such Notice of Termination is served due to the occurrence of a Borrower Event of Default or of an Administrator Rating Trigger Event;
- not earlier than twenty (20) Business Days as from the receipt by the Administrator of the Notice of Termination or at any other date that the Issuer may have specified in the Notice of Termination, if such Notice of Termination is served due to any other reason,

(each, a "**Service Termination Date**"), and save for any continuing obligations of the Administrator contained in the Administrative Agreement.

Upon the Service Termination Date, the Issuer will replace BFCM, as Administrator, with any substitute entity (the "**Substitute Administrator**"), the choice of which will be subject to prior Rating Affirmation.

Notwithstanding the Service Termination Date, the Administrator will continue to be bound by all its obligations under the Administrative Agreement until the appointment of the Substitute Administrator is effective. The Administrator undertakes to act in good faith to assist any Substitute Administrator.

Limited Recourse – Non-Petition

The Administrative Agreement includes Limited Recourse and Non-petition provisions, as described under "*Issuer's Activities—Limited Recourse*" and "*Issuer's Activities—Non-Petition*".

Amendment

No amendment, modification, alteration or supplement will be made to the Administrative Agreement without prior Rating Affirmation if the same materially and adversely affects the interest of the Issuer or the Bondholders.

For the avoidance of doubt, the Administrative Agreement may be amended, modified, altered or supplemented without prior Rating Affirmation:

(a) to cure any ambiguity, omission, defect or inconsistency;

(b) to evidence or effect the transition of any party to the Administrative Agreement to any successor;

(c) to add to the undertakings and other obligations of the Administrator under the Administrative Agreement; or

(d) to comply with any mandatory requirements of applicable laws and regulations.

Governing Law – Jurisdiction

The Administrative Agreement is governed by, and is to be construed in accordance with, French law. The Issuer and the Administrator have agreed to submit any dispute that may arise in connection with the Administrative Agreement to the jurisdiction of the competent court of Paris.

The Issuer Accounts Agreement

This section sets out the main material terms of the Issuer Accounts Agreement pursuant to which the Issuer Accounts are opened in the books of the Issuer Accounts Bank.

Background

The Issuer Accounts Agreement refers to the agreement (as amended from time to time) entered into between Crédit Mutuel-CIC Home Loan SFH, as Issuer and BFCM, as Issuer Accounts Bank (the "**Issuer Accounts Bank**") (the "**Issuer Accounts Agreement**").

Purpose

Under the Issuer Accounts Agreement, Crédit Mutuel-CIC Home Loan SFH, as Issuer, has appointed BFCM as its account bank for the opening and operation of its bank accounts (the "**Issuer Accounts**"). The Issuer Accounts Bank will always act in the best and exclusive interest of Crédit Mutuel-CIC Home Loan SFH.

Issuer Accounts

The Issuer Accounts opened in the name of the Issuer in the books of the Issuer Accounts Bank include:

(a) the "**Issuer Cash Accounts**", including the Issuer General Account (denominated in Euro), the Cash Collateral Account (denominated in Euro) and the Share Capital Proceeds Account (denominated in Euro); and

(b) the "**Issuer Securities Accounts**", which are securities accounts (*compte d'instruments financiers*) opened in relation to each Issuer Cash Account,

it being provided that, according to the Issuer Accounts Agreement, upon request of the Issuer, the Administrator may open within the books of the Issuer Accounts Bank, any new bank cash account (and the corresponding securities account) in the name of the Issuer which may be necessary or advisable for the performance by the Issuer of its rights and obligations under any U.S. Programme Document, and notably in case of issuance of New York Law Covered Bonds denominated in a Specified Currency other than Euro.

Funds Allocation

Each of the Issuer Accounts will be exclusively allocated to the operation of the Issuer.

All sums standing to the credit balance of the Issuer Cash Accounts may be invested from time to time in Permitted Investments by the Administrator (see "*The Issuer—The Administrative Agreement*").

Operation

The Issuer Cash Accounts will not be operated by the Issuer Accounts Bank otherwise than in accordance with the provisions of the Issuer Accounts Agreement and the Administrative Agreement and, in particular, the Issuer Accounts Bank may refuse to, without being liable for any such refusal:

(a) deliver credit cards or other means of payment with respect to the Issuer Cash Accounts or make any transfer from any of the Issuer Cash Accounts upon instructions of the Administrator other than by bank transfer or any such other means as is agreed with the Issuer;

(b) debit any of the Issuer Cash Accounts upon instructions of any person other than the Issuer or the Administrator;

(c) debit any of the Issuer Cash Accounts upon instructions of the Administrator, if the Issuer Accounts Bank is aware that such instructions may cause a debit balance of the relevant Issuer Cash Accounts (in which case the Issuer Accounts Bank will promptly inform the Administrator and the Issuer and postpone the performance of the relevant instructions until it has received the relevant renewed written instructions of the same); or

(d) implement any instruction from the Issuer (or the Administrator acting on its behalf) in connection with the Issuer Accounts if it is aware that an implementation of such instruction would constitute a breach of any provision of the Issuer Accounts Agreement.

Issuer General Account

As from the U.S. Programme Date and on any relevant date thereafter, the Issuer General Account will be credited or debited by the Issuer Accounts Bank, acting upon the instructions of the Issuer (or the Administrator acting on its behalf), with any and all amounts which are not specified to be credited or debited to any other Issuer Cash Accounts (the "**Issuer General Account**").

Cash Collateral Account

The Cash Collateral Account will be credited and debited only subject to, and in accordance with, the Cash Collateral Agreement as described under "*The Collateral Security—The Cash Collateral Agreement*", in "*Asset Monitoring—The Pre-Maturity Test*" and in "*Asset Monitoring—The Regulatory Liquidity Test*" (the "**Cash Collateral Account**").

Upon the occurrence of a Borrower Event of Default, the Issuer (or the Administrator acting on its behalf) will give the appropriate instructions in order to ensure that the balance of the Cash Collateral Account be allocated in accordance with the then applicable Priority Payment Order as described under "*Cash Flow*" in this Base Prospectus.

Share Capital Proceeds Account

On or prior to the U.S. Programme Date, the Share Capital Proceeds Account will be credited with the amount of the Issuer Share Capital and the Subordinated Loans (the "**Share Capital Proceeds Account**").

Upon the occurrence of a Borrower Event of Default, the Issuer (or the Administrator acting on its behalf) will give the appropriate instructions in order to ensure that the balance of the Share Capital Proceeds Account be allocated in accordance with the then applicable Priority Payment Order as described under "*Cash Flow*" in this Base Prospectus.

Representations, warranties and undertakings

The Issuer Accounts Bank has made the customary representations and warranties and undertakings to the Issuer, the representations and warranties being given on the execution date of the Issuer Accounts Agreement and continuing until the Service Termination Date.

Indemnities

Pursuant to the Issuer Accounts Agreement, the Issuer Accounts Bank undertakes to hold harmless and fully and effectively indemnify the Issuer against all actions, proceedings, demands, damages, costs, expenses (including legal fees), claims, losses, prejudice or other liability, which the Issuer may sustain or incur as a consequence of the occurrence of any default by the Issuer Accounts Bank in its performance of any of its obligations under the Issuer Accounts Agreement.

Resignation of Issuer Accounts Bank

The Issuer Accounts Bank will not resign from the duties and obligations imposed on it as Issuer Accounts Bank pursuant to the Issuer Accounts Agreement, except as follows:

(a) upon a determination that the performance of its duties under the Issuer Accounts Agreement will no longer be permissible under applicable law; and

(b) in the case where the Issuer does not comply with any of its material obligations under the Issuer Accounts Agreement and fails to remedy the situation within one hundred and eighty (180) days from the receipt by the Issuer of a notice from the Issuer Accounts Bank (with copy to the Administrator),

such resignation being effective on the date upon which (i) the event in paragraph (a) above occurs or (ii) one hundred and eighty (180) days after the date of delivery of the notice referred to in paragraph (b) above and the date upon which the Issuer Accounts Bank becomes unable to act as Issuer Accounts Bank.

Issuer Accounts Bank's Defaults

Each of the following events will constitute an Issuer Accounts Bank's Default (an "**Issuer Accounts Bank's Default**"):

(a) any material representation or warranty made by the Issuer Accounts Bank is or proves to have been incorrect or misleading in any material respect when made, and the same is not remedied (if capable of remedy) within sixty (60) Business Days after the Issuer has given notice thereof

to the Issuer Accounts Bank or (if sooner) the Issuer Accounts Bank has knowledge of the same, provided that the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant Covered Bonds;

(b) the Issuer Accounts Bank fails to comply with any of its material obligations under the Issuer Accounts Agreement to which it is a party unless such breach is capable of remedy and is remedied within sixty (60) Business Days after the Issuer has given notice thereof to the Issuer Accounts Bank or (if sooner) the Issuer Accounts Bank has knowledge of the same, provided that the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant Covered Bonds;

(c) an Insolvency Event occurs in respect of the Issuer Accounts Bank; or

(d) at any time it is or becomes unlawful for the Issuer Accounts Bank to perform or comply with any or all of its material obligations under the Issuer Accounts Agreement or any or all of its material obligations under the Issuer Accounts Agreement are not, or cease to be, legal, valid and binding.

For such purposes, "**Insolvency Event**" means the occurrence of any of the following events:

(a) the relevant entity is, or is deemed or declared for the purposes of any law to be, unable to pay its debts as they fall due or to be insolvent, including without limitation, en *état de cessation des paiements*, or admits in writing its inability to pay its debts as they fall due;

(b) the relevant entity by reason of financial difficulties, begins formal negotiations with one or more of its creditors with a view to the general readjustment or rescheduling of any of its indebtedness or applies for or is subject to an amicable settlement or a *règlement amiable* pursuant to article L. 611-1 *et seq*. of the French Commercial Code;

(c) a meeting of the shareholders of the relevant entity is convened for the purpose of considering any resolution for (or to petition for) its winding-up or its administration or any such resolution is passed;

(d) any person presents a petition for the winding-up or for the administration or for the bankruptcy of the relevant entity and the petition is not discharged within thirty (30) days;

(e) any order for the winding-up or administration of the relevant entity is issued;

(f) a judgement is issued for the judicial liquidation, the safeguard (or financial accelerated safeguard) of the relevant entity, the rescheduling of the debt of the relevant entity or the transfer of the whole or part of the business of the relevant entity (*cession de l'entreprise*); or

(g) any liquidator, trustee in bankruptcy, receiver, administrative receiver, administrator or the like (including, without limitation, any *mandataire ad hoc*, *administrateur judiciaire*, *administrateur provisoire*, *conciliateur* or *mandataire liquidateur*) is appointed in respect of the relevant entity or any substantial or material part of the assets or the directors of the relevant entity request such appointment.

Issuer Accounts Bank Rating Trigger Event

If an Issuer Accounts Bank Rating Trigger Event occurs, the Administrator will notify the Issuer in writing of the occurrence of such event and then within thirty (30) calendar days of such occurrence either:

- the then existing Issuer Accounts will be closed and new accounts will be opened under the terms of a new Issuer Accounts Agreement substantially on the same terms as the Issuer Accounts Agreement, with another financial institution whose unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1 (short-term) and A (long-term) by S&P, P- 1 by Moody's and F1 (short-term) and A (long-term) by Fitch (or, after the date hereof, any other rating levels (i) as may be required by applicable law and regulations or as per the most recently public available rating criteria methodology reports published by the Rating Agencies and (ii) commensurate with the then current ratings of the Covered Bonds);

- subject to prior Rating Affirmation, the Issuer Accounts Bank will obtain a guarantee of its obligations under the Issuer Accounts Agreement on terms acceptable to the Issuer, acting reasonably, from a financial institution whose unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1 (short-term) and A (long-term) by S&P, P- 1 by Moody's and F1(short-term) and A (long-term) by Fitch (or, after the date hereof, any other rating levels (i) as may be required by applicable law and regulations or as per the most recently public available rating criteria methodology reports published by the Rating Agencies and (ii) commensurate with the then current ratings of the Covered Bonds).

The same provisions will apply each time an Issuer Accounts Bank Rating Trigger Event occurs in relation to any substitute financial institution appointed in replacement of an Issuer Accounts Bank.

For such purposes, "**Issuer Accounts Bank Rating Trigger Event**" means the event in which the senior unsecured, unsubordinated and unguaranteed debt obligations of the then appointed Issuer Accounts Bank become rated below A-1 (short-term) and A (long-term) by S&P, or P-1 by Moody's or F1 (short-term) or A (long-term) by Fitch (or, after the date hereof, any other rating levels (i) as may be required by applicable law and regulations or as per the most recently public available rating criteria methodology reports published by the Rating Agencies and (ii) commensurate with the then current ratings of the Covered Bonds).

Termination

"Issuer Accounts Bank Termination Events" under the Issuer Accounts Agreement will include the following events:

(a) the termination of the Issuer Accounts Agreement in accordance with its scheduled term;

(b) the occurrence and continuation of any Issuer Accounts Bank's Default;

(c) the occurrence of the Issuer Accounts Bank Rating Trigger Event;

(d) the occurrence of a Borrower Event of Default; or

(e) the resignation of the Issuer Accounts Bank.

If an Issuer Accounts Bank Termination Event occurs and is continuing, the Issuer will terminate the Issuer Accounts Agreement by delivery of a written termination notice to the Issuer Accounts Bank (the "**Notice of Termination**"). Upon receipt by the Issuer Accounts Bank of the Notice of Termination, the Issuer Accounts Agreement will terminate with effect not earlier than twenty (20) Business Days as from the receipt by the Issuer Accounts Bank of the Notice of Termination or at any other date that the Issuer may have specified in the Notice of Termination (each, a "**Service Termination Date**") save for any continuing obligations of the Issuer Accounts Bank contained in the Issuer Accounts Agreement.

Upon the Service Termination Date, the Issuer will replace BFCM, as Issuer Accounts Bank, by any substitute entity (the "**Substitute Issuer Accounts Bank**"), the choice of which being subject to prior Rating Affirmation.

Notwithstanding the Service Termination Date, the Issuer Accounts Bank will continue to be bound by all its obligations under the Issuer Accounts Agreement until the appointment of the Substitute Issuer Accounts Bank is effective. The Issuer Accounts Bank undertakes to act in good faith to assist any Substitute Issuer Accounts Bank.

Limited Recourse – Non-Petition

The Issuer Accounts Agreement includes Limited Recourse and Non-petition provisions, as described under "*Issuer's Activities—Limited Recourse*" and "*Issuer's Activities—Non-Petition*" in this Base Prospectus.

Amendment

No amendment, modification, alteration or supplement will be made to the Issuer Accounts Agreement without prior Rating Affirmation if the same materially and adversely affects the interests of the Issuer or the Bondholders.

For the avoidance of doubt, the Issuer Accounts Agreement may be amended, modified, altered or supplemented without prior Rating Affirmation:

(a) to cure any ambiguity, omission, defect or inconsistency;

(b) to evidence or effect the transition of any party to the Issuer Accounts Agreement to any successor;

(c) to add to the undertakings and other obligations of the Issuer Accounts Bank under the Issuer Accounts Agreement; or

(d) to comply with any mandatory requirements of applicable laws and regulations.

Governing Law – Jurisdiction

The Issuer Accounts Agreement is governed by, and is to be construed in accordance with, French law. The Issuer and the Issuer Accounts Bank have agreed to submit any dispute that may arise in connection with the Issuer Accounts Agreement to the jurisdiction of the competent court of Paris.

THE BORROWER FACILITY AGREEMENT

The Borrower Facility Agreement

Background

The proceeds from the issuance of the New York Law Covered Bonds under the U.S. Programme will be used by Crédit Mutuel-CIC Home Loan SFH, as lender (in such capacity, the "**Lender**") to fund advances to be made available to BFCM, as borrower (in such capacity, the "**Borrower**") under a multicurrency term facility agreement (the "**Borrower Facility**").

The Lender and the Borrower entered into a Borrower Facility agreement, as amended from time to time, (the "**Borrower Facility Agreement**") setting out the terms and conditions according to which the Lender will grant the Borrower with advances under the Borrower Facility (each, a "**Borrower Advance**"). BFCM also acts as administrator (the "**Administrator**") and issuer calculation agent (the "**Issuer Calculation Agent**") under the Borrower Facility Agreement.

The Borrower Facility

The Borrower Facility is made available to the Borrower in an aggregate maximum amount equal to €30,000,000,000 for the purpose of financing the general financial needs of the Borrower. In particular, the sums borrowed by the Borrower under the Borrower Facility will be used to fund advances to be made to the benefit of entities of the CM11-CIC Group, in accordance with the usual and current practices of BFCM.

Pursuant to the Borrower Facility Agreement, the Borrower will send to the Administrator (with a copy to the Issuer) a duly completed drawdown request (a "**Drawdown Request**") in respect of the Borrower Advance to be made available under the Borrower Facility. Upon receipt of a Drawdown Request by the Administrator (with copy to the Lender), the Lender, together with the Administrator, will elaborate (i) corresponding Final Terms of the New York Law Covered Bonds to be issued to fund such Drawdown Request, and (ii) final terms of Borrower Advance ("**Final Terms of Borrower Advance**") reflecting the terms and conditions of such corresponding Final Terms of the New York Law Covered Bonds.

The Borrower may (i) accept the terms and conditions of the Final Terms of Borrower Advance proposed by the Administrator and the Lender, in which case such Final Terms of Borrower Advance will be definitive between the Borrower and the Lender and a Borrower Advance will be made available according to such Final Terms of Borrower Advance, or (ii) refuse the terms and conditions of such Final Terms of Borrower Advance, in which case such Final Terms of Borrower Advance and the relevant Drawdown Request will be considered as null and void between the Borrower and the Lender.

Principal and interest amounts

The terms and conditions regarding the calculation and the payment of principal and interest under a Borrower Advance will mirror the equivalent terms and conditions of the corresponding Final Terms of New York Law Covered Bonds, it being provided that, as a principle, the interest to be paid by the Borrower under a Borrower Advance will be the financing costs of the Lender under the New York Law Covered Bonds funding such Borrower Advance increased by a margin fixed by the Issuer and agreed by the Borrower (the "**Issuer Margin**").

The terms and conditions regarding the calculation and the payment of principal and interest under a Borrower Advance will be further described in the relevant Final Terms of Borrower Advance. Any amounts repaid or prepaid under any Borrower Advance may not be re-borrowed.

The Issuer Margin aims at covering, in particular, all the costs and expenses related to the structuring and the updating of the U.S. Programme, all the costs and expenses related to the issuance of New York Law Covered Bonds and taxes of the Issuer during the U.S. Programme.

Representations, warranties and undertakings

The Borrower has made the customary representations and warranties and undertakings to the Lender, the representations and warranties being given on the execution date of the Borrower Facility Agreement and

continuing until all sums due by the Borrower under the Borrower Facility Agreement will have been repaid in full.

Other main terms

The Borrower Facility Agreement also provides for:

(a) customary tax gross-up provisions relating to payments to be made by the Borrower to the Lender under the Borrower Facility Agreement;

(b) customary tax indemnity provisions relating to any payment to be made by the Lender on account of tax on or in relation to any sum received or receivable under the Borrower Facility Agreement by the Lender from the Borrower or any liability in respect of any such payment is asserted, imposed, levied or assessed against the Lender;

(c) customary "increased costs" provisions; and

(d) general financial information covenants and other customary covenants of the Borrower.

Borrower Events of Default

Each of the following constitutes a Borrower event of default for the purposes of the Borrower Facility Agreement (each, a "**Borrower Event of Default**"):

(a) the Borrower fails to pay any sum due under the Borrower Facility when due, in the currency and in the manner specified herein; provided, however, that where such non-payment is due to an administrative error or the failure of continuing external payment systems or clearing systems reasonably used by the Borrower and such payment is made by the Borrower within three (3) Business Days of such non-payment, such non-payment will not constitute a Borrower Event of Default;

(b) a Breach of Pre-Maturity Test occurs;

(c) a Breach of Regulatory Liquidity Test occurs;

(d) a Breach of Asset Cover Test occurs;

(e) a Breach of Collection Loss Reserve Funding Requirement occurs;

(f) any material representation or warranty made by the Borrower, in the Borrower Facility Agreement or in any notice or other document, certificate or statement delivered by it pursuant hereto or in connection herewith is or proves to have been incorrect or misleading in any material respect when made, and the same is not remedied (if capable of remedy) within sixty (60) Business Days after the Administrator or the Issuer has given notice thereof to the Borrower or (if sooner) the Borrower has knowledge of the same, provided that the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant Covered Bonds;

(g) the Borrower fails to comply with any of its material obligations under the Borrower Facility Agreement unless such breach is capable of remedy and is remedied within sixty (60) Business Days after the Administrator or the Issuer has given notice thereof to the Borrower or (if sooner) the Borrower has knowledge of the same, provided that the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant Covered Bonds;

(h) any Collateral Provider(s) fail to comply with any of its/their material obligations under the U.S. Programme Documents unless such breach is capable of remedy and is remedied (i) within sixty (60) Business Days after the Administrator or the Issuer has given notice thereof to the Borrower and the Collateral Security Agent or (ii) (if sooner) the Borrower or the Collateral Security Agent has knowledge of the same, provided that, in case of (i) and (ii), the Issuer, at its discretion, certifies that it is prejudicial to the interest of the holders of the relevant New York Law Covered Bonds;

(i) the Borrower fails to pay any sum due to the Collateral Providers as Collateral Security Fee under the Collateral Security Agreement when due and such failure is not remedied within sixty (60) Business Days after such failure;

(j) as regards the Borrower, an Insolvency Event occurs;

(k) any effect, event or matter (regardless of its nature, cause or origin and in particular the commencement of any legal, administrative or other proceedings against the Borrower) occurs which is or could be reasonably expected to be materially adverse to (i) the financial or legal situation, assets, business or operations of the Borrower and (ii) the ability of the Borrower to perform its payment obligations or the financial covenants under any of the Programme Documents;

(l) at any time it is or becomes unlawful for the Borrower to perform or comply with any or all of its material obligations under the Borrower Facility Agreement or any of the material obligations of the Borrower under the Borrower Facility Agreement are not or cease to be legal, valid and binding; or

(m) upon the occurrence of a Hedging Rating Trigger Event (as defined in "*The Hedging Strategy*" of this Base Prospectus), (i) the Issuer (or the Administrator on its behalf) fails to enter into any Issuer Hedging Agreement (as defined in "*The Hedging Strategy*" of this Base Prospectus) with any relevant Eligible Hedging Provider (as defined in "*The Hedging Strategy*" of this Base Prospectus) within thirty (30) calendar days from the occurrence date of such Hedging Rating Trigger Event, as described under the Hedging Strategy (as defined in "*The Hedging Strategy*" of this Base Prospectus) or (ii) the Issuer (or the Administrator on its behalf) or the Borrower fails to enter into any Borrower Hedging Agreement (as defined in "*The Hedging Strategy*" of this Base Prospectus) within thirty (30) calendar days from the occurrence date of such Hedging Rating Trigger Event, as described under the Hedging Strategy (as defined in "*The Hedging Strategy*" of this Base Prospectus).

Upon the occurrence of a Borrower Event of Default, the Administrator will, by written notice (such notice to constitute a *mise en demeure*) to the Borrower (with a copy to the Rating Agencies), (i) declare that no more Borrower Advances will be made under the Borrower Facility, (ii) declare that the Borrower Facility will be cancelled, and (iii) declare that the Borrower Advances will immediately become due and payable and enforce its rights under the Collateral Security Agreement and the Cash Collateral Agreement (a "**Borrower Enforcement Notice**").

For such purposes, "**Insolvency Event**" means the occurrence of any of the following events:

(a) the relevant entity is, or is deemed or declared for the purposes of any law to be, unable to pay its debts as they fall due or to be insolvent, including without limitation, in *état de cessation des paiements*, or admits in writing its inability to pay its debts as they fall due;

(b) the relevant entity by reason of financial difficulties, begins formal negotiations with one or more of its creditors with a view to the general readjustment or rescheduling of any of its indebtedness or applies for or is subject to an amicable settlement or a *réglement amiable* pursuant to article L. 611-1 *et seq.* of the French Commercial Code;

(c) a meeting of the shareholders of the relevant entity is convened for the purpose of considering any resolution for (or to petition for) its winding-up or its administration or any such resolution is passed;

(d) any person presents a petition for the winding-up or for the administration or for the bankruptcy of the relevant entity and the petition is not discharged within thirty (30) days;

(e) any order for the winding-up or administration of the relevant entity is issued;

(f) a judgement is issued for the judicial liquidation, the safeguard (or financial accelerated safeguard) of the relevant entity, the rescheduling of the debt of the relevant entity or the transfer of the whole or part of the business of the relevant entity (*cession de l'entreprise*); or

(g) any liquidator, trustee in bankruptcy, receiver, administrative receiver, administrator or the like (including, without limitation, any *mandataire ad hoc*, *administrateur judiciaire*, *administrateur provisoire*, *conciliateur* or *mandataire liquidateur*) is appointed in respect of the relevant entity or any substantial or material part of the assets or the directors of the relevant entity request such appointment.

Borrower's indemnities

Under the Borrower Facility Agreement, the Borrower undertakes to indemnify the Lender against:

(a) any cost, claim, loss, expense (including legal fees) or liability (other than reasonable consequential losses including loss of profit), which it may (acting reasonably) sustain or incur as a consequence of the occurrence of any Borrower Event of Default or any default by the Borrower in the performance of any of the obligations expressed to be assumed by it in the Borrower Facility Agreement; and

(b) (other than by reason of negligence or default by the Lender) any loss it may suffer or incur as a result of its funding or making arrangements to fund a Borrower Advance requested by the Borrower hereunder but not made by reason of the operation of any one or more of the provisions of the Borrower Facility Agreement.

In addition, under the Borrower Facility Agreement, the Borrower as guarantor irrevocably and unconditionally guarantees and undertakes to hold the Issuer harmless against any liabilities that the Issuer may incur in connection with its funding or making arrangements to fund, through the issuance of Covered Bonds or otherwise, any Borrower Advance made available to the Borrower under the Borrower Facility Agreement (including but not limited to any indemnity payable by the Lender (in its capacity as Issuer) to any party under any Programme Documents and any termination costs due and payable by the Lender under any Hedging Agreement which would not be subordinated to the full and final redemption of the then outstanding Covered Bonds).

Broken Funding Indemnity

If, as a consequence of a Borrower Event of Default, the Lender receives or recovers all or any part of a Borrower Advance otherwise than as described or scheduled under the relevant Finals Terms of Borrower Advance, the Borrower will pay to the Lender on demand an amount equal to the amount (if any) of the difference (if positive) between (x) the additional interest which would have been payable on the amount so received or recovered had such Borrower Event of Default not occurred, and (y) the amount of interest which the Lender reasonably determines would have been payable to the Lender on the last day of the term thereof in respect of a deposit equal to the amount so received or recovered placed by it with a prime bank for a period starting on the third (3rd) Business Day following the date of such receipt or recovery and ending on the last day of the term thereof.

Limited Recourse – Non-Petition

The Borrower Facility Agreement includes Limited Recourse and Non-petition provisions, as described in "*Issuer's Activities—Limited Recourse*" and "*Issuer's Activities—Non-Petition*".

Amendment

No amendment, modification, alteration or supplement will be made to the Borrower Facility Agreement without prior Rating Affirmation if the same materially and adversely affects the interest of the Issuer or the Bondholders.

For the avoidance of doubt, the Borrower Facility Agreement may be amended, modified, altered or supplemented without prior Rating Affirmation:

(a) to cure any ambiguity, omission, defect or inconsistency;

(b) to evidence or effect the transition of any party to the Borrower Facility Agreement to any successor;

(c) to add to the undertakings and other obligations of the Borrower under the Borrower Facility Agreement; or

(d) to comply with any mandatory requirements of applicable laws and regulations.

Governing Law – Jurisdiction

The Borrower Facility Agreement is governed by, and is to be construed in accordance with, French law. The Lender and the Borrower have agreed to submit any dispute that may arise in connection with the Borrower Facility Agreement to the jurisdiction of the competent court of Paris.

THE COLLATERAL SECURITY

The Collateral Security Agreement

Background

The Collateral Security Agreement refers to the agreement, as amended from time to time, and made between (i) the Issuer, in its capacity as Lender, (ii) collateral providers (the "**Collateral Providers**") and (iii) BFCM, in its respective capacity as Borrower, Collateral Provider, Collateral Security Agent, Administrator and Issuer Calculation Agent (the "**Collateral Security Agreement**").

Secured Liabilities

The Collateral Security Agreement sets forth the terms and conditions upon which the Collateral Providers, represented by the Collateral Security Agent, will grant Eligible Assets as collateral security (the "**Collateral Security**") for the benefit of the Lender in order to secure, as they become due and payable, the payments of all and any amounts owed by the Borrower under the Borrower Facility Agreement, whether present or future (the "**Secured Liabilities**").

Existing Collateral Providers

On 9 July 2007, the Collateral Providers, duly represented by the Collateral Security Agent, entered into the Collateral Security Agreement. Under the Collateral Security Agreement, each of these Collateral Providers represented and warranted for the benefit of the Issuer that, as of its date of execution, it complied with the Collateral Provider Eligibility Criteria.

Accession of Collateral Providers

At any time prior to the occurrence of any Borrower Event of Default or any Issuer Event of Default which is continuing unremedied, and subject to the procedure described in the Collateral Security Agreement, any entity may access to the Collateral Security Agreement as Collateral Provider provided that:

(a) it complies, upon its accession to the Collateral Security Agreement, with the Collateral Provider Eligibility Criteria; and

(b) it is not already a Collateral Provider at such time.

Upon its accession to the Collateral Security Agreement and pursuant to the relevant terms and conditions of the Collateral Security Agreement, each acceding Collateral Provider will have the same rights and obligations as those of the other Collateral Providers.

Withdrawal of Collateral Providers

At any time prior to the occurrence of any Borrower Event of Default or any Issuer Event of Default which is continuing unremedied, any Collateral Provider (except BFCM) may withdraw from the Collateral Security Agreement, provided that such withdrawal does not and is not likely to cause any Borrower Event of Default (including the occurrence of a Breach of Asset Cover Test). As further described in the Collateral Security Agreement, such withdrawal will be subject to the following conditions precedent:

(a) the issuance by the Collateral Security Agent (acting in the name and on behalf of the relevant Collateral Provider(s)) of a withdrawal letter (a "**Withdrawal Letter**");

(b) the notification by each of the Issuer, the Administrator, the Issuer Calculation Agent and the Collateral Security Agent to the relevant withdrawing Collateral Provider(s) (or to any of its representatives) indicating its acceptance of the withdrawal of such Collateral Provider, by way of signature of the relevant Withdrawal Letter, it being provided that the Collateral Security Agent will execute such Withdrawal Letter in its own name and on its own behalf but also in the name and on behalf of each of the relevant Collateral Provider(s);

(c) the confirmation by the Issuer Calculation Agent that such withdrawal does not and is not likely to cause any Borrower Event of Default; and

(d) the Issuer Calculation Agent will have controlled and certified in writing to the Issuer that the Home Loan Receivables granted as Collateral Security by the withdrawing Collateral Provider(s) have been properly identified and that the withdrawal of such Collateral Provider(s), the subsequent release of Home Loan Receivables granted as Collateral Security by it/them, will not result in a Non-Compliance with Asset Cover Test. For such purpose, provided that the aggregate Home Loan Outstanding Principal Amount of the Home Loan Receivables granted as Collateral Security by the withdrawing Collateral Provider(s) exceeds 1% of the aggregate Home Loan Outstanding Principal Amount of the Home Loan Receivables granted as Collateral Security by any and all Collateral Provider(s), the Issuer Calculation Agent will recalculate the Weighted Average Recovery Rate ("**WARR**"), the Weighted Average Frequency of Foreclosure ("**WAFF"**), the Weighted Average Loss Severity ("**WALS"**) and the Asset Percentage that would be applicable following the release of the Home Loans Receivables granted by such withdrawing Collateral Provider(s) as Collateral Security.

For such purpose, "**Home Loan Outstanding Principal Amount**" means, with respect to each relevant Home Loan, the amount of principal outstanding at the relevant date under such relevant Home Loan.

Upon its withdrawal from the Collateral Security Agreement and pursuant to the relevant terms and conditions of the Collateral Security Agreement, each withdrawn Collateral Provider will have no rights or obligations under the Collateral Security Agreement and the Home Loan Receivables granted as Collateral Security by such withdrawn Collateral Provider will be automatically released without any further formality.

At all times, the Collateral Security Agent will keep an updated list of the Collateral Providers, containing sufficient details of such Collateral Providers and taking into account any accession or withdrawal made pursuant to the Collateral Security Agreement and any other material events affecting the legal and financial situation of the Collateral Providers (and in particular the compliance with the Collateral Provider Eligibility Criteria). Such list will be communicated by the Collateral Security Agent to the Issuer, the Administrator and/or the Issuer Calculation Agent, promptly upon their request.

For the purposes of the Collateral Security Agreement, each Collateral Provider granting Collateral Security will, at the end of the current calendar month, comply with all the following cumulative Collateral Provider Eligibility Criteria (the "**Collateral Provider Eligibility Criteria**"):

(a) the relevant entity is either:

1) BFCM, CIC, CIC Nord Ouest (formerly Banque Scalbert Dupont – Crédit Industriel de Normandie), CIC Ouest, CIC Sud Ouest (formerly CIC Société Bordelaise), CIC Est (resulting from the merger of CIC Banque Crédit Industriel d'Alsace et de Lorraine and CIC Banque Société Nancéienne Varin-Bernier), CIC Lyonnaise de Banque and, subject to Rating Affirmation, any other French legal entity, located in France, duly licensed as a French credit institution, controlled by BFCM within the meaning of article L. 233-3 of the French Commercial Code; or

2) a Local Bank (within the meaning of article L. 512-55 *et seq*. of the French Monetary and Financial Code and to the exclusion of the *caisses mutuelles agricoles et rurales* referred to in article R. 512-26 *et seq*. of the French Monetary and Financial Code which is affiliated to CF de CM);

(b) the relevant entity has validly executed the Collateral Security Agreement on the U.S. Programme Date or has become a party thereto in accordance with relevant provisions of the Collateral Security Agreement;

(c) the relevant entity has the power to enter into the Collateral Security Agreement and to exercise its rights and perform its obligations thereunder and all corporate and other action required to authorise its execution of the Collateral Security Agreement and its performance of its obligations thereunder have been done, fulfilled and performed;

(d) all acts, conditions and things required to be done, fulfilled and performed in order (x) to enable such entity lawfully to enter into, exercise its rights under and perform and comply with the obligations expressed to be assumed by it in the Collateral Security Agreement, (y) to

ensure that the obligations expressed to be assumed by it in the Collateral Security Agreement are legal, valid and binding and (z) to make the Collateral Security Agreement admissible in evidence in its jurisdiction of incorporation have been done, fulfilled and performed (as appropriate);

(e) any material obligations expressed to be assumed by the relevant entity in the Collateral Security Agreement are legal and valid obligations binding and enforceable on it in accordance with their respective terms;

(f) the relevant entity is not in breach of any of its material obligations under the Collateral Security Agreement;

(g) the execution and delivery of the Collateral Security Agreement by the relevant entity nor the performance by it of any of the transactions contemplated therein nor of any of its obligations thereunder nor the creation of the security thereby constituted does not and will not:

1) conflict with its constitutive documents; or

2) contravene or constitute a default under or otherwise conflict with any provision contained in any material law, judgement, order, licence, permit or consent by which such entity or any of the assets of such entity is bound or affected; or

3) conflict, in any material respect, with any agreement or document to which it is a party or by which it is bound nor will breach any obligation under any negative pledge or cause any limitation of such entity to be exceeded;

(h) the relevant entity is able to meet its payment obligations with its current assets and is not in a position of cessation of payment, nor is there any basis for any third party to request the opening of insolvency or similar proceedings against such entity.

Collateral Security Agent

In accordance with the Collateral Security Agreement, each Collateral Provider has appointed BFCM as its agent (*mandataire*) under and in connection with the Collateral Security Agreement and in particular in order to manage the Collateral Security in the name and on behalf of the Collateral Providers (the "**Collateral Security Agent**").

Resignation of the Collateral Security Agent

The Collateral Security Agent will not resign from the duties and obligations imposed on it as Collateral Security Agent pursuant to the Collateral Security Agreement, except upon a determination that the performance of its duties under the Collateral Security Agreement will no longer be permissible under the applicable law, such determination to be evidenced by the delivery to the Issuer of an external counsel's opinion to such effect. No such resignation will become effective before the date upon which the Collateral Security Agent becomes unable to act as Collateral Security Agent, as specified in the external counsel's opinion.

Collateral Security Agent's Defaults

A Collateral Security Agent's Default will occur upon *inter alia* the occurrence of the following events:

(a) any material representation or warranty made by the Collateral Security Agent is or proves to have been incorrect or misleading in any material respect when made, and the same is not remedied (if capable of remedy) within sixty (60) Business Days after the Issuer has given notice thereof to the Collateral Security Agent or (if sooner) the Collateral Security Agent has knowledge of the same, provided that the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant Covered Bonds;

(b) the Collateral Security Agent fails to comply with any of its material obligations under the Collateral Security Agreement unless such breach is capable of remedy and is remedied within sixty (60) Business Days after the Issuer has given notice thereof to the Collateral Security Agent or (if sooner) the Collateral Security Agent has knowledge of the same, provided that

the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant Covered Bonds;

(c) an Insolvency Event occurs in respect of the Collateral Security Agent; or

(d) at any time it is or becomes unlawful for the Collateral Security Agent to perform or comply with any or all of its material obligations under the Collateral Security Agreement or any or all of its material obligations under the Collateral Security Agreement are not, or cease to be, legal, valid and binding.

For such purposes, "**Insolvency Event**" means the occurrence of any of the following events:

(a) the relevant entity is, or is deemed or declared for the purposes of any law to be, unable to pay its debts as they fall due or to be insolvent, including without limitation, en *état de cessation des paiements*, or admits in writing its inability to pay its debts as they fall due;

(b) the relevant entity by reason of financial difficulties, begins formal negotiations with one or more of its creditors with a view to the general readjustment or rescheduling of any of its indebtedness or applies for or is subject to an amicable settlement or a *réglement amiable* pursuant to article L. 611-1 *et seq.* of the French Commercial Code;

(c) a meeting of the shareholders of the relevant entity is convened for the purpose of considering any resolution for (or to petition for) its winding-up or its administration or any such resolution is passed;

(d) any person presents a petition for the winding-up or for the administration or for the bankruptcy of the relevant entity and the petition is not discharged within thirty (30) days;

(e) any order for the winding-up or administration of the relevant entity is issued;

(f) a judgement is issued for the judicial liquidation, the safeguard (or financial accelerated safeguard) of the relevant entity, the rescheduling of the debt of the relevant entity or the transfer of the whole or part of the business of the relevant entity; or

(g) any liquidator, trustee in bankruptcy, receiver, administrative receiver, administrator or the like (including, without limitation, any *mandataire ad hoc*, *administrateur judiciaire*, *administrateur provisoire*, *conciliateur* or *mandataire liquidateur*) is appointed in respect of the relevant entity or any substantial or material part of the assets or the directors of the relevant entity request such appointment.

Collateral Security Agent Rating Trigger Event

If a Collateral Security Agent Rating Trigger Event occurs, the Collateral Security Agent will notify the Issuer in writing of the occurrence of the Collateral Security Agent Rating Trigger Event within five (5) Business Days from the date upon which it becomes aware of such event and this will constitute a Collateral Security Agent Termination Event.

For such purposes, "**Collateral Security Agent Rating Trigger Event**" means the event in which the long-term senior unsecured, unsubordinated and unguaranteed debt obligations of the Collateral Security Agent become rated below BBB by S&P, or Baa2 by Moody's or BBB by Fitch.

Termination

"Collateral Security Agent Termination Events" under the Collateral Security Agreement will include the following events:

(a) the termination of the Collateral Security Agreement in accordance with its scheduled term;

(b) the occurrence and continuation of any Collateral Security Agent's Default;

(c) the occurrence of the Collateral Security Agent Rating Trigger Event;

(d) the occurrence of a Borrower Event of Default; or

(e) the resignation of the Collateral Security Agent.

If a Collateral Security Agent Termination Event occurs and is continuing, the appointment of the Collateral Security Agent under the Collateral Security Agreement will be terminated by the sending to the Collateral Security Agent by the Issuer of a written notice for the purposes thereof (the "**Notice of Termination**"). Upon receipt by the Collateral Security Agent of the Notice of Termination, the appointment of the Collateral Security Agent will terminate with effect:

- not earlier than twenty (20) Business Days as from the receipt by the Collateral Security Agent of the Notice of Termination, if such Notice of Termination is served due to the occurrence of a Borrower Event of Default or of a Collateral Security Agent Rating Trigger Event;
- not earlier than twenty (20) Business Days as from the receipt by the Collateral Security Agent of the Notice of Termination or at any other date that the Issuer may have specified in the Notice of Termination, if such Notice of Termination is served due to any other reason.

(each, a "**Service Termination Date**"), and save for any continuing obligations of the Collateral Security Agent contained in the Collateral Security Agreement.

Upon the Service Termination Date, the Collateral Providers will replace BFCM, as Collateral Security Agent, by any substitute entity (the "**Substitute Collateral Security Agent**"), the choice of which being subject to prior Rating Affirmation.

Notwithstanding the Service Termination Date, the Collateral Security Agent will continue to be bound by all its obligations under the Collateral Security Agreement until the appointment of the Substitute Collateral Security Agent is effective. The Collateral Security Agent undertakes to act in good faith to assist any Substitute Collateral Security Agent.

Eligible Assets

For the purposes of the Collateral Security Agreement, an "**Eligible Asset**" means any Home Loan Receivable that complies with the Home Loan Eligibility Criteria (each as further described below).

The "**Home Loan Eligibility Criteria**" include the following cumulative eligibility criteria, subject to the provisions of article L. 515-35-II of the French Monetary and Financial Code:

(a) prior to the date upon which the Home Loan has been made available to the borrower thereof, all lending criteria and preconditions as applied by the originator of the Home Loan pursuant to its customary lending procedures were satisfied;

(b) the underlying property is located in the jurisdiction of the originator of the Home Loan;

(c) the Home Loan is governed by the law of the jurisdiction where the originator of the Home Loan is located;

(d) the Home Loan is denominated in Euro or in CHF;

(e) all sums due under the Home Loan (including interest and costs) are secured by a fully effective Home Loan Security;

(f) at the date on which the Collateral Security Agent, acting in the name and on behalf of the relevant Collateral Provider, notifies the other parties that such Home Loan is effectively granted as Collateral Security (the "**Selection Date**"), the current principal balance of such Home Loan is no more than Euro 1,000,000 or its equivalent in CHF;

(g) the loan-to-value of the Home Loan is no more than 100%;

(h) at the relevant Selection Date, the remaining term for the Home Loan is less than thirty (30) years;

(i) at the relevant Selection Date, the borrower under the Home Loan has paid at least one instalment in respect of the Home Loan;

(j) the borrower under the Home Loan is an individual, or individuals acting through a *société civile immobilière*, who are not employees of the originator of such relevant Home Loan;

(k) the Home Loan is current (i.e. does not present any arrears) as at the Selection Date;

(l) the Home Loan is either monthly or quarterly amortising as at the Selection Date;

(m) the borrower under the Home Loan does not benefit from a contractual right of set-off;

(n) the opening by the borrower under the Home Loan of a bank account dedicated to payments due under the Home Loan is not provided in the relevant contractual arrangements as a condition precedent to the originator of the Home Loan making the Home Loan available to the borrower under the Home Loan;

(o) except where prior Rating Affirmation has been obtained, no amount drawn under the Home Loan is capable of being redrawn by the borrower thereof (i.e. the Home Loan is not flexible); and

(p) as at the end of the current calendar month, the Collateral Provider granting such Home Loans Receivables as Collateral Security complies with any and all above mentioned Collateral Provider Eligibility Criteria.

If it is confirmed that a Home Loan ceases to comply with one or several of the above Home Loan Eligibility Criteria (each, an "**Ineligible Home Loan**"), any Home Loan Receivables granted as Collateral Security under such Ineligible Home Loan will account for zero for the purpose of calculation of the Asset Cover Test on the relevant Asset Cover Test Date (see "*Asset Monitoring—The Asset Cover Test*"). In addition, the Collateral Security Agent, acting in the name and on behalf of the relevant Collateral Provider(s), may request that such Ineligible Home Loan Receivables be released from the scope of the Collateral Security.

The Home Loan Eligibility Criteria may be amended from time to time subject to prior Rating Affirmation.

For the purpose hereof:

"**Home Loan**" means each and any loan financing the acquisition of residential real estate property originated by any Collateral Provider.

"**Home Loan Receivable**" means each and any loan receivable arising from any Home Loan.

"**Home Loan Security**" means, in respect of a Home Loan, a Mortgage or a Home Loan Guarantee.

"**Home Loan Guarantee**" means (i) each and any joint and several guarantee or other type of guarantee provided by issued by *Crédit Logement* or by *Cautionnement Mutuel de l'Habitat (CMH)* or, subject to Rating Affirmation, a credit institution of the EEA specialised in the guaranteeing of loans financing the acquisition of residential real estate property and guaranteeing the Home Loans; or (ii), subject to Rating Affirmation, each and any financial guarantee or other type of guarantee provided by insurance companies or mutual insurance companies and guaranteeing the Home Loans.

"**Mortgage**" means each duly registered first ranking mortgage (and in particular in respect of Home Loans governed by French law, any *hypothèque*) or similar first ranking legal privilege (and in particular in respect of Home Loans governed by French law, any *privilège de prêteur de deniers*) securing the repayment of any given Home Loan.

Collateral Security Assets

Eligible Assets will be validly granted as Collateral Security and will qualify as "**Collateral Security Assets**" for the purposes of the Collateral Security Agreement only upon satisfaction of numerous conditions precedents, including in particular that the same will have been duly identified in the relevant Collateral Provider's IT systems.

Creation and Perfection

The Collateral Security will be created in accordance with article L. 211-36 *et seq.* of the French Monetary and Financial Code. The Collateral Security will not entail any transfer of title with respect to the relevant Eligible Assets until enforcement.

The Collateral Security will be perfected pursuant to paragraphs I and II, 1°) and II, 2°) of article L. 211-38 of the French Monetary and Financial Code.

The perfection of each security will not be conditional upon any formality other than the identification of the assets subject to the Collateral Security.

Asset Monitoring and Asset Cover Test

The Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, will monitor the Collateral Security Assets so as to at all times comply with the Asset Cover Test (as further described in "**Asset Monitoring—The Asset Cover Test**").

In particular, the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, may at any time add, substitute or release Collateral Security Assets (including Home Loan Receivables arising from Ineligible Home Loans) from the scope of the Collateral Security. However, any such addition, substitution and/or release will be effective only subject to confirmation by the Issuer Calculation Agent that a Non-Compliance with Asset Cover Test would not occur as a result of such addition, substitution and/or release. For such purpose, the Issuer Calculation Agent will recalculate the Asset Percentage (as defined in "*Asset Monitoring—The Asset Cover Test*") that would be applicable following such addition, substitution and/or release each time any such addition, substitution or release is requested by the Collateral Security Agent.

Upon non-compliance with the Asset Cover Test on any applicable test date, the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, will cure such non-compliance by:

(a) causing the Collateral Providers to grant additional Eligible Assets as Collateral Security pursuant to the relevant terms of the Collateral Security Agreement; and/or

(b) causing the Collateral Providers to release Collateral Security Assets from the Collateral Security pursuant to the relevant terms of the Collateral Security Agreement;

or the Issuer may acquire Substitution Assets in accordance with but subject to the Administrative Agreement.

A failure to cure a non-compliance with the Asset Cover Test which has occurred on any Asset Cover Test Date prior to the next following Asset Cover Test Date will constitute a "**Breach of Asset Cover Test**" under the Collateral Security Agreement. Any Breach of Asset Cover Test will be deemed the occurrence of a Borrower Event of Default under the Borrower Facility Agreement.

Asset Servicing

The Collateral Providers will perform the servicing of the Collateral Security Assets in accordance with applicable laws and its customary servicing procedures (the "**Servicing Procedures**"), using the degree of skill, care and attention as for the servicing of its assets for its own account, without interfering with the Issuer's material rights under the Collateral Security Agreement.

Based on the information received from the Collateral Providers, the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, will provide the Issuer, the Administrator and the Issuer Calculation Agent (with a copy to the Rating Agencies and the Asset Monitor) with an asset report (the "**Asset Report**") on each Asset Cover Test Date, up-to-date as at the last Business Day of the calendar month immediately preceding such Asset Cover Test Date, and (if different from an Asset Cover Test Date) on each date upon which Collateral Security Assets are to be granted as Collateral Security, up to date on the 5th date preceding such date. Each Asset Report will include the relevant data and information with respect to the relevant assets.

The Collateral Security Agent and the Collateral Providers will furthermore, in accordance with the Servicing Procedures, establish, maintain or cause to be maintained and furthermore administer at all times accurate, complete and up-to-date records with respect to the Collateral Security Assets.

For the purpose of satisfying itself as to whether the Collateral Security Assets remain Eligible Assets or control Asset Reports, the Issuer, the Administrator and the Issuer Calculation Agent (or any agent acting on its behalf) is granted the access to the Collateral Security Agent's premises and to the Collateral Providers' premises, or to premises where the Asset Records are located, in order to inspect or audit such Asset Records (such right of inspection or audit including taking copies of all or any document or data).

If a Servicing Rating Trigger Event occurs with respect to the Borrower, the Administrator will notify the Issuer in writing of the occurrence of such event and then within thirty (30) Business Days of such occurrence, the Issuer and the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, will use reasonable endeavours to appoint a new servicer (whose long-term senior unsecured, unsubordinated and unguaranteed debt obligations (if rated) are rated at least BBB by S&P, Baa2 by Moody's or BBB- by Fitch), for the servicing of the Collateral Security Assets granted by the Borrower and by the Local Banks which form part of the CM11-CIC Group.

If a Servicing Rating Trigger Event occurs with respect to CIC, the Administrator will notify the Issuer in writing of the occurrence of such event and then within thirty (30) Business Days of such occurrence, the Issuer and the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, will use reasonable endeavours to appoint a new servicer (whose long-term senior unsecured, unsubordinated and unguaranteed debt obligations (if rated) are rated at least BBB by S&P, Baa2 by Moody's or BBB- by Fitch), for the servicing of the Collateral Security Assets granted by the Collateral Providers being subsidiaries of the Borrower.

For such purposes, "**Servicing Rating Trigger Event**" means, with respect to the Borrower or CIC, as applicable, the event in which its long-term senior unsecured, unsubordinated and unguaranteed debt obligations become rated below BBB by S&P, or Baa2 by Moody's or BBB- by Fitch.

For the purpose hereof:

"Asset Records" means:

(a) the computer and manual records, files, internal data, books and all other information (including information stored in information systems) related to the Collateral Security Assets, together with the underlying contracts and other documents evidencing title of the relevant entity to such assets (including, with respect to Home Loans, the related Home Loan Security); and

(b) the records, files, internal data, computer systems and all other information related to the Collection Accounts and the operation of the same.

"**Collection Accounts**" means any and all bank accounts, opened in the name of a Collateral Provider to collect interest and principal paid under the Home Loan Receivables granted as Collateral Security, as specified from time to time to the Issuer Calculation Agent pursuant to the relevant terms of the Collateral Security Agreement.

Collateral Security Fee

The Borrower will pay to the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers (except BFCM), a remuneration for the commitment of such Collateral Providers to grant assets as Collateral Security under the Collateral Security Agreement (the "**Collateral Security Fee**"). For each Collateral Provider (except BFCM), such Collateral Security Fee will be calculated as follows: (i) the Borrower will estimate the financial costs incurred under the Borrower Debt, should the Collateral Security not be granted by the Collateral Providers and determine the financial cost saved due to the granting of such Collateral Security (the "**Financial Saving**"), and (ii) an amount equal to the Financial Saving will be distributed as Collateral Security Fee to the Collateral Providers on the basis of the total nominal amount of the Home Loans owned by such Collateral Provider and which meet the Home Loan Eligibility Criteria as at the last Selection Date.

Representations, warranties and undertakings

The Collateral Security Agent and the Collateral Providers have made customary representations, warranties and undertakings in favour of the Issuer, such representations and warranties being given on the execution date of the Collateral Security Agreement and continuing until satisfaction in full of the Secured Liabilities.

Collection Loss Trigger Event

Upon downgrading of the credit rating of the Borrower below A-2 (short-term) (S&P) or F1 (short-term) or A (long-term) (Fitch) or P-1 (Moody's) (or, after the date hereof, any other credit rating trigger which may be determined in accordance with the relevant methodologies of the Rating Agencies) or upon downgrading of the credit rating of CIC below A-2 (short-term) (S&P) or F1 (short-term) or A (long-term) (Fitch) or P-1 (Moody's) (or, after the date hereof, any other credit rating trigger which may be determined in accordance with the relevant methodologies of the Rating Agencies) (each, a "**Collection Loss Trigger Event**") and within ten (10) Business Days from the occurrence of such Collection Loss Trigger Event, the Borrower will be required to pay into the credit of a bank account to be opened within such period in its name and in the books of the Issuer Accounts Bank (the "**Collection Loss Reserve Account**"), the greater of the two following amounts: (i) an amount equal to collections received by the Collateral Providers under the Home Loans granted as Collateral Security during the three (3) calendar months preceding the occurrence date of the Collection Loss Trigger Event and (ii) an amount equal to interests due on the then outstanding Covered Bonds during the three (3) following calendar months, as the same will be reported to the Issuer, the Administrator and the Issuer Calculation Agent (with a copy to the Rating Agencies) within the above mentioned ten (10) Business Day-period.

All cash credited to the Collection Loss Reserve Account as described above will be granted as Collateral Security subject to, and in accordance with, the relevant terms of the Collateral Security Agreement and will secure the Secured Liabilities as they become due and payable.

Failure by the Borrower to fund the Collection Loss Reserve Account up to the required amount within the required period following the occurrence date of the Collection Loss Trigger Event will constitute a "**Breach of Collection Loss Reserve Funding Requirement**" within the meaning of the Collateral Security Agreement. A Breach of Collection Loss Reserve Funding Requirement will result in the occurrence of a "**Borrower Event of Default**" under the Borrower Facility Agreement.

Home Loan Guarantee Trigger Events

Upon the downgrading of the credit rating of the Borrower below A- (long-term) (S&P) or A- (long-term) (Fitch) or A3 (long-term) (Moody's) (or, after the date hereof, any other credit rating trigger which may be determined in accordance with the relevant methodologies of the Rating Agencies) (the "**Level 1 Home Loan Guarantee Trigger Event**") (and for as long as such Level 1 Home Loan Guarantee Trigger Event is not remedied) and within ten (10) Business Days from the occurrence of such Level 1 Home Loan Guarantee Trigger Event, the Borrower will be required to pay and maintain into a dedicated bank account to be opened within such period in its name and in the books of the Issuer Accounts Bank (the "**Mortgages Registration Reserve Account**") an amount equal to the registration costs of mortgages or similar legal privileges (*hypothèque* or *privilège de prêteur de deniers*) securing the repayment of any Home Loans granted as Collateral Security and secured by Home Loan Guarantees granted by *Cautionnement Mutuel de l'Habitat* (CMH), to be incurred by the relevant Collateral Providers and/or by the *Cautionnement Mutuel de l'Habitat* (CMH) should they register such mortgages or similar legal privileges (the "**Mortgage Registration Costs**"). The amount of such Mortgage Registration Costs will be estimated by the Issuer (or by any of its representatives) and communicated to the Rating Agencies prior to being applied.

All cash credited to the Mortgages Registration Reserve Account as described above will be granted as Collateral Security subject to, and in accordance with, the relevant terms of the Collateral Security Agreement and will secure the Secured Liabilities as they become due and payable.

Failure by the Borrower to fund the Mortgages Registration Reserve Account up to the required amount within the required period following the occurrence of a Level 1 Home Loan Guarantee Trigger Event will result in the occurrence of a "**Borrower Event of Default**" under the Borrower Facility Agreement.

Upon the downgrading of the credit rating of the Borrower below BBB (long-term) (S&P) or BBB (long-term) (Fitch) or Baa2 (long-term) (Moody's) (or, after the date hereof, any other credit rating trigger which may be determined in accordance with the relevant methodologies of the Rating Agencies) (the "**Level 2 Home Loan**

Guarantee Trigger Event") and within sixty (60) days from the occurrence of such Level 2 Home Loan Guarantee Trigger Event:

(a) ● the Borrower and each relevant Collateral Provider will (i) pursuant to the relevant Home Loan contractual documentation, use all reasonable efforts to initiate and to continue the process of creating and registering, in the name of the relevant Collateral Providers, the mortgages or similar legal privileges to secure the repayment of any Home Loans granted as Collateral Security and secured by Home Loan Guarantees granted by *Cautionnement Mutuel de l'Habitat* (CMH) or (ii) ensure that *Cautionnement Mutuel de l'Habitat* (CMH) uses all reasonable efforts to initiate and to continue the process of creating and registering, in the name of the relevant Collateral Providers, the mortgages or similar legal privileges to secure the repayment of any Home Loans already secured by Home Loan Guarantees granted by *Cautionnement Mutuel de l'Habitat* (CMH); and

● if required by *Cautionnement Mutuel de l'Habitat* (CMH) and/or by the relevant Collateral Providers, the Borrower will reimburse the same with the registration costs of the mortgages or similar legal privileges mentioned above, as the case may be, from sums credited to the Mortgages Registration Reserve Account; it being provided that the Borrower will not use the sums credited to the Mortgages Registration Reserve Account for any other purposes than such reimbursement; or

(b) the Borrower will ensure that the commitment of *Cautionnement Mutuel de l'Habitat* (CMH) under the Home Loan Guarantees granted by *Cautionnement Mutuel de l'Habitat* (CMH) and securing the repayment of Home Loans granted as Collateral Security is fully guaranteed or insured by an Eligible CMH Guarantor (the "**CMH Guarantee**").

Upon the occurrence of a Level 2 Home Loan Guarantee Trigger Event**,** and within one hundred and twenty (120) days from the occurrence of such Level 2 Home Loan Guarantee Trigger Event, and provided that the CMH Guarantee has not been implemented at such time, any Home Loan Receivables (i) granted as Collateral Security and secured by Home Loan Guarantees granted by *Cautionnement Mutuel de l'Habitat* (CMH) (ii) which is not secured by a mortgage or similar legal privileges will account for zero for the purpose of calculation of the Asset Cover Test on any relevant Asset Cover Test Date (see "*Asset Monitoring—The Asset Cover Test*") and, as applicable, will account for zero for the purpose of calculation of the Amortisation Test on any relevant Amortisation Test Date (see "*Asset Monitoring—The Amortisation Test*"). In addition, the Collateral Security Agent, acting in the name and on behalf of the relevant Collateral Provider(s), may request that such Home Loan Receivables be released from the scope of the Collateral Security.

For such purposes,

"**Eligible CMH Guarantor**" means a financial institution which meets the following conditions:

- such financial institution is permitted under any applicable and relevant law to provide guarantees; and
- (i) the rating of its senior unsecured, unsubordinated and unguaranteed debt obligations under the CMH Guarantee is at least a CMH Guarantor Required Rating, or (ii) the rating of the senior unsecured, unsubordinated and unguaranteed debt obligations of the guarantor of its obligations under the CMH Guarantee is at least a CMH Guarantor Required Rating, or (iii) this financial institution has provided collateral for its obligations and taken any remedial action as required under the relevant methodologies of the Rating Agencies.

"**CMH Guarantor Required Rating**" means, with respect to any guarantor granting a CMH Guarantee or, as applicable, its guarantor under the relevant guarantee, A- (long-term) (S&P) and A- (long-term) (Fitch) and A3 (long-term) (Moody's) (or, after the date hereof, any other credit rating trigger which may be determined in accordance with the relevant methodologies of the Rating Agencies).

Enforcement

Upon the service of a Borrower Enforcement Notice subject to, and in accordance with, the relevant terms of the Borrower Facility Agreement following the occurrence of a Borrower Event of Default, the Issuer (represented by the Issuer Independent Representative or by the Administrator or the Substitute Administrator) will be entitled to exercise all rights, actions and privileges with respect to the Collateral Security Assets as granted to a secured creditor in accordance with paragraph II, 3°) of article L. 211-38 of the French Monetary and Financial Code. In particular, with immediate effect as from the service to the Borrower and to the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, of a Borrower Enforcement Notice:

(a) the Collateral Providers will no longer be entitled to service the Collateral Security Assets and will refrain from taking any action whatsoever in connection with the Collateral Security Assets or vis-à-vis the underlying debtors, except upon the written prior instructions of each of the Issuer or the Administrator (or the Substitute Administrator), or any representative, agent or expert acting on its behalf;

(b) the Issuer will be vested in all the rights of title, all discretions, benefits and all other rights of the Collateral Providers with respect to any and all Collateral Security Assets, related Asset Records and related documents, including, without formality whatsoever, all rights of title, all discretions, benefits and all other rights in relation to any right, privilege, guarantee or security interest (*droit accessoire, privilège, garantie ou sûreté*) ancillary or as the case may be attached to the Collateral Security Assets (and, in particular, any and all relevant Home Loan Security); and

(c) the Issuer (represented by the Administrator (or the Substitute Administrator) or any representative, agent or expert acting on its behalf) will:

- take whatever action required in order to perfect, or any other action which it deems necessary for the purpose of perfecting, its rights of title, discretions, privileges, remedies and other rights with respect to any or all Collateral Security Assets and any related rights, privileges, guarantees and security interest ancillary or attached to any or all Collateral Security Assets; and/or
- exercise all its rights, discretions, privileges and remedies under any or all Collateral Security Assets or any related documents; and/or
- enforce all its rights, discretions, privileges and remedies under any or all Home Loan Security and the other guarantees and security interest ancillary or attached to any or all Collateral Security Assets; and/or
- serve a notice to any or all the debtors and all other relevant entities under any or all Collateral Security Assets, mentioning the new payment instructions to be observed by the same with respect to the payment of sums due under the Collateral Security Assets and/or the related Asset Contractual Documentation, *it being provided* that such notice will instruct the relevant debtors and all other relevant entities to pay sums due under Collateral Security Assets directly into a bank account opened in the name of the Issuer within the books of the Issuer Accounts Bank.

After transfer of title with respect to any or all Collateral Security Assets, the Issuer (represented by the Administrator (or the Substitute Administrator) or any of its representative, agent or expert acting on its behalf) may dispose of, transfer, sale or cause to be sold, any or all the Collateral Security Assets to any third party or refinance the same (by way of securitisation or otherwise).

For the purpose hereof:

"**Asset Contractual Documentation**" means, in relation to any and all Collateral Security Assets, all originals or executive or true copies (*copies exécutoires*) of any contract, instrument or other document (such as riders, waivers and amendments) providing for the terms and conditions of, and/or evidencing title and benefit to, such Collateral Security Assets and any right, privilege, guarantee or security interest ancillary or as the case may be attached thereto (and, in particular, any and all relevant Home Loan Security).

Conditions of enforcement

Enforcement requires no other formality whatsoever (including the necessity to obtain a court order or conduct an auction), any notification requirements (to the Borrower, the Collateral Providers or any other person) nor any other procedures.

Pursuant to article L. 211-40 of the French Monetary and Financial Code, no right of the Issuer to enforce the Collateral Security will be in any manner affected or limited by any insolvency proceedings mentioned under the book VI of the French Commercial Code which would have been opened with respect to the Collateral Providers or any of its assets.

Collateral Security Agent's and Collateral Providers' obligations upon enforcement

With immediate effect as from the service to the Borrower and to the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, of a Borrower Enforcement Notice and upon the instructions of each of the Issuer, the Administrator (or the Substitute Administrator) or any of its representative, agent or expert acting on its behalf (each, an "**Enforcing Party**"), the Collateral Security Agent and the Collateral Providers will:

(a) execute any document, take whatever action and do all such things required in order to perfect, or any other action that the Enforcing Party deems necessary for the purpose of perfecting, the Issuer's rights of title, discretions, privileges, remedies and other rights in relation to any or all Collateral Security Assets and any related rights, privileges, guarantees and security interest ancillary or attached thereto;

(b) deliver such Asset Records and related documents to the Enforcing Party to such place as the same may reasonably designate;

(c) allow to the Enforcing Party reasonable access to its facilities, premises, computer and/or software systems;

(d) take all steps and do all things and cooperate in good faith to enable any entity which will have been appointed as Substitute Administrator in replacement of the Administrator to take over its duties in such capacity.

Application of proceeds

Once the Issuer will have been vested in all rights of title, discretions, benefits and other rights with respect to any and all the Collateral Security Assets following enforcement of the Collateral Security, any principal and interest payments, distributions, sale or liquidation proceeds and other sums (together, the "**Enforcement Proceeds**") received by the Issuer thereunder will be held by the Issuer as cash collateral (*gage-espèces*) for the satisfaction in full of the Secured Liabilities.

As from the day upon which all sums due under any and all of the Tranches and Series of Covered Bonds shall have been repaid in full and subject to the discharge in full of all the Secured Liabilities, the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, will have the right to claim against the Issuer for repayment (*créance de restitution*) of the portion of the Enforcement Proceeds received by the Issuer and not applied to the satisfaction of the Secured Liabilities. Such repayment by the Issuer to the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, will be made, subject to the applicable Priority Payment Order, as soon as reasonably practicable following such claim.

Limited Recourse – Non-Petition

The Collateral Security Agreement includes Limited Recourse and Non-petition provisions, as described in "*Issuer's Activities—Limited Recourse*" and "*Issuer's Activities—Non-Petition*".

Amendment

No amendment, modification, alteration or supplement will be made to the Collateral Security Agreement without prior Rating Affirmation if the same materially and adversely affects the interest of the Issuer or the Bondholders.

For the avoidance of doubt, the Collateral Security Agreement may be amended, modified, altered or supplemented without prior Rating Affirmation:

(a) to cure any ambiguity, omission, defect or inconsistency;

(b) to evidence or effect the transition of any party to the Collateral Security Agreement to any successor;

(c) to add to the undertakings and other obligations of the Collateral Security Agent and/or of the Collateral Providers under the Collateral Security Agreement; or

(d) to comply with any mandatory requirements of applicable laws and regulations.

Governing Law – Jurisdiction

The Collateral Security Agreement will be governed by, and construed in accordance with, French law. The parties to the Collateral Security Agreement have agreed to submit any dispute that may arise in connection with the Collateral Security Agreement to the jurisdiction of the competent court of Paris.

The Cash Collateral Agreement

Background

The Cash Collateral Agreement refers to the agreement and made between (i) the Issuer in its capacity as Lender, and (ii) BFCM in its capacity as Cash Collateral Provider (the "**Cash Collateral Provider**"), Administrator and Issuer Calculation Agent (the "**Cash Collateral Agreement**").

Secured Liabilities

The Cash Collateral Agreement sets forth the terms and conditions upon which the Cash Collateral Provider will fund certain amounts as cash collateral (*gage espèces*) (each, a "**Cash Collateral**") into the Cash Collateral Account so as to secure the payments, as they become due and payable, of all and any amounts owed by the Borrower under the Borrower Facility Agreement, whether present or future (the "**Secured Liabilities**").

Creation and Perfection

Any Cash Collateral will be created upon credit of the corresponding sums into the Cash Collateral Account.

The perfection of each Cash Collateral will not be conditional upon any formality. Each Cash Collateral will entail the transfer of title in favour of the Issuer with respect to the relevant cash funded into the Cash Collateral Account.

Cash at any time standing to the credit of the Cash Collateral Account may be invested only in Permitted Investments whose maturity is earlier than the Final Maturity Date of the relevant Series of Covered Bonds.

Pre-Maturity Test

The Cash Collateral Provider will be required to fund the Cash Collateral Account with the relevant Cash Collateral and up to the required amount upon non-compliance by the Borrower of certain pre-maturity ratings levels following the occurrence date of such non-compliance and during a certain pre-maturity test period (as further described in "*Asset Monitoring—The Pre-Maturity Test*").

Failure by the Cash Collateral Provider to fund the Cash Collateral Account with the relevant Cash Collateral and up to the required amount within the required period following any non-compliance with the relevant pre-maturity ratings levels and on any relevant test date following such non-compliance will constitute a Breach of Pre-Maturity Test under the Cash Collateral Agreement which breach will in turn result in the occurrence of a Borrower Event of Default under the Borrower Facility Agreement.

Regulatory Liquidity Test

The Cash Collateral Provider will be required to fund the Cash Collateral Account with the relevant Cash Collateral and up to the required amount upon non-compliance by the Borrower of certain liquidity ratings levels following the occurrence date of such non-compliance (as further described in "*Asset Monitoring—The Regulatory Liquidity Test*").

Failure by the Cash Collateral Provider to fund the Cash Collateral Account with the relevant Cash Collateral and up to the required amount within the required period following any non-compliance with the relevant liquidity ratings levels and on any relevant test date following such non-compliance will constitute a Breach of Regulatory Liquidity Test under the Cash Collateral Agreement which breach will in turn result in the occurrence of a Borrower Event of Default under the Borrower Facility Agreement.

Representations, warranties and undertakings

The Cash Collateral Provider has made the customary representations and warranties and undertakings to the Issuer, the representations and warranties being given on the execution date of the Cash Collateral Agreement and continuing until satisfaction in full of the Secured Liabilities.

Enforcement

Upon the service of a Borrower Enforcement Notice subject to, and in accordance with, the relevant terms of the Borrower Facility Agreement following the occurrence of a Borrower Event of Default, the Issuer (represented by the Issuer Independent Representative or by the Administrator or Substitute Administrator) will be entitled to apply all sums standing to the credit of the Cash Collateral Account in satisfaction of all the Secured Liabilities.

Any sum remaining to the credit of the Cash Collateral Account after satisfaction in full of the Secured Liabilities will be promptly repaid to the Borrower.

Limited Recourse – Non-Petition

The Cash Collateral Agreement includes Limited Recourse and Non-petition provisions, as described in "*Issuer's Activities—Limited Recourse*" and "*Issuer's Activities—Non-Petition*".

Amendment

No amendment, modification, alteration or supplement will be made to the Cash Collateral Agreement without prior Rating Affirmation if the same materially and adversely affects the interest of the Issuer or the Bondholders.

For the avoidance of doubt, the Cash Collateral Agreement may be amended, modified, altered or supplemented without prior Rating Affirmation:

(a) to cure any ambiguity, omission, defect or inconsistency;

(b) to evidence or effect the transition of any party to the Cash Collateral Agreement to any successor;

(c) to add to the undertakings and other obligations of the Cash Collateral Provider under the Cash Collateral Agreement; or

(d) to comply with any mandatory requirements of applicable laws and regulations.

Governing Law – Jurisdiction

The Cash Collateral Agreement will be governed by, and construed in accordance with, French law. The Issuer and the Cash Collateral Provider have agreed to submit any dispute that may arise in connection with the Cash Collateral Agreement to the jurisdiction of the competent court of Paris.

ASSET MONITORING

In accordance with articles L. 515-30 and L. 515-38 of the French Monetary and Financial Code, the specific controller ensures that the Issuer complies with the French Monetary and Financial Code (in particular, by verifying the quality and the eligibility of the assets and the cover ratios), monitors the balance between the Issuer's assets and liabilities in terms of rates and maturity (cash flow adequacy) and ensures that the Eligible Assets granted as collateral in order to secure Borrower Advances, comply with the provisions of articles L. 515-34 and L. 515-35 of the French Monetary and Financial Code (for further description, see "*The Issuer—Specific Controller* (Contrôleur spécifique)" and "*Main features of the legislation and regulations relating to* sociétés de financement de l'habitat").

Without prejudice to the articles L. 515-30 and L. 515-38 of the French Monetary and Financial Code, under the Collateral Security Agreement and for so long as no Borrower Event of Default has occurred and been enforced subject to, and in accordance with, the relevant terms of the Borrower Facility Agreement, the Collateral Security Agent and the Collateral Providers will monitor the Collateral Security Assets so as to ensure compliance with an asset cover test (the "**Asset Cover Test**").

Under the Cash Collateral Agreement and for so long as no Borrower Event of Default has occurred and been enforced, subject to, and in accordance with, the relevant terms of the Borrower Facility Agreement, the Borrower will fund the Cash Collateral Account up to an amount sufficient so as to ensure compliance with a pre-maturity test (the "**Pre-Maturity Test**") and with a regulatory liquidity test (the "**Regulatory Liquidity Test**").

Under Condition 6(v) and following the enforcement of a Borrower Event of Default, subject to, and in accordance with, the relevant terms of the Borrower Facility Agreement, the Issuer will ensure compliance with an amortisation test (the "**Amortisation Test**").

The Asset Cover Test

The following terms will have the following definitions:

"**Asset Cover Test Date**" means the twentieth (20^{th}) day of each calendar month and each issuance date of a Series or a Tranche of Covered Bonds.

"**Asset Cover Test Calculation Period**" means, in relation to any Asset Cover Test Date, each period starting on, and including, the immediately preceding Asset Cover Test Date, and ending on, and excluding such Asset Cover Test Date.

Compliance with the Asset Cover Test requires compliance with the asset cover ratio R specified below (the "**Asset Cover Ratio**"). Such compliance is tested by the Issuer Calculation Agent from time to time subject to, and in accordance with, the relevant terms of the Collateral Security Agreement and the Calculation Services Agreement.

The Asset Cover Ratio (R)

"**R**" means the following ratio which will be at least equal to one at each Asset Cover Test Date:

$$R = \left[\frac{\text{Adjusted Aggregate Asset Amount (AAAA)}}{\text{Aggregate Covered Blend Outstanding Principal Amount}} \right]$$

whereby:

"**Aggregate Covered Bond Outstanding Principal Amount**" means, at any Asset Cover Test Date, the aggregate amount of principal (in euro or euro equivalent with respect to Covered Bonds denominated in a Specified Currency) outstanding at such date under all Covered Bonds.

"Adjusted Aggregate Asset Amount (AAAA)" means, at any Asset Cover Test Date:

$$(AAAA) = A + B + C + D – (Y + Z)$$

whereby:

"**A**" means the lower of "A1" and "A2".

"**A1**" is equal to the sum of all Adjusted Home Loan Outstanding Principal Amounts of all Home Loans granted as Collateral Security and excluding the Home Loans which have become Ineligible Home Loans (see "*The Collateral Security*" for a description of the Home Loans Eligibility Criteria) during the applicable Asset Cover Test Calculation Period (the "**Relevant Home Loan**"), as such Adjusted Home Loan Outstanding Principal Amounts under Borrower Facility will be calculated on the relevant Asset Cover Test Date, whereby:

"**Adjusted Home Loan Outstanding Principal Amount**" means, with respect to each Relevant Home Loan granted as Collateral Security, the lower of:

(i) the Home Loan Outstanding Principal Amount of such Relevant Home Loan minus the Applicable Deemed Reductions; and

(ii) the LTV Cut-Off Percentage of the Indexed Valuation relating to such Relevant Home Loan minus the Applicable Deemed Reductions;

"**Applicable Deemed Reductions**" means, the aggregate sum of the financial losses incurred by the Collateral Providers with respect to the Relevant Home Loans to the extent that such financial losses have been incurred as a direct result of a material breach of the Servicing Procedures by the relevant Collateral Providers during the applicable Asset Cover Test Calculation Period (see "*The Collateral Security Agreement—Asset Servicing*" for a description of the Servicing Procedures).

"**Home Loan Outstanding Principal Amount**" means, with respect to each Relevant Home Loan, the amount of principal outstanding at the relevant Asset Cover Test Date under such Relevant Home Loan.

"**LTV Cut-Off Percentage**" means:

(i) 80% for each Relevant Home Loan secured by a Mortgage;

(ii) 80% for each Relevant Home Loan secured by a Home Loan Guarantee issued by *Crédit Logement* or by *Cautionnement Mutuel de l'Habitat (CMH)*;

(iii) a percentage which will be determined in accordance with the relevant methodologies of the Rating Agencies, from time to time for each Relevant Home Loan that has the benefit of an insurance policy with an acceptable insurer or guarantee with an acceptable financial institution, insuring the credit risk under such Relevant Home Loan; and

(iv) a percentage which will be determined in accordance with the relevant methodologies of the Rating Agencies, from time to time for each Relevant Home Loan not mentioned under (i) to (iii) above.

"**Index**" means the index of increases of house prices issued by PERVAL in relation to residential properties in France.

"**Indexed Valuation**" means at any date in relation to any Relevant Home Loan secured over any Property:

(i) where the Original Market Value of that Property is equal to or greater than the Price Indexed Valuation as at that date, the Original Market Value less 106% of the difference between the Original Market Value and the Price Indexed Valuation; or

(ii) where the Original Market Value of that Property is less than the Price Indexed Valuation as at that date, the Original Market Value plus eighty per cent. (80%) of the difference between the Price Indexed Valuation and the Original Market Value.

"**Original Foreclosure Value**" in relation to any Property means the purchase price of such Property or (as applicable) the most recent valuation of such Property, as disclosed to the relevant Collateral Provider by the relevant debtor under the related Relevant Home Loan.

"**Original Market Value**" in relation to any Property means the Original Foreclosure Value divided by 1.

"**Price Indexed Valuation**" in relation to any Property at any date means the Original Market Value of that Property increased or decreased as appropriate by the increase or decrease in the Index since the date of the Original Market Value.

"**A2**" is equal to the sum of all unadjusted Home Loan Outstanding Principal Amounts of all Relevant Home Loans minus the Applicable Deemed Reductions (as defined above) multiplied by the applicable Asset Percentage, whereby:

"**Asset Percentage**" means (i) 92.5% or (ii) such percentage figure as is determined on quarterly basis by the Issuer Calculation Agent pursuant to the relevant terms of the Collateral Security Agreement.

For the purpose of the calculation of the Asset Percentage referred to in (ii) above, the Issuer Calculation Agent will calculate, on a quarterly basis, the Weighted Average Recovery Rate ("**WARR**"), the Weighted Average Frequency of Foreclosure ("**WAFF**"), and the Weighted Average Loss Severity ("**WALS**") (and/or such figures calculated in accordance with such alternative methodologies as determined in accordance with relevant methodologies of Fitch and S&P) for all Relevant Home Loans or for a random sample of the same or as otherwise determined in accordance with relevant methodologies of Fitch and S&P. The WARR and WALS (or other relevant figures) so calculated will be incorporated by the Issuer Calculation Agent into one or more cash flow models determined in accordance with relevant methodologies of Fitch and S&P. Such models, which test the credit enhancement required in various cash flow scenarios, will indicate, on the basis of the latest WARR, WAFF and WALS figures (or other agreed relevant figures), the Asset Percentage needed in order to provide credit enhancement to cover all such cash flow scenarios. Save where otherwise determined in accordance with relevant methodologies of Fitch and S&P, the Asset Percentage will be adjusted in accordance with the various methodologies prescribed by S&P and Fitch provided that the Asset Percentage may not, at any time, exceed 92.5%.

"**B**" is equal to the aggregate amount of cash standing to the credit of the Cash Collateral Account, as reported by the Collateral Security Agent in the relevant Asset Report.

"**C**" is equal to the aggregate value outstanding under all Eligible Substitution Assets (the "**Aggregate Substitution Asset Amount (ASAA)**") held by the Issuer provided that, the amount of the Aggregate Substitution Asset Amount (ASAA) (whatever such amount is at any Asset Cover Test date) will in any event account only for up to 20% of the Adjusted Aggregate Asset Amount (AAAA) for the purposes hereof. The Aggregate Substitution Asset Amount (ASAA) will be reported by the Collateral Security Agent in the relevant Asset Report. Substitution Assets will be valued on the last Business Day of the calendar month immediately preceding each Asset Cover Test Date and be taken into account for their mark-to-market value at a discount based on a methodology determined in accordance with the relevant methodologies of the Rating Agencies.

For the purposes of the above calculation, an "**Eligible Substitution Asset**" is:

(a) any Substitution Asset (other than a Permitted Investment) which is a Euro or another Specified Currency demand or time deposit, certificate of deposit, long-term debt obligation or short-term debt obligation (including commercial paper) provided that in all cases such investment has a remaining period to maturity of one (1) year or less and the short-term unsecured, unguaranteed and unsubordinated debt obligations or, as applicable, the long-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposit is made (being duly licensed for such purposes) are rated at least P-1 (short-term) and Aa3 (long-term) by Moody's, A1+ (short-term) and AA- (long-term) by S&P and AA- (long-term) and F1+ (short-term) by Fitch; or

(b) any Substitution Asset (other than a Permitted Investment) which is a Euro or another Specified Currency denominated government and public securities, provided that such investment has a remaining maturity of one (1) year or less and is rated at least Aaa by Moody's, AAA by S&P and AAA by Fitch; or

(c) any Substitution Asset which complies with the then applicable criteria determined in accordance with the methodologies published by the Rating Agencies.

"**D**" is equal to the aggregate value outstanding under all Permitted Investments, as determined by the Issuer Accounts Bank (or the Administrator on its behalf) and reported to the Issuer Calculation Agent pursuant to the Issuer Accounts Agreement. Permitted Investments will be valued on the last Business Day of the calendar month immediately preceding each Asset Cover Test Date and be taken into account for their mark-to-market value at a discount based on a methodology determined in accordance with the relevant methodologies of the Rating Agencies.

"**Y**" is equal to (i) zero before any Issuer Hedging Agreement will be entered into by the Issuer subject to, and in accordance with, the Hedging Strategy and (ii) otherwise, an amount equal to the payments due under the Issuer Hedging Agreements (plus interest thereon) within the period of α plus two (2) months preceding the relevant Asset Cover Test Date where α means the period between two (2) interest payment dates (first day of such period included and last day of such period excluded) under the relevant Issuer Hedging Agreements.

"**Z**" is equal to: WAM * Covered Bond Outstanding Principal Amount * 1%, or any other amount as agreed between the Issuer and the Cash Collateral Provider, subject to prior Rating Affirmation, whereby:

"**WAM**" means the greater of (i) the weighted average maturity of Series of Covered Bonds outstanding as at the relevant Asset Cover Test Date, and (ii) one (1) year.

"**Covered Bond Outstanding Principal Amount**" means, at any Asset Cover Test Date, the aggregate amount of principal (in euro or euro equivalent with respect to Covered Bonds denominated in a Specified Currency) outstanding at such date under all Series of Covered Bonds.

Calculation of the Asset Cover Ratio (R)

On each Asset Cover Test Date, the Asset Cover Ratio (R) will be calculated by the Issuer Calculation Agent according to the terms, definitions and calculation formula set forth above.

No later than three (3) Business Days following any Asset Cover Test Date, the Issuer Calculation Agent will inform the Issuer, the Borrower and the Collateral Security Agent (with a copy to the Rating Agencies and to the Asset Monitors) of its calculation of the Asset Cover Ratio (R).

For the purposes of the calculation of any Asset Cover Ratio, euro equivalent with respect to Covered Bonds denominated in a Specified Currency will be determined (i) before the entry into force of any Hedging Transaction(s) (as defined in "*The Hedging Strategy*") relating to such Covered Bonds, on the basis of the spot exchange rate applicable as of the relevant Asset Cover Test Date (or such other rate communicated by the Issuer Calculation Agent to the Rating Agencies from time to time) or (ii) upon the entry into force of any Hedging Transaction(s) (as defined in "*The Hedging Strategy*") relating to such Covered Bonds, on the basis of the exchange rate provided for under such Hedging Transaction(s).

Non-Compliance with Asset Cover Test

Non-compliance with the Asset Cover Test (the "**Non-Compliance with Asset Cover Test**") would result from the Asset Cover Test Ratio (R) being less than 1.

Remedies

Upon Non-Compliance with Asset Cover Test on any Asset Cover Test Date, the Collateral Security Agent will:

(i) cause the Collateral Providers to grant additional Eligible Assets as Collateral Security pursuant to the relevant terms of the Collateral Security Agreement; and/or

(ii) cause the Collateral Providers to release Collateral Security Assets from the Collateral Security pursuant to the relevant terms of the Collateral Security Agreement;

and/or the Issuer may acquire Substitution Assets in accordance with but subject to the Administrative Agreement;

in each case, as necessary to cure such Non-Compliance with Asset Cover Test.

A Non-Compliance with Asset Cover Test will not constitute an Issuer Event of Default or a Borrower Event of Default. However, it will prevent the Issuer from issuing any further Covered Bonds as long as it remains unremedied.

Breach of Asset Cover Test

The failure by the Collateral Security Agent, acting in the name and on behalf of the Collateral Providers, to cure a Non-Compliance with Asset Cover Test occurred on any Asset Cover Test Date prior to the next following Asset Cover Test Date will constitute a "**Breach of Asset Cover Test**" within the meaning of the Collateral Security Agreement. The Issuer Calculation Agent will inform promptly the Issuer, the Borrower and the Collateral Security Agent (with a copy to the Rating Agencies and to the Asset Monitors) of the occurrence of a Breach of Asset Cover Test.

A Breach of Asset Cover Test will result in a Borrower Event of Default within the meaning of, and subject to, the relevant terms of the Borrower Facility Agreement.

A Breach of Asset Cover Test will not constitute an Issuer Event of Default but will prevent the Issuer from issuing any further Covered Bonds.

The Pre-Maturity Test

Compliance with the Pre-Maturity Test requires compliance with the ratings specified below with respect to the Borrower within each relevant Pre-Maturity Test Period.

For the purpose hereof:

"**Pre-Maturity Test Period**" means the period starting from, and including, the one hundred and eightieth (180^{th}) Business Day preceding the Final Maturity Date of each Series of Covered Bonds and ending on, and excluding, such Final Maturity Date.

Pre-Maturity Ratings Required Levels

The required ratings with respect to the Borrower (together, the "**Pre-Maturity Ratings Required Levels**") are the following credit ratings from any of S&P, Moody's or Fitch respectively at least A-1 (short-term) (S&P), P-1 (short-term) (Moody's) or F1+ (short-term) (Fitch).

Pre-Maturity Test

The Issuer Calculation Agent will test compliance or non-compliance by the Borrower with the Pre-Maturity Ratings Required Level subject to, and in accordance with, the relevant terms of the Calculation Services Agreement.

Non-Compliance with Pre-Maturity Test

Upon downgrading of the Borrower below any of the Pre-Maturity Ratings Required Levels within a Pre-Maturity Test Period, the Issuer Calculation Agent will inform the Cash Collateral Provider of the same within three (3) Business Days from such downgrading by written notice (the "**Non-Compliance Notice**") delivered to the Cash Collateral Provider subject to, and in accordance with, the relevant terms of the Cash Collateral Agreement.

The downgrading of the Borrower below any of the Pre-Maturity Ratings Required Levels will not constitute an Issuer Event of Default nor a Borrower Event of Default.

Remedies

If a Non-Compliance Notice is received by the Cash Collateral Provider within a Pre-Maturity Test Period and with respect to a Pre-Maturity Test, the Cash Collateral Provider will fund the Cash Collateral Account up to an amount (the "**Cash Collateral Required Funding Amount (CCRFA)**") calculated by the Issuer Calculation Agent as being the amount of cash to be funded by the Cash Collateral Provider into the Cash Collateral Account

with respect to the relevant Series of Covered Bonds so as to ensure that the total amount of cash funded by the Cash Collateral Provider into the Cash Collateral Account with respect to such Series of New York Law Covered Bonds (the "**Cash Collateral Required Total Amount (CCRTA)**") is equal to:

CCRTA = (Covered Bond Principal Amount + Costs)

whereby:

"**Costs**" means the aggregate amount of fees, costs, expenses, taxes and other ancillary sums (excluding interest and principal amounts) scheduled to be payable by the Issuer within the relevant Pre-Maturity Test Period under the relevant Series of Covered Bonds.

"**Covered Bond Principal Amount**" means the aggregate amount of principal (in euro or euro equivalent with respect to Covered Bonds denominated in a Specified Currency) scheduled to be redeemed at the Final Maturity Date of the relevant Series of Covered Bonds.

The Cash Collateral Provider will fund the CCRFA in full within thirty (30) calendar days from the receipt of the Non-Compliance Notice.

Breach of Pre-Maturity Test

The failure by the Cash Collateral Provider to fund into the Cash Collateral Account the relevant Cash Collateral Required Funding Amount (CCFRA) subject to, and in accordance with, the above described conditions will constitute a Breach of Pre-Maturity Test within the meaning of the Cash Collateral Agreement.

A Breach of Pre-Maturity Test will result in a Borrower Event of Default within the meaning of, and subject to, the relevant terms of the Borrower Facility Agreement. A Breach of Pre-Maturity Test will not constitute an Issuer Event of Default.

The Regulatory Liquidity Test

Compliance with the Regulatory Liquidity Test requires compliance with the ratings specified below with respect to the Borrower.

Liquidity Ratings Required Levels

The required ratings with respect to the Borrower (together, the "**Liquidity Ratings Required Levels**") are the following credit ratings from any of S&P, Moody's or Fitch respectively at least A-1 (short-term) (S&P), P-1 (short-term) (Moody's) or F1 (short-term) (Fitch).

Regulatory Liquidity Test

The Issuer Calculation Agent will test compliance or non-compliance by the Borrower with the Liquidity Ratings Required Level subject to, and in accordance with, the relevant terms of the Calculation Services Agreement.

Non-Compliance with Regulatory Liquidity Test

Upon downgrading of the Borrower below at least two (2) of the Liquidity Ratings Required Levels at any time, the Issuer Calculation Agent will inform the Cash Collateral Provider of the same within three (3) Business Days from such downgrading by written notice (the "**Non-Compliance Notice**") delivered to the Cash Collateral Provider subject to, and in accordance with, the relevant terms of the Cash Collateral Agreement.

The downgrading of the Borrower below at least two (2) of the Liquidity Ratings Required Levels will not constitute an Issuer Event of Default or a Borrower Event of Default.

Remedies

If a Non-Compliance Notice is received by the Cash Collateral Provider at any time with respect to a Regulatory Liquidity Test, and as long as at least two (2) of the Liquidity Ratings Required Levels are not complied with, the Cash Collateral Provider will fund the Cash Collateral Account up to an amount (the "**Liquidity Cash**

Collateral Required Funding Amount (LCCRFA)") calculated by the Issuer Calculation Agent as being the amount of cash to be funded by the Cash Collateral Provider into the Cash Collateral Account so as to ensure that the total amount of cash funded by the Cash Collateral Provider into the Cash Collateral Account (the "**Liquidity Cash Collateral Required Total Amount (LCCRTA)**") is equal, on each day as long as at least two (2) of the Liquidity Ratings Required Levels are not complied with, to the amount of the Issuer's treasury needs within the next following one hundred and eightieth (180^{th}) (excluded) days after such day (as calculated in accordance with article L. 515-17-2 and R. 515-7-1 of the French Monetary and Financial Code).

The Cash Collateral Provider will fund the LCCRFA in full within thirty (30) Business Days from the receipt of the Non-Compliance Notice.

Breach of Regulatory Liquidity Test

The failure by the Cash Collateral Provider to fund into the Cash Collateral Account the relevant LCCFRA subject to, and in accordance with, the above described conditions will constitute a Breach of Regulatory Liquidity Test within the meaning of the Cash Collateral Agreement.

A Breach of Regulatory Liquidity Test will result in a Borrower Event of Default within the meaning of, and subject to, the relevant terms of the Borrower Facility Agreement. A Breach of Regulatory Liquidity Test will not constitute an Issuer Event of Default.

Alternative funding upon Pre-Maturity Test and Regulatory Liquidity Test

Any amount already funded by the Cash Collateral Provider following any non-compliance with at least two (2) of the Liquidity Ratings Required Levels will also be deemed to be funded for the purposes of funding following any non-compliance with any Pre-Maturity Ratings Required Level, and any amount already funded by the Cash Collateral Provider following any non-compliance with any Pre-Maturity Ratings Required Level will also be deemed to be funded for the purposes of funding following any non-compliance with at least two (2) of the Liquidity Ratings Required Levels. As a consequence, any amount to be funded by the Cash Collateral Provider following any non-compliance with at least two (2) of the Liquidity Ratings Required Levels and/or following any non-compliance with any Pre-Maturity Ratings Required Level, will be calculated taking into account any amount already funded by the Cash Collateral Provider following any non-compliance with any Pre-Maturity Ratings Required Level and/or following any non-compliance with at least two (2) of the Liquidity Ratings Required Levels, and not yet released following variation of the amount of CCRFA or LCCRFA and/or the regain by BFCM of the Pre-Maturity Ratings Required Levels or at least two (2) of the Liquidity Ratings Required Levels.

The Amortisation Test

The following terms will have the following definitions:

"**Amortisation Test Date**" means the twentieth (20^{th}) day of each calendar month following the enforcement of a Borrower Event of Default.

"**Amortisation Test Calculation Period**" means, in relation to any Amortisation Test Date, each period starting on, and including, the immediately preceding Amortisation Test Date, and ending on, and excluding such Amortisation Test Date.

Compliance with the Amortisation Test requires compliance with the amortisation ratio RA specified below (the "**Amortisation Ratio (RA)**"). Such compliance is tested by the Issuer Calculation Agent from time to time throughout the period following the enforcement of a Borrower Event of Default subject to, and in accordance with the Condition 6(v) and the Borrower Facility Agreement.

The Amortisation Ratio

"**RA**" means the following ratio which will be at least equal to one at each Amortisation Test Date:

$$RA = \left[\frac{TAAA}{ACBOPA} \right]$$

whereby:

"**Aggregate Covered Bond Outstanding Principal Amount (ACBOPA)**" means, at any Amortisation Test Date, the aggregate amount of principal (in euro or euro equivalent with respect to Covered Bonds denominated in a Specified Currency) outstanding at such date under all Covered Bonds.

"**Transferred Aggregate Asset Amount** (TAAA)" means, at any Amortisation Test Date:

$$(TAAA) = A' + B + C + D + E - Z$$

whereby:

"**A'**" is equal to the sum of all Transferred Home Loan Outstanding Principal Amounts of all Home Loans title to which has been transferred to the Issuer upon enforcement of the Collateral Security following the enforcement of a Borrower Event of Default (each, a "**Relevant Home Loan**"), as such Adjusted Home Loan Outstanding Principal Amounts will be calculated on the relevant Amortisation Test Date, whereby:

"**Home Loan Outstanding Principal Amount**" means, with respect to each Relevant Home Loan, the amount of principal outstanding at the relevant Amortisation Test Date under such Relevant Home Loan.

"**Transferred Home Loan Outstanding Principal Amount**" means, with respect to each Relevant Home Loan, the Home Loan Outstanding Principal Amount of such Relevant Home Loan multiplied by M, where for all the Relevant Home Loans that are less than three (3) months in arrears, M = 1 and for all the Relevant Home Loans that are three (3) months or more in arrears, M = 0.7.

"**B**", "**C**", "**D**" and "**Z**" have the meaning ascribed to such terms, and will be determined, on each relevant Amortisation Test Date, subject to, and in accordance with, the terms and formula described in the "**Asset Cover Test**" above.

"**E**" is equal to the aggregate amount of principal and interest payments, distributions, indemnities, insurance and other proceeds, payments under any Home Loan Security and other sums received during the applicable Amortisation Test Calculation Period by the Issuer from the debtors or other relevant entities under the Collateral Security Assets whose title has been transferred to the Issuer following enforcement of the Collateral Security, as the same will be reported by the Issuer Calculation Agent on each Amortisation Test Date subject to, and in accordance with, the relevant terms of the Calculation Services Agreement.

Calculation of the Amortisation Ratio

On each Amortisation Test Date, the Amortisation Ratio (RA) will be calculated by the Issuer Calculation Agent according to the terms, definitions and calculation formula set forth above.

No later than three (3) Business Days following any Amortisation Test Date, the Issuer Calculation Agent will inform the Issuer (with a copy to the Rating Agencies and to the Asset Monitors) of its calculation of the Amortisation Ratio (RA).

For the purposes of the calculation of any Amortisation Ratio, euro equivalent with respect to Covered Bonds denominated in a Specified Currency will be determined (i) before the entry into force of any Hedging Transaction(s) (as defined in "*The Hedging Strategy*") relating to such Covered Bonds, on the basis of the spot exchange rate applicable as of the relevant Amortisation Test Date (or such other rate communicated by the Issuer Calculation Agent to the Rating Agencies from time to time) or (ii) upon the entry into force of any Hedging Transaction(s) (as defined in "*The Hedging Strategy*") relating to such Covered Bonds, on the basis of the exchange rate provided for under such Hedging Transaction(s).

Non-Compliance with Amortisation Test

A "**Non-Compliance with Amortisation Test**" will result from the Amortisation Ratio (RA) being less than one.

A Non-Compliance with Amortisation Test will not constitute an Issuer Event of Default. However, it will prevent the Issuer from issuing any further Covered Bonds.

Breach of Amortisation Test

The failure by the Issuer to cure a Non-Compliance with Amortisation Test occurred on any Amortisation Test Date prior to the next following Amortisation Test Date will constitute a "**Breach of Amortisation Test**". The Issuer Calculation Agent will inform promptly the Issuer and the holders of the Covered Bonds (with a copy to the Rating Agencies and to the Asset Monitors) of the occurrence of a Breach of Amortisation Test.

A Breach of Amortisation Test will result in an Issuer Event of Default within the meaning of the Terms and Conditions.

The Calculation Services Agreement

This section sets out the main material terms of the Calculation Services Agreement.

Background

The "**Calculation Services Agreement**" refers to the agreement entered into between (i) Crédit Mutuel-CIC Home Loan SFH, in its capacity as Lender and (ii) BFCM, in its capacity as Issuer Calculation Agent (the "**Issuer Calculation Agent**") and Administrator.

Purpose

Under the Calculation Services Agreement, Crédit Mutuel-CIC Home Loan SFH, as Issuer, appoints BFCM as its servicer for the purposes of any calculation and determinations to be made under the U.S. Programme Documents (but excluding all calculation and determinations to be made with respect to the Series of New York Law Covered Bonds, such calculation and determinations to be made on behalf of the Issuer by the Calculation Agent under the U.S. Agency Agreement). The Issuer Calculation Agent will always act in the best and exclusive interest of Crédit Mutuel-CIC Home Loan SFH.

Duties of the Issuer Calculation Agent

Pursuant to the Calculation Services Agreement, and subject to and in accordance with the relevant Programme Documents, the Issuer Calculation Agent will *inter alia* undertake:

(a) all and any calculation in relation to the Borrower Facility Agreement, including, but not limited to, any interest and principal amounts and the effective global rate (*taux effectif global*);

(b) all and any calculation in relation to the Collateral Security Agreement, including, but not limited to, the Asset Cover Test (see "*Asset Monitoring*");

(c) all and any calculation in relation to the Cash Collateral Agreement, including, but not limited to, the Pre-Maturity Test and the Regulatory Liquidity Test (see "*Asset Monitoring*");

(d) all and any calculation in relation to the Amortisation Test (see "*Asset Monitoring*");

(e) all and any calculation necessary to comply with laws and regulations applicable to *sociétés de financement de l'habitat* (see "*Main features of the legislation and regulations relating to* sociétés de financement de l'habitat").

Substitution and Agency

The Issuer Calculation Agent may not assign its rights and obligations under the Calculation Services Agreement but will have the right to be assisted by, to appoint or to substitute for itself any third party in the performance of certain or all its tasks under the Calculation Services Agreement provided that:

(a) the Issuer Calculation Agent remains liable to the Issuer for the proper performance of those tasks and, with respect to the Issuer only, the relevant third party has expressly waived any right to any contractual claim against the Issuer; and

(b) the relevant third party has undertaken to comply with all obligations binding upon the Issuer Calculation Agent under the Calculation Services Agreement.

Fees

In consideration of the services provided by the Issuer Calculation Agent to the Issuer under the Calculation Services Agreement, the Issuer will pay to the Issuer Calculation Agent a servicing fee computed subject to, and in accordance with, the provisions of the Calculation Services Agreement.

Representations, warranties and undertakings

The Issuer Calculation Agent has made the customary representations and warranties and undertakings to the Issuer, the representations and warranties being given on the execution date of the Calculation Services Agreement and continuing until the Service Termination Date (defined below).

Indemnities

Pursuant to the Calculation Services Agreement, the Issuer Calculation Agent undertakes to hold harmless and fully and effectively indemnify the Issuer against all actions, proceedings, demands, damages, costs, expenses (including legal fees), claims, losses, prejudice or other liability, which the Issuer may sustain or incur as a consequence of the occurrence of any default by the Issuer Calculation Agent in its performance of any of its obligations under the Calculation Services Agreement.

Resignation of the Issuer Calculation Agent

The Issuer Calculation Agent may not resign from the duties and obligations imposed on it as Issuer Calculation Agent pursuant to the Calculation Services Agreement, except:

(a) upon a determination that the performance of its duties under the Calculation Services Agreement will no longer be permissible under applicable law; and

(b) in the case where the Issuer does not comply with any of its material obligations under the Calculation Services Agreement and fails to remedy the situation within one hundred and eighty days (180) from the receipt by the Issuer of a notice from the Issuer Calculation Agent,

such resignation being effective on the date upon which (i) the event in paragraph (a) above occurs; or (ii) one hundred and eighty (180) days after the date of delivery of the notice referred to in paragraph (b) above and the date upon which the Issuer Calculation Agent becomes unable to act as Issuer Calculation Agent.

Issuer Calculation Agent's Defaults

Issuer Calculation Agent's Defaults will occur upon *inter alia* the occurrence of the following events:

(a) any material representation or warranty made by the Issuer Calculation Agent is or proves to have been incorrect or misleading in any material respect when made, and the same is not remedied (if capable of remedy) within sixty (60) Business Days after the Issuer has given notice thereof to the Issuer Calculation Agent or (if sooner) the Issuer Calculation Agent has knowledge of the same, provided that the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant Covered Bonds;

(b) the Issuer Calculation Agent fails to comply with any of its material obligations under the Calculation Services Agreement unless such breach is capable of remedy and is remedied within sixty (60) Business Days after the Issuer has given notice thereof to the Issuer Calculation Agent or (if sooner) the Issuer Calculation Agent has knowledge of the same, provided that the Issuer, at its discretion, certifies that it is prejudicial to the interests of the holders of the relevant Covered Bonds;

(c) an Insolvency Event occurs in respect of the Issuer Calculation Agent; or

(d) at any time it is or becomes unlawful for the Issuer Calculation Agent to perform or comply with any or all of its material obligations under the Calculation Services Agreement or any or all of its material obligations under the Calculation Services Agreement are not, or cease to be, legal, valid and binding.

For such purposes, "**Insolvency Event**" means the occurrence of any of the following events:

(a) the relevant entity is, or is deemed or declared for the purposes of any law to be, unable to pay its debts as they fall due or to be insolvent, including without limitation, en *état de cessation des paiements*, or admits in writing its inability to pay its debts as they fall due;

(b) the relevant entity by reason of financial difficulties, begins formal negotiations with one or more of its creditors with a view to the general readjustment or rescheduling of any of its indebtedness or applies for or is subject to an amicable settlement or a *réglement amiable* pursuant to article L. 611-1 *et seq.* of the French Commercial Code;

(c) a meeting of the shareholders of the relevant entity is convened for the purpose of considering any resolution for (or to petition for) its winding-up or its administration or any such resolution is passed;

(d) any person presents a petition for the winding-up or for the administration or for the bankruptcy of the relevant entity and the petition is not discharged within thirty (30) days;

(e) any order for the winding-up or administration of the relevant entity is issued;

(f) a judgement is issued for the judicial liquidation, the safeguard (or financial accelerated safeguard) of the relevant entity, the rescheduling of the debt of the relevant entity or the transfer of the whole or part of the business of the relevant entity; or

(g) any liquidator, trustee in bankruptcy, receiver, administrative receiver, administrator or the like (including, without limitation, any *mandataire ad hoc*, *administrateur judiciaire*, *administrateur provisoire*, *conciliateur* or *mandataire liquidateur*) is appointed in respect of the relevant entity or any substantial or material part of the assets or the directors of the relevant entity request such appointment.

Issuer Calculation Agent Rating Trigger Event

If an Issuer Calculation Agent Rating Trigger Event occurs, the Issuer Calculation Agent will notify the Issuer in writing of the occurrence of the Issuer Calculation Agent Rating Trigger Event within five (5) Business Days from the date upon which it becomes aware of such event and this will constitute a termination event under the Calculation Services Agreement.

For such purposes, "**Issuer Calculation Agent Rating Trigger Event**" means the event in which the long-term senior unsecured, unsubordinated and unguaranteed debt obligations of the Administrator become rated below BBB by S&P, or Baa2 by Moody's or BBB by Fitch (or, after the date hereof, any other rating levels (i) as may be required by applicable law and regulations or as per the most recently public available rating criteria methodology reports published by the Rating Agencies and (ii) commensurate with the then current ratings of the Covered Bonds).

Termination

"Issuer Calculation Agent Termination Events" under the Calculation Services Agreement will include the following events:

(a) the termination of the Calculation Services Agreement in accordance with its scheduled term;

(b) the occurrence and continuation of any Issuer Calculation Agent's Default;

(c) the occurrence of the Issuer Calculation Agent Rating Trigger Event;

(d) the occurrence of a Borrower Event of Default; or

(e) the resignation of the Issuer Calculation Agent.

If an Issuer Calculation Agent Termination Event occurs and is continuing, the Issuer will terminate the Calculation Services Agreement by delivery of a written termination notice to the Issuer Calculation Agent (the "**Notice of Termination**"). Upon receipt by the Issuer Calculation Agent of the Notice of Termination, the Calculation Services Agreement will terminate with effect:

- not earlier than twenty (20) Business Days as from the receipt by the Issuer Calculation Agent of the Notice of Termination, if such Notice of Termination is served due to the occurrence of a Borrower Event of Default or of an Issuer Calculation Agent Rating Trigger Event;
- not earlier than twenty (20) Business Days as from the receipt by the Issuer Calculation Agent of the Notice of Termination or at any other date that the Issuer may have specified in the Notice of Termination, if such Notice of Termination is served due to any other reason.

(each, a "**Service Termination Date**"), and save for any continuing obligations of the Issuer Calculation Agent contained in the Calculation Services Agreement.

Upon the Service Termination Date, the Issuer will replace BFCM, as Issuer Calculation Agent, by any substitute entity (the "**Substitute Issuer Calculation Agent**"), the choice of which being subject to prior Rating Affirmation.

Notwithstanding the Service Termination Date, the Issuer Calculation Agent will continue to be bound by all its obligations under the Calculation Services Agreement until the appointment of the Substitute Issuer Calculation Agent is effective. The Issuer Calculation Agent undertakes to act in good faith to assist any Substitute Issuer Calculation Agent.

Limited Recourse – Non-Petition

The Calculation Services Agreement includes Limited Recourse and Non-petition provisions, as described in "*Issuer's Activities—Limited Recourse*" and "*Issuer's Activities—Non-Petition*".

Amendment

No amendment, modification, alteration or supplement will be made to the Calculation Services Agreement without prior Rating Affirmation if the same materially and adversely affects the interest of the Issuer or the Bondholders.

For the avoidance of doubt, the Calculation Services Agreement may be amended, modified, altered or supplemented without prior Rating Affirmation:

(a) to cure any ambiguity, omission, defect or inconsistency;

(b) to evidence or effect the transition of any party to the Calculation Services Agreement to any successor;

(c) to add to the undertakings and other obligations of the Issuer Calculation Agent under the Calculation Services Agreement; or

(d) to comply with any mandatory requirements of applicable laws and regulations.

Governing Law – Jurisdiction

The Calculation Services Agreement will be governed by, and construed in accordance with, French law. The Issuer and the Issuer Calculation Agent have agreed to submit any dispute that may arise in connection with the Calculation Services Agreement to the jurisdiction of the competent court of Paris.

The Asset Monitor Agreement and the Engagement Letter

Background

The "**Asset Monitor Agreement**" refers to the agreement and made between (i) the Issuer and (ii) BFCM as the Issuer Calculation Agent or, as applicable, the Administrator. The "**Engagement Letter**" refers to the letter, issued by Ernst & Young et Autres and PricewaterhouseCoopers Audit as Asset Monitors (the "**Asset Monitors**") and duly accepted by the Issuer, pursuant to which Ernst & Young et Autres and PricewaterhouseCoopers Audit have been appointed as Asset Monitors.

Under the Asset Monitor Agreement and the Engagement Letter, Ernst & Young et Autres and PricewaterhouseCoopers Audit have been appointed as Asset Monitors by the Issuer to carry out, subject to due receipt of the information to be provided by the Issuer Calculation Agent to the Asset Monitors, various testing and notification duties in relation to the calculations performed by the Calculation Agent in relation to the Asset Cover Test and the Amortisation Test subject to and in accordance with the terms of the Asset Monitor Agreement.

Services of the Asset Monitors

If the Asset Cover Test Date immediately preceding an anniversary of the Programme Date falls prior to the occurrence of a Borrower Event of Default, and subject to receipt of the information to be provided to it by the Issuer Calculation Agent in relation to the calculations performed by the Issuer Calculation Agent regarding the relevant Asset Cover Test, the Asset Monitors will test the arithmetic accuracy of the calculations performed by the Issuer Calculation Agent in relation to the Asset Cover Test on the Asset Cover Test Date immediately preceding an anniversary of the Programme Date, as applicable, with a view to reporting on the arithmetic accuracy or otherwise of such calculations.

On each Amortisation Test Date (it being provided that the first Amortisation Test Date will be the twentieth (20^{th}) day of the calendar month immediately following the enforcement of a Borrower Event of Default) and subject to receipt of the information to be provided to it by the Issuer Calculation Agent in relation to the calculations performed by the Issuer Calculation Agent regarding the relevant Amortisation Test, the Asset Monitors will test the arithmetic accuracy of the calculations performed by the Issuer Calculation Agent in relation to the Amortisation Test on the relevant Amortisation Test Date, with a view to reporting on the arithmetic accuracy or otherwise of such calculations.

Upon the occurrence of a Calculation Monitoring Rating Trigger Event and for so long as such Calculation Monitoring Rating Trigger Event is continuing, or, if the Asset Monitors have been notified of the occurrence of a Non-Compliance with Asset Cover Test or of a Non-Compliance with Amortisation Test (see "*Asset Monitoring*"), and subject to receipt of the information to be provided to the Asset Monitors, the Asset Monitors will conduct the tests of the Issuer Calculation Agent's calculations referred to above, as applicable, in respect of every Asset Cover Test Date or Amortisation Test Date, as applicable.

For the purposes of this "*The Asset Monitor Agreement and the Engagement Letter*", "**Calculation Monitoring Rating Trigger Event**" means the event in which the long-term senior unsecured, unsubordinated and unguaranteed debt obligations of BFCM become rated below BBB by S&P, or Baa2 by Moody's or BBB by Fitch (or, after the date hereof, any other rating levels (i) as may be required by applicable law and regulations or as per the most recently public available rating criteria methodology reports published by the Rating Agencies and (ii) commensurate with the then current ratings of the Covered Bonds).

If the tests conducted by the Asset Monitors in accordance the provisions above, reveal arithmetic errors in the relevant calculations performed by the Issuer Calculation Agent such that:

- the Asset Cover Test had been failed on the relevant Asset Cover Test Date (where the Issuer Calculation Agent had recorded it as being satisfied); or
- the Amortisation Test had been failed on the relevant Amortisation Test Date (where the Issuer Calculation Agent had recorded it as being satisfied);

and subject to receipt of the information to be provided to the Asset Monitors, for a period of six (6) months thereafter, the Asset Monitors will conduct the tests of the Issuer Calculation Agent's calculations referred to above, in respect of every Asset Cover Test Date or each Amortisation Test Date, as applicable, occurring during such six (6)-month period.

The Asset Monitors will notify the Issuer, in writing, of the relevant calculations performed by the Issuer Calculation Agent and of the results of its tests of the accuracy of the Issuer Calculation Agent's calculations. If the calculations performed by the Issuer Calculation Agent are not arithmetically accurate, the Asset Monitors will report the nature of the error and the corrected calculation of the Asset Cover Test or Amortisation Test, as applicable. The Issuer will transfer any notifications and reports received from the Asset Monitors to the parties to the Asset Monitor Agreement (with copy to the Rating Agencies), promptly upon receipt of such notifications and reports.

The Asset Monitors are entitled, in the absence of manifest error, to assume that all information provided to the Asset Monitors is true and correct and is complete and not misleading and are not required to conduct an audit or other similar examination in respect of or otherwise take steps to verify the accuracy or completeness of such information.

Termination

The Issuer may at any time terminate the appointment of the Asset Monitors hereunder upon providing the Asset Monitors with sixty (60) days' prior written notice, provided that such termination may not be effected unless and until a replacement has been found by the Issuer which agrees to perform the duties (or substantially similar duties) of the Asset Monitors set out in the Asset Monitor Agreement.

Each Asset Monitor may, at any time, resign from its appointment under the Engagement Letter upon providing the Issuer with sixty (60) days' prior written notice, provided that (i) the Issuer (or its representative) transfers such notice to the Rating Agencies and (ii) such termination is not effected unless and until a replacement has been found by the Issuer which agrees to perform the duties (or substantially similar duties) of such Asset Monitor set out in the Asset Monitor Agreement. Following any receipt of such notice, the Issuer will immediately use all reasonable endeavours to appoint a substitute asset monitor to provide the services set out in the Asset Monitor Agreement. If a substitute asset monitor is not appointed by the date which is thirty (30) days prior to the date when the Amortisation Test or the Asset Cover Test, as applicable, is to be carried out in accordance with the terms of the Asset Monitor Agreement, then the Issuer will use all reasonable endeavours to appoint an accountancy firm of national standing to carry out the relevant tests on a one-off basis.

Fees

Under the terms of the Asset Monitor Agreement, the Issuer will pay to the Asset Monitors a fee for the tests to be performed by the Asset Monitors.

Limited Recourse – Non-Petition

The Asset Monitor Agreement includes Limited Recourse and Non-petition provisions, as described in "*Issuer's Activities—Limited recourse*" and "*Issuer's Activities—Non-petition*". The Engagement Letter also refers to such Limited Recourse and Non-petition provisions.

Amendment

Except as further described under the Asset Monitor Agreement, any material amendment to the Asset Monitor Agreement and/or to the Engagement Letter is subject to the Rating Affirmation.

Governing Law – Jurisdiction

The Asset Monitor Agreement will be governed by, and construed in accordance with, French law. Each party to the Asset Monitor Agreement and the Asset Monitors irrevocably submit to the jurisdiction of the competent French court in any action or proceeding arising out of or relating to the Asset Monitor Agreement and/or to the Engagement Letter, and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such court.

CASH FLOW

Cash management

Pursuant to the Administrative Agreement, the Administrator will assist the Issuer in operating its bank accounts, the management and investment of its available cash in Permitted Investments in accordance with the relevant Permitted Investments rules, and any other matters in relation to the management of its bank accounts and funds so as to ensure that the Issuer will at all times comply with the provisions of the U.S. Programme Documents.

Pursuant to the Administrative Agreement and, subject to and, in accordance with the Terms and Conditions, the Administrator will invest any cash standing from time to time to the credit of the Issuer Cash Accounts pending application in accordance with the Priority Payment Order then applicable in accordance with this section "*Cash Flow*" (see "*Priority Payment Orders*"), in instruments which qualify as Permitted Investments (as defined in "*The Issuer—The Administrative Agreement*").

Issuer Accounts

Available Funds of the Issuer will be from time to time credited and debited by the Administrator on behalf of the Issuer into the Issuer Cash Accounts opened in the books of the Issuer Accounts Bank (see "*The Issuer—The Issuer Accounts Agreement*" for a further description of the Issuer Accounts).

For the purposes hereof:

"**Available Funds**" means:

(a) in the absence of service of a Borrower Enforcement Notice (and whether an Issuer Enforcement Notice has been served to the Fiscal Agent and the Issuer or not):

(i) payment proceeds from the Borrower under the Borrower Facility;

(ii) cash from Permitted Investments and/or Substitution Assets (if any) standing to the credit of the Issuer General Account; and

(iii) payment proceeds from the Issuer Hedging Agreements and Borrower Hedging Agreements (if any and, in each case, after any applicable set-off).

(b) following the service of a Borrower Enforcement Notice and enforcement of the Collateral Security (and whether an Issuer Enforcement Notice has been served to the Fiscal Agent and the Issuer or not):

(i) payment proceeds, whether in interest, principal or otherwise, received by the Issuer following service of a notice to any or all debtors under the Home Loans mentioning the new payment instructions to be observed by the same with respect to the payment of sums due under the Home Loans and/or the related Asset Contractual Documentation and standing to the credit of the Issuer General Account;

(ii) insurance proceeds and other proceeds (other than that proceeds mentioned in (i) above) received entities by the Issuer under the Home Loans and standing to the credit of the Issuer General Account;

(iii) payment proceeds, whether in interest, principal or otherwise, received by the Issuer from the debtors under the Substitution Assets and standing to the credit of the Issuer General Account;

(iv) proceeds from disposal of, transfer, sale or refinancing (by way of securitisation or otherwise) of the Home Loans and standing to the credit of the Issuer General Account;

(v) proceeds from the enforcement of any Home Loan Security (if any) and standing to the credit of the Issuer General Account;

(vi) cash from Permitted Investments (if any) standing to the credit of the Issuer General Account;

(vii) cash standing to the credit of the Cash Collateral Account;

(viii) payment proceeds from the Issuer Hedging Agreements and Borrower Hedging Agreements (if any and, in each case, after any applicable set-off); and

(ix) cash standing to the credit of the Share Capital Proceeds Account.

Priority Payment Orders

Pre-Enforcement Priority Payment Order

In the absence of service of a Borrower Enforcement Notice and in the absence of service of an Issuer Enforcement Notice, on any Payment Date and (as applicable) Final Maturity Date of each relevant Series of Covered Bonds, the Administrator (on behalf of the Issuer) will give the appropriate instructions to the Issuer Accounts Bank to debit the relevant Issuer Cash Accounts and (as the case may be) the relevant Issuer Securities Accounts (other than the Issuer General Account) from the cash that will constitute the Available Funds of the Issuer on such date and will credit the same into the Issuer General Account. The Administrator (on behalf of the Issuer) will then give the appropriate instructions on such date to the Issuer Accounts Bank and the Paying Agent to apply the Available Funds of the Issuer to the following payments owed by the Issuer on such date, in the following Pre-Enforcement Priority Payment Order (the "**Pre-Enforcement Priority Payment Order**"):

(i) **first**, in or towards payment or discharge *pari passu* and *pro rata* of the following amounts then due and payable by the Issuer: (i) the Issuer's liability, if any, to taxation, and (ii) any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to any stock exchange and other listing entities where the Covered Bonds are admitted to trading, any clearing systems entities where the Covered Bonds are cleared, BFCM (with respect to any insurance premium, regulatory, professional and legal fees, costs and other expenses paid by BFCM on behalf of the Issuer and to be repaid by the Issuer to BFCM subject to, and in accordance with, the relevant terms of the Administrative Services Agreement), the Administrator, the Issuer Calculation Agent, the Asset Monitors, the Issuer Accounts Bank, the Paying Agents, the Dealers, the Issuer's Auditors and the Rating Agencies in respect of the monitoring fees (together, the "**Senior Administrative and Tax Costs**");

(ii) **secondly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer, if any, under the Issuer Hedging Agreements and the Borrower Hedging Agreements (other than Hedging Termination Costs) (together, the "**Hedging Costs**");

(iii) **thirdly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all Interest Amounts then due and payable by the Issuer under the relevant Series of Covered Bonds;

(iv) **fourthly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all principal amounts then due and payable by the Issuer under the relevant Series of Covered Bonds;

(v) **fifthly**, only after and subject to the full repayment of any outstanding Covered Bonds, in or towards payment or discharge *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer, if any, in respect of any payments to be made by the Issuer following an early termination of the Issuer Hedging Agreements or Borrower Hedging Agreements as a result of an event of default under the same in respect of which the relevant hedge counterparty of the Issuer is the defaulting party or following a termination event of the same as a result of an illegality in respect of which the hedge counterparty of the Issuer is the affected party (together, the "**Hedging Termination Cost**s"), *it being provided that*, in accordance with article L. 515-19 of the French Monetary and Financial Code, notwithstanding any legal provisions to the contrary (and in particular the provisions of book VI (*Livre VI*) of the French Commercial Code) relating to the difficulties of companies and any provisions of this paragraph "*Pre-Enforcement Priority Payment Order*", Hedging Termination Costs will benefit from a priority to the payment *pari passu* and *pro rata* with any other sums benefiting

from the *Privilège* referred to in article L. 515-19 of the French Monetary and Financial Code; and

(vi) **sixthly** (or fifthly prior to full repayment of any outstanding Covered Bonds), in or towards payment *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer with respect to (i) any dividend to be then distributed to the Issuer's shareholders, and (ii) interest, principal and other payments then due and payable under the Subordinated Loans;

it being provided that, in accordance with article L. 515-19 of the French Monetary and Financial Code, notwithstanding any legal provisions to the contrary (and in particular the provisions of book VI (*Livre VI*) of the French Commercial Code) relating to the difficulties of companies and any provisions of this paragraph "*Pre-Enforcement Priority Payment Order*", any Available Funds (together with any cash amount standing to the credit of the Cash Collateral Account) will be allocated by way of priority to the payment of any sums due in relation to the Covered Bonds (including sums referred to in points (iii) and (iv) above) (and any other resources benefiting from the *Privilège*), under derivatives transactions used for hedging as provided for in article L. 515-18 of the French Monetary and Financial Code (including sums referred to in points (ii) and (v) above) and of ancillary expenses relating to transactions referred to in article L. 515-19 of the French Monetary and Financial Code (including certain sums referred to in point (i) above).

Controlled Post-Enforcement Priority Payment Order

In the event of service of a Borrower Enforcement Notice and thereafter unless and until no Issuer Enforcement Notice has been served, on any Payment Date and (as applicable) Final Maturity Date of each relevant Series of Covered Bonds, the Administrator (on behalf of the Issuer) will give the appropriate instructions to the Issuer Accounts Bank to debit the relevant Issuer Cash Accounts (and as the case may be) the relevant Issuer Securities Accounts (other than the Issuer General Account) from the cash that will constitute the Available Funds of the Issuer on such date and will credit the same into the Issuer General Account. The Administrator (on behalf of the Issuer) will then give the appropriate instructions on such date to the Issuer Accounts Bank and the Paying Agent to apply the Available Funds of the Issuer to the following payments owed by the Issuer on such date, in the following Controlled Post-Enforcement Priority Payment Order (the "**Controlled Post-Enforcement Priority Payment Order**"):

(i) **first**, in or towards payment or discharge *pari passu* and *pro rata* of the Senior Administrative and Tax Costs then due and payable by the Issuer;

(ii) **secondly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all Hedging Costs then due and payable by the Issuer, if any, under the Issuer Hedging Agreements and the Borrower Hedging Agreements (other than Hedging Termination Costs);

(iii) **thirdly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all Interest Amounts then due and payable by the Issuer under the relevant Series of Covered Bonds;

(iv) **fourthly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all principal amounts then due and payable by the Issuer under the relevant Series of Covered Bonds;

(v) **fifthly**, only after and subject to the full repayment of any outstanding Covered Bonds, in or towards payment or discharge *pari passu* and *pro rata* of any and all Hedging Termination Costs then due and payable by the Issuer (if any), *it being provided that*, in accordance with article L. 515-19 of the French Monetary and Financial Code, notwithstanding any legal provisions to the contrary (and in particular the provisions of book VI (*Livre VI*) of the French Commercial Code relating to the difficulties of companies and any provisions of this paragraph "*Controlled Post-Enforcement Priority Payment Order*", Hedging Termination Costs will benefit from a priority to the payment *pari passu* and *pro rata* with any other sums benefiting from the *Privilège* referred to in article L. 515-19 of the French Monetary and Financial Code; and

(vi) **sixthly**, (a) only after and subject to the full repayment of any outstanding Covered Bonds, in or towards payment *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer with respect to any and all enforcement proceeds surplus amounts remaining after enforcement of the Collateral Security subject to, and in accordance with, the relevant terms of the Collateral Security Agreement; and (b) only after and subject to the full repayment of any

outstanding Covered Bonds and sums referred to in (a) above, in or towards payment *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer to any third parties (with respect to any dividend already voted and to be then distributed to the Issuer's shareholders, and interest, principal and other payments then due and payable under the Subordinated Loans),

it being provided that, in accordance with article L. 515-19 of the French Monetary and Financial Code, notwithstanding any legal provisions to the contrary (and in particular the provisions of book VI (*Livre VI*) of the French Commercial Code) relating to the difficulties of companies and any provisions of this paragraph "*Controlled Post-Enforcement Priority Payment Order*", any Available Funds will be allocated by way of priority to the payment of any sums due in relation to the Covered Bonds (including sums referred to in points (iii) and (iv) above) (and any other resources benefiting from the *Privilège*), under derivatives transactions used for hedging as provided for in article L. 515-18 of the French Monetary and Financial Code (including sums referred to in points (ii) and (v) above) and of ancillary expenses relating to transactions referred to in article L. 515-19 of the French Monetary and Financial Code (including certain sums referred to in point (i) above).

Accelerated Post-Enforcement Priority Payment Order

In the event of service by the relevant Administrator of an Issuer Enforcement Notice and thereafter (whether a Borrower Enforcement Notice will have been served to the Borrower by the Administrator or not), the Administrator (on behalf of the Issuer) will promptly and no later than three (3) Business Days after receipt by the Issuer of such Issuer Enforcement Notice give the appropriate instructions to the Issuer Accounts Bank to debit all the Issuer Accounts (other than the Issuer General Account) from the cash that will constitute the Available Funds of the Issuer on such date and will credit the same into the Issuer General Account. The Administrator (on behalf of the Issuer) will then give the appropriate instructions on such date to the Issuer Accounts Bank and the Paying Agent to apply the Available Funds of the Issuer to the following payments owed by the Issuer on such date, in the following Accelerated Post-Enforcement Priority Payment Order (the "**Accelerated Post-Enforcement Priority Payment Order**"):

(i) **first**, in or towards payment or discharge *pari passu*, *pro rata* and in full of all Senior Administrative and Tax Costs then due and payable by the Issuer and remaining unpaid at such date;

(ii) **secondly**, after and subject to the full repayment of any and all sums referred to in (i) above, in or towards payment or discharge *pari passu*, *pro rata* and in full of any and all sums then due and payable by the Issuer, if any, under the Issuer Hedging Agreements and the Borrower Hedging Agreements (other than Hedging Termination Costs) and remaining unpaid at such date;

(iii) **thirdly**, after and subject to the full repayment of any and all sums referred to in (i) and (ii) above, in or towards payment or discharge *pari passu*, *pro rata* and in full of any and all Interest Amounts then due and payable by the Issuer under the relevant Series of Covered Bonds and remaining unpaid at such date;

(iv) **fourthly**, after and subject to the full repayment of any and all sums referred to in (i) to (iii) above, in or towards payment or discharge *pari passu*, *pro rata* and in full of any and all principal amounts then due and payable by the Issuer under the relevant Series of Covered Bonds and remaining unpaid at such date;

(v) **fifthly**, after and subject to the full repayment of any and all sums referred to in (i) to (iv) above, in or towards payment or discharge *pari passu*, *pro rata* and in full of any and all Hedging Termination Costs then due and payable by the Issuer and remaining unpaid at such date, *it being provided that*, in accordance with article L. 515-19 of the French Monetary and Financial Code, notwithstanding any legal provisions to the contrary (and in particular the provisions of book VI (*Livre VI*) of the French Commercial Code) relating to the difficulties of companies and any provisions of this paragraph "*Accelerated Post-Enforcement Priority Payment Order*", Hedging Termination Costs will benefit from a priority to the payment *pari passu* and *pro rata* with any other sums benefiting from the *Privilège* referred to in article L. 515-19 of the French Monetary and Financial Code; and

(vi) **sixthly**, after and subject to the full repayment of any and all sums referred to in (i) to (v) above, (a) as applicable, in or towards payment *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer with respect to any and all enforcement proceeds surplus amounts remaining after enforcement of the Collateral Security subject to, and in accordance with, the relevant terms of the Collateral Security Agreement; and (b) only after and subject to the full repayment of any sums referred to in (a) above, in or towards payment *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer to any third parties (with respect to any dividend already voted and to be then distributed to the Issuer's shareholders, and interest, principal and other payments then due and payable under the Subordinated Loans),

it being provided that, in accordance with article L. 515-19 of the French Monetary and Financial Code, notwithstanding any legal provisions to the contrary (and in particular the provisions of book VI (*Livre VI*) of the French Commercial Code relating to the difficulties of companies and any provisions of this paragraph "*Accelerated Post-Enforcement Priority Payment Order*", any Available Funds will be allocated by way of priority to the payment of any sums due in relation to the Covered Bonds (including sums referred to in points (iii) and (iv) above) (and any other resources benefiting from the *Privilège*), under derivatives transactions used for hedging as provided for in article L. 515-18 of the French Monetary and Financial Code (including sums referred to in points (ii) and (v) above) and of ancillary expenses relating to transactions referred to in article L. 515-19 of the French Monetary and Financial Code (including certain sums referred to in point (i) above).

ORIGINATION OF THE HOME LOANS

Procedure for the granting of Home Loans

The Group's Local Banks and branches offer a full range of housing loans in order to meet the financing needs of their clients. Almost all of these loans are granted by Local Banks or CIC branches.

The loan application

The loan application provides all of the required information regarding the borrower and the loan. The Group's IT system, which is used by all of the entities in the Group, supports and controls the process of loan origination, the assessment of risks and the financing proposal.

The analysis of the loan application

The analysis of a loan application entails looking at the following:

- the "risk group", which is the set of parties who have inter-related economic interests (e.g., a family group or an individual and a business for which he has some liability);
- any other use of credit by the borrower.

A bespoke credit approval programme automatically collects all available information (income, outstanding loans, expenses, current account history) and assigns a credit rating (from A+ to F). This credit rating is used to assess the credit risk of the relevant borrower or risk group and to assign an approval limit to the client relationship managers.

The analysis of the asset to be financed is made on the basis of the information contained in the loan application.

Financing plan

Depending on the borrower and the description of the financed assets, the credit approval programme proposes a suitable financing plan, taking into account all regulatory aspects, the client's requests (maximum monthly payments, maximum duration) as well as financial costs.

Approval of the loan is not permitted until the credit risk of the borrower has been assessed and approved. Such approval is made within the approval limit of the client relationship manager.

The approval limits

The approval limit of each Local Bank or CIC branch is determined on the basis of an approval or delegation of the relevant *Fédération de Crédit Mutuel* or relevant CIC entity.

For each Local Bank or CIC branch, the approval limit of such entity is based on:

- criteria relating to financings granted by such Local Bank or CIC branch (outstanding financings, changes in credit risks, including bad debt risk and litigation risk, overdrawn accounts, sensitivity risks and deteriorated outstanding principal);
- criteria relating to the quality of credit applications recently processed by such Local Bank or CIC branch (including the number of applications submitted for approval and the percentage of approvals obtained);
- the typology, the rating by Internal Audit, the organisation and the environment of each Local Bank or CIC branch; and
- for each Local Bank, the financial criteria of that Local Bank (equity, gross operating results, net cash flow less dividend margin, recourse or non-recourse to a solidarity fund).

The commitment reference document

The Group has created a commitment reference document to describe the procedures to be followed by the Group's lending entities.

The commitment reference document is regularly updated on the basis of regulatory or statutory changes. In particular, in order to meet the constraints of the Basel II reform, the CM11-CIC Group has implemented an internal rating system in order to derive an internal credit rating scale. The credit rating scale is used in a number of operational processes and programmes (the credit decision, payments, sensitive risks, collection, control, etc). In particular, the credit rating scale will be used to weight the approval limits and the related delegations to grant loans.

Decision process

The statutory and/or regulatory provisions specific to each *Fédération de Crédit Mutuel* detail the terms and conditions applicable to the setting of the approval limits of the relevant Local Bank. The criteria for assigning these levels are the same for all of the *Fédérations de Crédit Mutuel*. Equivalent rules are implemented within the CIC entities.

The delegations for credit decisions are granted:

- to the directors of the relevant Local Bank or CIC branch; or
- to the client managers of the relevant Local Bank or CIC branch,

depending on the internal organisation of the Local Bank (including the rules relating to the *Fédération de Crédit Mutuel*) or of the relevant CIC entity.

The approval limits of the Local Banks and of the CIC branches and the delegations to their staff are weighted depending on the internal credit rating of the relevant borrower.

For the Local Banks only, decisions relating to commitments are the responsibility of the each Local Bank, within their approval limits as weighted by the credit risk score of the borrower. Approval by the relevant *Fédération de Crédit Mutuel* is required only with respect to credits granted to private individuals and/or professionals in the event that the consolidated authorisations of the borrower or of its risk group exceed the global approval limit of the relevant Local Bank as weighted by the credit risk score of the borrower.

Servicing of Home Loans

The servicing of Home Loans is based on specific triggers and automated processes that occur at different stages and which, depending on the level of trigger, will subject the relevant Home Loan to commercial recovery, amicable recovery and/or, as the case may be, recovery through legal action.

Commercial recovery

With respect to the accounts of its clients (such as current accounts and loans), each Local Bank or CIC branch is responsible for dealing with irregular situations as soon as they are detected. Each director of a Local Bank or CIC branch is responsible for the procedures followed to rectify such irregular situations and may delegate, as appropriate, all or part of these procedures to his employees.

Irregular situations are managed in accordance with the level of credit risk of the debtor the urgency of the situation. A review is carried out at least daily with respect to sensitive accounts, weekly with respect to the processing of outstanding payments on loans and periodically with respect to any other situation.

Finally, decisions made in the context of the management of irregular situations must respect any applicable internal or external rules, in particular those relating to the storage of information, the authority levels of the staff concerned and regulatory constraints.

Amicable recovery

The management system for recovering unpaid receivables due by an individual is based on:

- objective criteria relating to the irregularity on the account, the overdue amount and the internal credit rating;
- automated triggers and processing.

If, after a fixed period of time following the first occurrence of an overdue payment or an overrun on an account, the defaulted client has not rectified the situation, the management of all of his accounts is promptly transferred from the usual client manager to a recovery manager. The latter, situated in a Local Bank, a CIC branch or on a collection platform, is responsible for the prompt recovery of the sums outstanding or unpaid, and at the lowest possible cost, while preserving both the commercial relationship with the client and the image of the CM11-CIC Group.

In the event of failure of the amicable recovery phase (and with the exception of files transferred directly by the CMRC function (described below) to external service providers), the relevant Local Bank or CIC branch undertakes to enter promptly into a procedure for recovery by way of legal action.

Processing by the CMRC function

Accounts held by individuals that satisfy the predefined criteria are, after validation, automatically transferred to the Crédit Mutuel Client Recovery function (*Crédit Mutuel Recouvrement Clientèle* or CMRC). This function is responsible for the amicable recovery of these accounts. The intervention of CMRC is intended to improve the quality and the efficiency of the management of the client account by transferring it to a recovery specialist.

Processing by a Local Bank or by a CIC branch

When there is no available function specifically dedicated to amicable recovery with respect to individuals, amicable recovery is kept at the level of the relevant Local Bank or CIC branch. Whenever such function is available, amicable recovery may be kept at the level of the Local Bank or CIC branch benefiting from the necessary internal skills and organisation for the processing of risks in an efficient manner, in agreement with the relevant originating department.

Recovery through legal action

The recovery must involve legal action when:

- amicable recovery has failed;
- key deadlines for any legal process are reached;
- the debtors and guarantors have changed their address without updating their contact information and do not respond to communication;
- proceedings have been undertaken by another creditor (such as seizure of real estate, forced sale (*cession forcée*), etc.);
- safeguard proceedings, bankruptcy proceedings or liquidation proceedings have been initiated.

This list is not comprehensive and other events may cause the relevant lender to initiate legal action. At this stage, the main objective is to obtain the repayment of the home loan receivables, in particular through legal proceedings. The preservation of the client relationship is no longer a priority for the relevant lender.

THE HEDGING STRATEGY

This section describes the hedging strategy (the "**Hedging Strategy**") to be implemented from time to time, by the Issuer upon the occurrence of a Hedging Rating Trigger Event (as defined below) and/or any Borrower Event of Default (as defined under "*The Borrower Facility Agreement*" above), as applicable. Pursuant to articles L. 515-18 and L. 515-19 of the French Monetary and Financial Code, any amounts payable by the Issuer under the derivative transactions described below will benefit, after any applicable netting, from the *Privilège*.

Following the occurrence of a Hedging Rating Trigger Event, the Issuer entered into the required Hedging Agreement on 13 January 2012 in accordance with the provisions of this section.

Hedging strategy before the occurrence of a Hedging Rating Trigger Event and/or any Borrower Event of Default

The New York Law Covered Bonds issued under the U.S. Programme may be Fixed Rate New York Law Covered Bonds, Floating Rate New York Law Covered Bonds or Zero Coupon New York Law Covered Bonds. Each Series of New York Law Covered Bonds will be denominated in any Specified Currency (see "*Terms and Conditions of the New York Law Covered Bonds*"). The Covered Bonds issued under the International Programme may have similar features.

The proceeds from the issuance of the Covered Bonds will be used by the Issuer to fund Borrower Advances to be made available to the Borrower under the Borrower Facility. The terms and conditions regarding the calculation and the payment of principal and interest under a Borrower Advance will mirror the equivalent terms and conditions of the Covered Bonds funding such Borrower Advance, as further described hereunder and in the relevant Final Terms of the Borrower Advance (see "*The Borrower Facility Agreement*").

The Issuer is therefore not exposed to the risk of an interest rate or currency mismatch arising between the payments received under the Borrower Advances and the payments to be made under the Covered Bonds. As a consequence, in the absence of any Hedging Rating Trigger Event (as defined below) and of any Borrower Event of Default, the Issuer will have no obligation to hedge any interest rate or currency risk.

The determination of the currency and of the interest rate of each Series of Covered Bonds, as specified in each applicable Final Terms, will be made by the Issuer regardless of the currencies in which the Collateral Security Assets are denominated and the interest rate conditions applicable, as the case may be, to such Collateral Security Assets (see "*The Collateral Security*").

Before the enforcement of the Collateral Security, any interest rate or currency risk linked to the mismatch between the Collateral Security Assets and the Borrower Debt will be hedged according to the usual and current strategies and practices of the Group (the "**Hedging Current Practices**"). Under such Hedging Current Practices, any interest rate or currency risk linked to the mismatch between the Collateral Security Assets and the refinancing of each relevant Group entity is hedged as follows:

- any such interest rate or currency risks borne by the CIC entities are hedged by BFCM through the refinancing provided by BFCM to these CIC entities;
- any such interest rate or currency risks borne by the Local Banks (within the meaning of article L. 512-55 *et seq.* of the French Monetary and Financial Code affiliated to CF de CM) are hedged by CF de CM through the refinancing provided by CF de CM to the said Local Banks, and then, by BFCM through the refinancing provided by BFCM to CF de CM.

As a consequence, under the Hedging Current Practices, any interest rate or currency risk linked to the mismatch between the Collateral Security Assets and the refinancing of each relevant CM-CIC Entities is hedged directly or indirectly by BFCM.

Upon enforcement of the Collateral Security following the occurrence of a Borrower Event of Default, and the transfer of the title to the Collateral Security Assets to the Issuer, the Issuer would need to have in place appropriate derivative transactions to hedge the currency and interest rate risks arising from such Home Loans and Homes Loans Security.

Hedging Strategy upon the occurrence of a Hedging Rating Trigger Event

Provisions common to the Issuer Hedging Agreements and to the Borrower Hedging Agreements

Upon the issuance of each Series of Covered Bonds, the Issuer Calculation Agent will communicate to the Issuer (with copy to the Borrower, the Administrator and the Rating Agencies) the margin (relative to one-month Euribor) to be paid by the Borrower when hedging the interest and principal payable by the Issuer under such Series in the relevant Specified Currency, into floating rate flows denominated in Euros and indexed to one-month Euribor (the "**Notes Hedging Margin**").

At the end of each three month period as from 9 July 2007 and before the occurrence of a Hedging Rating Trigger Event, the Issuer Calculation Agent will communicate to the Issuer (with copy to the Borrower, the Administrator and the Rating Agencies) the average margin (relative to one-month Euribor) to be received by the Issuer when hedging the interest and principal payable under the Collateral Security Assets in each relevant currency, into variable rate flows denominated in Euros and indexed to one-month Euribor (the "**Assets Hedging Margin**").

Upon the occurrence of a Hedging Rating Trigger Event, the Issuer (or the Administrator on its behalf) will enter into:

(a) derivative agreement(s) with Eligible Hedging Providers (as defined below) (the "**Issuer Hedging Agreement(s)**");

(b) a back-to-back derivative agreement concluded with BFCM (the "**Borrower Hedging Agreement**" and together with the Issuer Hedging Agreement(s), the "**Hedging Agreements**").

These Hedging Agreements will hedge both:

- the amount of interest and principal payable by the Issuer under the relevant Series, in the relevant Specified Currency; and
- the amount corresponding to the interest and principal payable under the Collateral Security Assets, in each relevant currency,

into variable rate flows denominated in Euros and indexed to one-month Euribor or, subject to prior Rating Affirmation, to any other index (the "**Permitted Index**"). The financial conditions of these Hedging Agreements will be determined so that (a) the margin payable by the Issuer under the Hedging Agreement related to a Series of Covered Bonds is no more than the Notes Hedging Margin calculated for such Series and (b) the margin received by the Issuer under the Hedging Agreement related to the Collateral Security Assets is at least as much as the last communicated Assets Hedging Margin.

Upon the occurrence of a Hedging Rating Trigger Event, a failure by the Issuer (or the Administrator on its behalf) to enter into any Issuer Hedging Agreement with any relevant Eligible Hedging Provider or into any Borrower Hedging Agreement with BFCM within 30 days from the occurrence date of such Hedging Rating Trigger Event, as described under the Hedging Strategy, will constitute an Issuer Event of Default (see "*Terms and Conditions of the New York Law Covered Bonds*").

Each Hedging Agreement will be in Approved Form (as defined below).

Each Hedging Agreement will provide that all amounts to be paid by the Issuer under such Hedging Agreement will be paid according to the then applicable relevant Priority Payment Order, as described in Condition 16 of the Terms and Conditions of the New York Law Covered Bonds.

Any costs and expenses to be borne by the Issuer when negotiating and/or entering into any Hedging Agreement (including, in particular, any sums to be paid to allow the Hedging Agreements to be transacted at the Notes Hedging Margin and the Assets Hedging Margin, given the market conditions prevailing at the time the Hedging Agreements are transacted (*soulte*)) will be paid by BFCM.

In particular, upon the termination of a Hedging Agreement, the Issuer or BFCM or any relevant Eligible Hedging Provider(s), as applicable, may be liable to make a termination payment to the other party in accordance with the provisions of the relevant Hedging Agreement (the "**Hedging Termination Costs**"). Such Hedging Termination Costs, when to be paid by the Issuer and provided that the amount of such costs has not been

reduced to zero in accordance with the provisions of the relevant Hedging Agreement, will be subordinated to payments under the Covered Bonds, as described in Condition 16 of the Terms and Conditions of the New York Law Covered Bonds (see also section "*Cash Flow—Priority Payment Orders*").

Pursuant to the terms of the Hedging Agreements, in the event that the relevant ratings of the Eligible Hedging Provider(s) (or its respective guarantor, as applicable) (the "**Hedging Provider**") is or are downgraded by a Rating Agency below the required ratings specified in the relevant Hedging Agreement and, where applicable, as a result of such downgrade, the then current ratings of any outstanding Covered Bonds would be adversely affected, the relevant Hedging Provider will, in accordance with and pursuant to the terms of the relevant Hedging Agreement, be required to take certain remedial measures which may include one or more of the following: (i) providing collateral for its obligations under the relevant Hedging Agreement; (ii) arranging for its obligations under the relevant Hedging Agreement to be transferred to a replacement hedging provider with the ratings required under the relevant methodologies of the Rating Agencies (as specified in the relevant Hedging Agreement); (iii) procuring another entity with the ratings required under the relevant methodologies of the Rating Agencies (as specified in the relevant Hedging Agreement) to become co-obligor in respect of its obligations under the relevant Hedging Agreement; and/or (iv) taking such other actions as the relevant Hedging Provider may required under the relevant methodologies of the Rating Agencies, as applicable.

The Issuer Hedging Agreement(s)

The Issuer Hedging Agreement(s) will be used to hedge mismatches between the Collateral Security Assets and the Covered Bonds in the following manner.

The interest rate payable by the Issuer with respect to a Series may be calculated in various manners, depending on the type of Covered Bonds (Fixed Rate Covered Bonds, Floating Rate Covered Bonds or Zero Coupon Covered Bonds). Each Series of Covered Bonds may be denominated in any Specified Currency. To provide a hedge between:

- the amount of interest and principal payable by the Issuer under the relevant Series, in the relevant Specified Currency; and
- the amount corresponding to the interest and principal payable under the Collateral Security Assets, in each relevant currency,

each relevant Eligible Hedging Provider (where applicable with the appropriate collateralisation requirements) and the Issuer will enter into interest rate and/or currency derivative transactions (each, a "**Hedging Transaction**") in relation to each relevant Series in Approved Form and in substance compliant with the relevant methodologies of the Rating Agencies, upon the occurrence of a Hedging Rating Trigger Event.

Each Issuer Hedging Agreement may be terminated in accordance with certain termination events and events of default. An Issuer Event of Default will not constitute a termination event under any Issuer Hedging Agreement.

The Borrower Hedging Agreement

The Borrower Hedging Agreement will be used to hedge mismatches between the Collateral Security Assets and the Borrower Advances, and as such, the purpose of the Borrower Hedging Agreement will be to transfer to the Borrower the benefit of the Issuer Hedging Agreement(s).

The terms and conditions regarding the calculation and the payment of principal and interest under a Borrower Advance will mirror the equivalent terms and conditions of the Covered Bonds funding such Borrower Advance. As a consequence, the interest rate payable by the Borrower with respect to a Borrower Advance may be calculated in various manners, depending on the type of Covered Bonds funding such Borrower Advance (Fixed Rate Covered Bonds, Floating Rate Covered Bonds or Zero Coupon Covered Bonds). Moreover, each Borrower Advance may be denominated in one or two Specified Currencies. To provide a hedge between:

- the amount of interest and principal payable by the Borrower under the relevant Borrower Advance, in the relevant Specified Currencies (which will be equivalent to the amount of interest and principal payable by the Issuer under the Covered Bonds funding such relevant Borrower Advance); and
- the amount of interest and principal in relation to the Collateral Security Assets, in each relevant currency, to be hedged by BFCM in accordance with the Hedging Current Practices (for the avoidance of doubt, in order to hedge any currency and interest risks related thereto),

BFCM and the Issuer will enter into interest rate and/or currency derivative transactions (each, a "**Borrower Hedging Transaction**") in relation to each relevant Series in form and substance compliant with the relevant methodologies of the Rating Agencies, upon the occurrence of a Hedging Rating Trigger Event.

The Borrower Hedging Agreement may be terminated in accordance with certain termination events and events of default. In particular, a Borrower Event of Default will constitute a termination event under the Borrower Hedging Agreement but will not constitute a termination event under the Issuer Hedging Agreement(s).

Hedging Strategy upon the occurrence of a Borrower Event of Default

Upon the occurrence of a Borrower Event of Default, and the subsequent transfer in favour of the Issuer of title to the Home Loans (and related Home Loans Security) following an enforcement of the Collateral Security:

(a) the Issuer will maintain its rights and obligations under the existing Issuer Hedging Agreement(s);

(b) the Issuer will immediately terminate the Borrower Hedging Agreement.

For the purposes of this section,

"**Approved Form**" means a 1992 (Multicurrency—Cross Border) or 2002 ISDA Master Agreement (including its schedule), credit support document and confirmation governed thereby or, as the case may be, a 2001 FBF Master Agreement relating to transactions on forward financial instruments (including its schedule), collateral annex and confirmation governed thereby, in a form agreed by the Issuer and the Borrower pursuant to the Hedging Approved Form Letter or otherwise agreed subject to prior Rating Affirmation.

"**Hedging Rating Trigger Event**" means the event in which the senior unsecured, unsubordinated and unguaranteed debt obligations of BFCM become rated below A (long-term) by S&P, or A1 (long-term) by Moody's or F1+ (short-term) or AA- (long-term) by Fitch (or, after the date hereof, any other rating levels (i) as may be required by applicable law and regulations or as per the most recently public available rating criteria methodology reports published by the Rating Agencies and (ii) commensurate with the then current ratings of the Covered Bonds).

"**Eligible Hedging Provider**" means a financial institution which meets the following conditions:

- such financial institution is permitted under any applicable and relevant law to enter into derivative contracts with French residents; and
- (i) the rating of its senior unsecured, unsubordinated and unguaranteed debt obligations is at least a Hedging Required Rating, or (ii) the rating of the senior unsecured, unsubordinated and unguaranteed debt obligations of its guarantor under the relevant Hedging Agreement is at least a Hedging Required Rating, or (iii) this financial institution has provided collateral for its obligations under the relevant Hedging Agreement and taken any remedial action as required under the relevant methodologies of the Rating Agencies.

"**Hedging Required Rating**" means, as regards any Eligible Hedging Provider or, as applicable, its guarantor under the relevant Hedging Agreement in relation to the hedging of currency risks or interest risks, that:

1. its unsecured, unguaranteed and unsubordinated debt obligations are rated at least as high as P-1 (short-term) by Moody's;

2. its unsecured, unguaranteed and unsubordinated debt obligations are rated at least as high as F1 (short-term)/A (long-term) by Fitch; and

3. its long-term, unsecured, unguaranteed and unsubordinated debt obligations are rated no lower than the applicable S&P Subsequent Required Rating (as long as S&P Replacement Option 1 or S&P Replacement Option 2 applies) or the applicable S&P Initial Required Rating (as long as S&P Replacement Option 3 or S&P Replacement Option 4 applies); *it being provided that* if an Eligible Hedging Provider does not have the S&P Initial Required Rating at the time it enters into the relevant hedging agreement, such Eligible Hedging Provider will immediately provide collateral under the provisions of the relevant credit support annex (if such Eligible

Hedging Provider elects for the S&P Replacement Option 1 or the S&P Replacement Option 2 at the time such transfer or novation occurs);

Where:

- "**S&P Initial Required Rating**" means:
  - "**A"** (long-term) by S&P if S&P Replacement Option 1, S&P Replacement Option 2 or S&P Replacement Option 3 applies;
  - "**A+"** (long-term) by S&P if S&P Replacement Option 4 applies;
- "**S&P Subsequent Required Rating**" means:
  - "**BBB+**" (long-term) by S&P if S&P Replacement Option 1 applies;
  - "**A-"** (long-term) by S&P if S&P Replacement Option 2 applies;
- "**S&P Replacement Option 1**" means the counterparty replacement option 1, as described in the S&P rating criteria document entitled "Counterparty Risk Framework Methodology And Assumptions" dated 29 November 2012;
- "**S&P Replacement Option 2**" means the counterparty replacement option 2, as described in the S&P rating criteria document entitled "Counterparty Risk Framework Methodology And Assumptions" dated 29 November 2012;
- "**S&P Replacement Option 3**" means the counterparty replacement option 3, as described in the S&P rating criteria document entitled "Counterparty Risk Framework Methodology And Assumptions" dated 29 November 2012;
- "**S&P Replacement Option 4**" means the counterparty replacement option 4, as described in the S&P rating criteria document entitled "Counterparty Risk Framework Methodology And Assumptions" dated 29 November 2012, (or, after the date hereof, any other rating levels (i) as may be required by applicable law and regulations or as per the most recently public available rating criteria methodology reports published by the Rating Agencies and (ii) commensurate with the then current ratings of the Covered Bonds),

it being provided that, as the date hereof, S&P Replacement Option 2 applies.

"**Hedging Approved Form Letter**" means a letter agreement and pursuant to which the Issuer and the Borrower agree the Approved Form of the Hedging Agreements.

FORM OF FINAL TERMS

Final Terms dated [ ]

[*LOGO*]

Crédit Mutuel-CIC Home Loan SFH

Issue of [Aggregate Nominal Amount of Tranche] [Title of New York Law Covered Bonds]

under the U.S. Covered Bond Programme

for the issue of the *Obligations de Financement de l'Habitat*

Issue Price: [ ] per cent.

[Name(s) of Dealer(s)]

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 8 October 2013 which received visa N° 13-533 from the *Autorité des marchés financiers* (the "**AMF**") on 8 October 2013 [and the supplement(s) to the Base Prospectus dated [ ] which received visa N° [ ] from the AMF on [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (as defined below).

This document constitutes the Final Terms of the New York Law Covered Bonds described herein for the purposes of article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the New York Law Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [, the supplement to the Base Prospectus] and these Final Terms are available for viewing on the websites [of the Issuer (http://www.creditmutuelcic-sfh.com)] and of the AMF (www.amf-france.org), and during normal business hours at the registered office of the Issuer and at the specified office of the Paying Agent(s) where copies may be obtained. [In addition[2] the Base Prospectus[, the supplement to the Base Prospectus] and these Final Terms are available for viewing [on/at] [ ].]

The following alternative language applies if the first tranche of an issue which is being increased was issued under the Base Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 September 2012 which received visa N° 12-456 from the *Autorité des marchés financiers* (the "**AMF**") on 20 September 2012 [and the supplement to it dated 27 May 2013 which received visa N° 13-0239 from the AMF on 27 May 2013] [which are incorporated by reference in the Base Prospectus dated [●] 2013]. This document constitutes the Final Terms of the New York Law Covered Bonds described herein for the purposes of article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated [●] 2013 [and the supplement(s) to it dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"), save in respect of the Conditions which are extracted from the Base Prospectus dated 20 September 2012 [and the supplement to it dated 27 May 2013]. Full information on the Issuer and the New York Law Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [, the supplement to the Base Prospectus] and these Final Terms are available for viewing on the websites [of the Issuer (http://www.creditmutuelcic-sfh.com)] and of the AMF (www.amf-france.org), and during normal business hours at the registered office of the Issuer and at the specified office of the Paying Agent(s) where copies may be obtained. [In addition[3] the Base Prospectus[, the supplement to the Base Prospectus] and these Final Terms are available for viewing [on/at] [ ].]

"**Prospectus Directive**" means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 as amended, where applicable, by the Directive 2010/73/EU of the European Parliament and of

[2]If the Covered Bonds are admitted to trading on a Regulated Market other than Euronext Paris.
[3]If the Covered Bonds are admitted to trading on a Regulated Market other than Euronext Paris.

the Council of 24 November 2010, to the extent implemented in the relevant Member State of the European Economic Area (each, a "**Relevant Member State**"), and includes any relevant implementing measure with respect thereto in each Relevant Member State..

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

1.	**Issuer:**	Crédit Mutuel-CIC Home Loan SFH
2.	**[(i)] Series Number:**	[ ]
	[(ii) Tranche Number:	[ ]
	[(iii) Date on which the New York Law Covered Bonds become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*insert description of the Series*] on [*insert date/the Issue Date*].]
3.	**Specified Currency or Currencies:**	[ ]
4.	**Aggregate Nominal Amount of New York Law Covered Bonds:**	[ ]
	[(i)] Series:	[ ]
	[(ii) Tranche:	[ ]]
5.	**Issue Price:**	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6.	**(i) Specified Denomination(s):**	[ ]*((i) not less than the U.S.$ equivalent of €100,000 at the Issue Date when the New York Law Covered Bonds are admitted to trading on a regulated market in circumstances which require the publication of a prospectus under the Prospectus Directive and (ii) one single denomination if the New York Law Covered Bonds are admitted to trading on Euronext Paris).*
	[(ii) Calculation Amount	[ ]]
7.	**(i) Issue Date:**	[ ]
	(ii) Interest Commencement Date:	[*Specify/Issue Date/Not Applicable*]
8.	**Final Maturity Date:**	[*Specify date or (for Floating Rate New York Law Covered Bonds) the Interest Payment Date falling in or nearest to the relevant month and year*]
9.	**Interest Basis:**	[[ ] per cent. Fixed Rate] [[LIBOR or other] +/– [ ] per cent. Floating Rate] [Zero Coupon] (further particulars specified below)
10.	**Redemption/Payment Basis:**	[Redemption at par] [Instalment] (further particulars specified below)
11.	**Change of Interest or Redemption/Payment Basis:**	[*Specify details of any provision for convertibility of New York Law Covered Bonds into another*

			interest or redemption/ payment basis]
12.	**Put/Call Options:**		[New York Law Covered Bondholder Put] [Issuer Call] [(further particulars specified below)]
13.	**(i)**	**Status of the New York Law Covered Bonds:**	Unsubordinated and privileged (see Conditions 4 and 5)
	(ii)	**Date of Board approval for issuance of New York Law Covered Bonds obtained:**	[ ]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	**Fixed Rate New York Law Covered Bond Provisions:**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Rate[(s)] of Interest:	[ ] per cent. per annum [payable [annually / semi-annually / quarterly / monthly / other (*specify)*] in arrear]
	(ii)	Interest Payment Date(s):	[ ] in each year [where applicable (adjusted pursuant to the [*specify applicable Business Day Convention*])
	(iii)	Fixed Coupon Amount[(s)]:	[ ] per Calculation Amount
	(iv)	Broken Amount(s):	*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]*
	(v)	Day Count Fraction:	[30/360 / other]

b

15.	**Floating Rate New York Law Covered Bond Provisions:**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Interest Period(s):	[ ]
	(ii)	Specified Interest Payment Dates:	[ ]
	(iii)	First Interest Payment Date:	[ ]
	(iv)	Interest Period Date	[ ] [Interest Payment Date / Other (*specify*)]
	(v)	Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] [*Insert "unadjusted" if the application of the relevant business day convention is not intended to affect the Interest Amount*]
	(vi)	Financial Center(s):	[ ]
	(vii)	Manner in which the Rate(s) of Interest is/are	[Screen Rate Determination / ISDA

	to be determined	Determination]
(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	[ ]
(ix)	Screen Rate Determination:	[Applicable/Not Applicable]
	Reference Rate	[ ]
	Interest Determination Date(s):	[ ]
	Relevant Screen Page	[ ]
(x)	ISDA Determination:	[Applicable/Not Applicable]
	Floating Rate Option:	[ ]
	Designated Maturity	[ ]
	Reset Date	[ ]
(xi)	Margin(s):	[+/-] [ ] per cent. per annum
(xii)	Minimum Rate of Interest:	[Not Applicable/[ ] per cent. per annum]
(xiii)	Maximum Rate of Interest:	[Not Applicable/[ ] per cent. per annum]
(xiv)	Day Count Fraction:	[ ]

16.	**Zero Coupon New York Law Covered Bond Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Amortisation Yield:	[ ] per cent. per annum
(ii)	Day count fraction in relation to Early Redemption:	[ ]

PROVISIONS RELATING TO REDEMPTION

17.	**Call Option:**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Optional Redemption Date(s):	[ ]
(ii)	Optional Redemption Amount(s) of each New York Law Covered Bond and method, if any, of calculation of such amount(s):	[ ] per Calculation Amount
(iii)	If redeemable in part:	
	(a) Minimum Redemption Amount:	[ ] per Calculation Amount
	(b) Maximum Redemption Amount:	[ ] per Calculation Amount

	(iv)	Notice period:	[ ]
18.	**Put Option:**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[ ]
	(ii)	Optional Redemption Amount(s) of each New York Law Covered Bond and method, if any, of calculation of such amount(s):	[ ] per Calculation Amount
	(iii)	Notice period	[ ]
19.	**Final Redemption Amount of each New York Law Covered Bond**		[ ] per Calculation Amount
20.	**Early Redemption Amount**:		[ ] per Calculation Amount
	Early Redemption Amount(s) of each New York Law Covered Bond payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same and/or any other terms (if required or if different from that set out in Condition 8):		

GENERAL PROVISIONS APPLICABLE TO THE NEW YORK LAW COVERED BONDS

21.	Financial Center(s) or other special provisions relating to payment dates for the purposes of Condition 9(v):	[Not Applicable/*give details*]
22.	New York Law Covered Bond Held under NSS?	[Yes] [No]
23.	Form of New York Law Covered Bonds:	[Registered Notes: [Regulation S Global Note] [U.S.$] nominal amount) registered in the name of [DTC][a nominee for [a common depository for Euroclear and Clearstream, Luxembourg / a common safekeeper for Euroclear and Clearstream, Luxembourg] [Rule 144A Global Note]: [U.S$.] nominal amount) registered in the name of a nominee for [DTC]]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [(*Relevant third party information*)] has been extracted from (*specify source*). The Issuer hereby confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.][4]

Signed on behalf of CRÉDIT MUTUEL-CIC HOME LOAN SFH:

By: .....

Duly authorised

[4]Include if third party information is provided, for example in compliance with Annex XII of the Prospectus Directive Regulation in relation to an index or its components, an underlying security or the issuer of an underlying security.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing(s):	[[Euronext Paris]/other (*specify*)/None]
(ii)	Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the New York Law Covered Bonds to be admitted to trading on [Euronext Paris]/[*specify other relevant regulated market*] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the New York Law Covered Bonds to be admitted to trading on [*specify relevant regulated market*]] with effect from [ ].][Not Applicable] (*Where documenting a fungible issue need to indicate that original New York Law Covered Bonds are already admitted to trading.*)
(iii)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings:	The New York Law Covered Bonds to be issued [have been/are expected to be] rated: [Standard & Poor's Ratings Credit Market Services France SAS: [ ]] [Moody's Investors Service Ltd.: [ ]] [Fitch France SAS: [ ]] [[Other]: [ ]] [ ] [is/are] established in the European Union and [is/are]registed under Regulation (EU) No 1060/2009 as amended by Regulation (EU) No 513/2011 (the "**CRA Regulation**"). As such [ ] [is/are] included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA regulation. [*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*] *(The above disclosure should reflect the rating allocated to New York Law Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["Plan of Distribution"], so far as the Issuer is aware, no person involved in the offer of the New York Law Covered Bonds has an interest material to the offer".

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

4. [*FIXED RATE NEW YORK LAW COVERED BONDS ONLY*] YIELD

Indication of yield:	[ ] per cent. per annum.

5. OPERATIONAL INFORMATION

ISIN(s):		[ ]
Common Code(s):		[ ]
CUSIP:		[ ]
Depositaries:		
(i)	Common Depositary for Euroclear and Clearstream, Luxembourg	[Yes/No] [Regulation S Global Note only]
(ii)	ICSD CSK	[Yes/No][Regulation S Global Note only]
(iii)	DTC	[Yes/No][Regulation S Global Note and Rule 144A Global Note] / [Rule 144A Global Note only]
Delivery:		Delivery [against/free of] payment
Names and addresses of initial Paying Agent:		[ ]
Names and addresses of additional Paying Agent(s) (if any):		[ ]
Intended to be held in a manner which would allow Eurosystem eligibility[5]:		[Yes][No] [Note that the designation "yes" simply means that the New York Law Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that the New York Law Covered Bonds will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.][*include this text if "yes" selected*]

[5]Only where a Regulation S Global Note is held with Common Depositary for Euroclear and Clearstream, Luxembourg.

6. DISTRIBUTION

(i)	Method of distribution:	[Syndicated / Non-syndicated]
(ii)	Date of Subscription Agreement:	[ ]
(iii)	If syndicated, names of managers:	[Not Applicable/*give names*]
(iv)	Stabilizing Manager(s) (if any):	[Not Applicable/*give names*]
(v)	If non-syndicated, name of Dealer:	[Not Applicable/*give names*]
(vi)	U.S. selling restrictions:	[The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.] TEFRA not applicable
(vii)	ERISA:	[Employee benefit plans subject to ERISA can buy: Yes/No]. See "*Erisa Considerations*".

TAXATION

The statements herein regarding taxation are based on the laws in force in the United States, the European Union, and the Republic of France as of the date of this base prospectus and are subject to any change in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of, the New York Law Covered Bonds. Each prospective holder or beneficial owner of New York Law Covered Bonds should consult its own tax advisor as to the U.S., European or French tax consequences of any investment in, or ownership and disposition of, the New York Law Covered Bonds.

EU Savings Directive

Under the Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**Savings Directive**"), each Member State of the EU is required to provide to the tax authorities of another EU Member State, *inter alia*, details of interest payments within the meaning of the Savings Directive (including interest, premiums and other similar income) made by a paying agent established within its jurisdiction to, or secured by such a person for the benefit of, an individual resident in or certain limited types of entity established in, that other Member State.

However, for a transitional period, certain Member States (Luxembourg and Austria) will instead apply a withholding system in relation to interest payments, unless during such period they elect otherwise. The beneficial owner of the interest payment may, on meeting certain conditions, request that no tax be withheld and elect instead for an exchange of information procedure. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income. The current Luxembourg government has announced its intention to elect out of the withholding system in favour of automatic exchange of information with effect from 1 January 2015.

A number of third countries and territories have adopted similar measures to the Savings Directive.

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors should inform themselves of, and where appropriate take advice on, the impact of the Savings Directive, once amended, on their investment.

The Proposed EU Financial Transactions Tax

The European Commission has published a proposed Directive for a common Financial Transaction Tax (the "**FTT**") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia, and Spain (the "participating Member States").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain transactions relating to the New York Law Covered Bonds (including secondary market transactions) in certain circumstances. The FTT would impose a charge at generally not less than 0.1% of the sale price on such transactions. The issuance and subscription of the New York Law Covered Bonds should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain transactions relating to the New York Law Covered Bonds where at least one party is established in a participating Member State and a financial institution established in (or treated as established in) a participating Member State is a party to the transaction, for its own account, for the account of another person, or if the financial institution is acting in the name of a party to the transaction. A party may be deemed to be "established" in a participating Member State in a broad range of circumstances, including if its seat is there, if it is acting via a branch in that Member State (as regards branch transactions), or where the financial instrument which is the subject of the transaction is issued in a participating Member State. In addition to these cases, a financial institution may also be treated as established in a participating Member State if it is authorized there (as regards authorized transactions), or if it is entering into the financial transaction with another person who is established in that Member State.

It is currently proposed that the FTT should be introduced in the participating Member States on January 1, 2014.

The FTT proposal remains however subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the New York Law Covered Bonds are advised to seek their own professional advice in relation to the FTT.

French Taxation

The descriptions below are intended as a basic summary of certain French tax considerations that may be relevant to holders of New York Law Covered Bonds who do not concurrently hold shares of the Issuer. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

Taxation of Interest Income and Other Revenues

The Savings Directive was implemented into French law under Article 242 *ter* of the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

Pursuant to Article 125 A III of the French *Code général des impôts*, payments of interest and other revenues made by the Issuer on such New York Law Covered Bonds are not subject to withholding tax unless such payments are made outside of France in a non-cooperative State or territory within the meaning of Article 238-0 A of the French *Code général des impôts* (a "**Non-Cooperative State**"), in which case a 75% withholding tax is applicable subject to exceptions, certain of which are set forth below, and to more favourable provisions of any applicable double tax treaty. The 75% withholding tax is applicable irrespective of the tax residence of the New York Law Covered Bondholder. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the French *Code général des impôts*, interest and other revenues are not deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial institution located in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest or other revenues may be recharacterised as constructive dividends pursuant to Articles 109 et seq. of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the same Code, at a rate of 30% or 75%, subject to more favourable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, none of the 75% withholding tax provided by Article 125 A III of the French *Code général des impôts*, the non-deductibility of the interest and other revenues or the withholding tax set out under Article 119 *bis* 2 that may be levied as a result of such non-deductibility, to the extent the relevant interest or revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, will apply in respect of a particular issue of New York Law Covered Bonds provided that the Issuer can prove that the main purpose and effect of such issue of New York Law Covered Bonds is not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**").

In addition, under French tax administrative guidelines (*Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20120912) dated 12 September 2012, an issue of New York Law Covered Bonds benefits from the Exception without the Issuer having to provide any evidence supporting the main purpose and effect of such issue of New York Law Covered Bonds, if such New York Law Covered Bonds are:

i. offered by means of a public offer within the meaning of article L. 411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

ii. admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

iii. admitted, at the time of their issue, to the operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositaries or operators provided that such depositaries or operators are not located in a Non-Cooperative State.

As a result, payments of interest or other revenues made by the Issuer with respect to New York Law Covered Bonds cleared through a clearing system such as DTC, Euroclear Bank S.A. / N.V. and/or Clearstream Banking will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts*. The tax regime applicable to New York Law Covered Bonds which do not satisfy the conditions mentioned hereinabove will be set out in a supplement to this Base Prospectus.

Pursuant to Article 9 of the 2013 French Finance Law (*loi n°2012-1509 du 29 décembre 2012 de finances pour 2013*) subject to certain limited exceptions, interest and other similar income received from 1 January 2013 by French tax resident individuals is subject to a 24% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5% on interest and similar income paid to French tax resident individuals.

Taxation on Sale or Other Disposition

Under article 244 *bis* C of the French *Code général des impôts*, a person that is not a resident of France for the purpose of French taxation generally is not subject to any French income tax or capital gains tax on any gain derived from the sale or other disposition of New York Law Covered Bonds, unless such New York Law Covered Bonds form part of the business property of a permanent establishment or a fixed base that such person maintains in France.

Stamp Duty and Other Transfer Taxes

Transfers of New York Law Covered Bonds outside France will not be subject to stamp duty or other transfer tax imposed in France, provided such transfer is not recorded or referred to in any manner whatsoever in a deed registered with the French tax authorities on a voluntary basis.

Estate and Gift Tax

France imposes estate and gift tax on securities of a French company that are acquired by inheritance or gift. According to article 750 *ter* of the French *Code général des impôts*, the taxation is triggered without regard to the residence of the transferor. However, France has entered into estate and gift tax treaties with a number of countries pursuant to which, assuming certain conditions are met, residents of the treaty country may be exempted from such tax or obtain a tax credit.

As a result from the combination of the French domestic tax law and the estate and gift tax convention between the United States and France, a transfer of New York Law Covered Bonds by gift or by reason of the death of a United States holder entitled to benefits under that convention will not be subject to French gift or inheritance tax, so long as, among other conditions, the donor or decedent was not domiciled in France at the time of the transfer and the New York Law Covered Bonds were not used or held for use in the conduct of a business or profession through a permanent establishment or fixed base in France.

Wealth Tax

French wealth tax (*impôt de solidarité sur la fortune*) generally does not apply to New York Law Covered Bonds owned by non-French residents according to article 885 L of the French *Code général des impôts*. Subject to certain exceptions, a United States holder that is resident in the United States within the meaning of the income tax convention between the United States and France generally is exempt from French wealth tax.

Prospective purchasers who are individuals are urged to consult with their own tax advisers.

United States Taxation

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, NEW YORK LAW COVERED BONDHOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S.

FEDERAL INCOME TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY NEW YORK LAW COVERED BONDHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON NEW YORK LAW COVERED BONDHOLDERS UNDER THE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) NEW YORK LAW COVERED BONDHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain U.S. federal income tax considerations that may be relevant to a New York Law Covered Bondholder. For the purposes of this summary, a "**U.S. Holder**" means a holder of a New York Law Covered Bond that is a citizen or individual resident of the United States or a U.S. corporation or a Bondholder that is otherwise subject to U.S. federal income taxation on a net income basis in respect of the New York Law Covered Bonds. A "**Non-U.S. Holder**" means a holder of a New York Law Covered Bond that is not a U.S. Holder. This summary is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury Regulations, and administrative and judicial interpretations thereof in effect and available as of the date of this Base Prospectus, all of which are subject to change, possibly with retroactive effect. This summary deals only with New York Law Covered Bondholders that acquire the New York Law Covered Bonds in an original issuance and that will hold New York Law Covered Bonds as capital assets, and it does not address tax considerations applicable to New York Law Covered Bondholders that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, real estate investment trusts, regulated investment companies, dealers in securities or currencies, traders in securities electing to mark to market, partnerships or partners therein, persons that will hold New York Law Covered Bonds as a position in a "straddle," hedge or conversion transaction, or as part of a "synthetic security" or other integrated financial transaction or U.S. Holders that have a "functional currency" other than the U.S. dollar.

This summary addresses only New York Law Covered Bonds that will be treated as debt for U.S. federal income tax purposes. It does not address variable rate New York Law Covered Bonds with a multiplier or other leverage factor, New York Law Covered Bonds that convert from fixed rate to floating rate, or from floating rate to fixed rate, step-up or step-down New York Law Covered Bonds or other New York Law Covered Bonds not specifically described herein. No rulings have been sought from the Internal Revenue Service (IRS) regarding the matters discussed herein, and there can be no assurance that the IRS or a court will agree with the views expressed herein. This discussion is a general summary and does not cover all tax matters that may be important to a particular investor. Any special U.S. federal income tax considerations relevant to a particular issue of New York Law Covered Bonds will be provided in a supplement to this Base Prospectus.

Investors should consult their tax advisors to determine the tax consequences to them of acquiring, owning and disposing of New York Law Covered Bonds, including the application to their particular situation of the U.S. federal income tax considerations discussed below, as well as the application of state, local, non-U.S. or other tax laws and the proper characterization of the New York Law Covered Bonds for tax purposes.

U.S. Holders

Payments of Interest

Payments of "qualified stated interest" (as defined below under "*Original Issue Discount*") on a New York Law Covered Bond (including any tax withheld on such payments) will be taxable to a U.S. Holder as ordinary income at the time that such payments are accrued or are received (in accordance with the U.S. Holder's method of tax accounting).

Payments of interest, including any amounts includible in income as original issue discount ("**OID**"), on a New York Law Covered Bond will be treated as foreign source income for the purposes of calculating that holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The rules relating to foreign tax credits and the timing thereof are complex. U.S. Holders should consult their own tax advisors regarding the availability of a foreign tax credit under their particular situation.

If such payments of interest are made with respect to a New York Law Covered Bond denominated in a currency other than U.S. dollars (a **Foreign Currency New York Law Covered Bond**), the amount of interest income realized by a U.S. Holder that uses the cash method of tax accounting will be the U.S. dollar value of the

payment based on the exchange rate in effect on the date of receipt, regardless of whether the payment in fact is converted into U.S. dollars on such date. A U.S. Holder that uses the accrual method of accounting for tax purposes will accrue interest income on the Foreign Currency New York Law Covered Bond in the relevant foreign currency and translate the amount accrued into U.S. dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the U.S. Holder's taxable year), or, at the accrual-basis U.S. Holder's election, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt (if such date is within five business days of the last day of the accrual period). A U.S. Holder that makes such election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS. A U.S. Holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss, as the case may be, on the receipt of an interest payment made with respect to a Foreign Currency New York Law Covered Bond if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. Any such foreign currency gain or loss will be treated as ordinary income or loss but generally will not be treated as an adjustment to interest income received on the Foreign Currency New York Law Covered Bond.

Sale or Other Disposition of New York Law Covered Bonds

General

Upon the sale or other disposition of a New York Law Covered Bond, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized on the sale or other disposition (less any accrued and unpaid qualified stated interest (as defined below under "*Original Issue Discount*") which will be taxable as such) and the U.S. Holder's tax basis in such New York Law Covered Bond. A U.S. Holder's tax basis in a New York Law Covered Bond generally will equal the cost of such New York Law Covered Bond to such holder, increased by any amounts includible in income by the holder as OID, and reduced by any amortized premium and any payments other than payments of qualified stated interest made on such New York Law Covered Bond.

Except as discussed below with respect to Short-Term New York Law Covered Bonds (as defined below) and foreign currency gain or loss, gain or loss recognized by a U.S. Holder generally will be long-term capital gain or loss if the U.S. Holder has held the New York Law Covered Bond for more than one year at the time of disposition. Long-term capital gains recognized by an individual U.S. Holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. Capital gain or loss, if any, recognized by a U.S. Holder generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. The deductibility of capital losses is subject to significant limitations. Such foreign currency gain or loss, if any, recognized by a U.S. Holder generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes.

Foreign Currency New York Law Covered Bonds

In the case of a purchase of a Foreign Currency New York Law Covered Bond, the cost to a U.S. Holder will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. In the case of a Foreign Currency New York Law Covered Bond that is traded on an established securities market, a cash-basis U.S. Holder (and, if it so elects, an accrual-basis U.S. Holder) will determine the U.S. dollar value of the cost of such Foreign Currency New York Law Covered Bond by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The amount of any subsequent adjustments to a U.S. Holder's tax basis in a Foreign Currency New York Law Covered Bond in respect of original issue discount will be determined in the manner described under "*Original Issue Discount*". The conversion of U.S. dollars to the relevant foreign currency and the immediate use of such currency to purchase a Foreign Currency New York Law Covered Bond generally will not result in taxable gain or loss for a U.S. Holder.

If a U.S. Holder receives a currency other than the U.S. dollar in respect of the sale or other disposition of a New York Law Covered Bond, the amount realized will be the U.S. dollar value of the foreign currency received, calculated at the exchange rate in effect on the date the instrument is sold or disposed of. In the case of a Foreign Currency New York Law Covered Bond that is traded on an established securities market, a cash-basis U.S. Holder and, if it so elects, an accrual-basis U.S. Holder will determine the U.S. dollar value of the amount realized by translating such amount at the spot rate on the settlement date of the sale. This election available to accrual-basis U.S. Holders in respect of the purchase and sale of Foreign Currency New York Law Covered Bonds traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Gain or loss recognized by a U.S. Holder on the sale or other disposition of a Foreign Currency New York Law Covered Bond generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held such Foreign Currency New York Law Covered Bond. Such foreign currency gain or loss generally will not be treated as an adjustment to interest income received on the Foreign Currency New York Law Covered Bond.

Original Issue Discount

General

If the Issuer issues New York Law Covered Bonds at a discount from their stated redemption price at maturity, and such discount is equal to or more than the product of one-fourth of one percent (0.25%) of the stated redemption price at maturity of the New York Law Covered Bonds and the number of full years to their maturity, the New York Law Covered Bonds will be **Original Issue Discount New York Law Covered Bonds**. The difference between the issue price and the stated redemption price at maturity of the New York Law Covered Bonds will be the OID. The **issue price** of the New York Law Covered Bonds will be the first price at which a substantial amount of the New York Law Covered Bonds are sold to the public (*i.e.*, excluding sales of New York Law Covered Bonds to bond houses, brokers or similar persons acting in the capacity of underwriters, placement agents or wholesalers). The **stated redemption price at maturity** will include all payments under the New York Law Covered Bonds other than payments of qualified stated interest (as defined below).

U.S. Holders of Original Issue Discount New York Law Covered Bonds generally will be subject to the special tax accounting rules for obligations issued with OID provided by the Code and certain U.S. Treasury regulations promulgated thereunder (the "**OID Regulations"**). U.S. Holders of such New York Law Covered Bonds should be aware that, as described in greater detail below, they generally must include OID in ordinary gross income for U.S. federal income tax purposes as it accrues, in advance of the receipt of cash attributable to that income.

In general, each U.S. Holder of an Original Issue Discount New York Law Covered Bond, whether such holder uses the cash or the accrual method of tax accounting, will be required to include in ordinary gross income the sum of the **daily portions** of OID on the Original Issue Discount New York Law Covered Bond for all days during the taxable year that the U.S. Holder owns such New York Law Covered Bond. The daily portions of OID on an Original Issue Discount New York Law Covered Bond are determined by allocating to each day in any accrual period a rateable portion of the OID allocable to that accrual period. Accrual periods may be any length and may vary in length over the term of an Original Issue Discount New York Law Covered Bond, provided that no accrual period is longer than one year and each scheduled payment of principal or interest occurs on either the final day or the first day of an accrual period. In the case of an initial holder, the amount of OID on an Original Issue Discount New York Law Covered Bond allocable to each accrual period is determined by (a) multiplying the "adjusted issue price" (as defined below) of the Original Issue Discount New York Law Covered Bond at the beginning of the accrual period by the "yield to maturity" of such New York Law Covered Bond (appropriately adjusted to reflect the length of the accrual period) and (b) subtracting from that product the amount (if any) of qualified stated interest (as defined below) allocable to that accrual period. The **yield to maturity** is the discount rate that causes the present value of all payments on the Original Issue Discount New York Law Covered Bond as of its original issue date to equal the issue price of such New York Law Covered Bond. The **adjusted issue price** of an Original Issue Discount New York Law Covered Bond at the beginning of any accrual period will generally be the sum of its issue price (generally including accrued interest, if any) and the amount of OID allocable to all prior accrual periods, reduced by the amount of all payments other than payments of qualified stated interest (if any) made with respect to such New York Law Covered Bond in all prior accrual periods. The term **qualified stated interest** generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually during the entire term of an Original Issue Discount New York Law Covered Bond at a single fixed rate of interest or, subject to certain conditions, based on one or more interest indices.

In the case of an Original Issue Discount New York Law Covered Bond that is a Floating Rate New York Law Covered Bond, both the yield to maturity and qualified stated interest will generally be determined for these purposes as though the Original Issue Discount New York Law Covered Bond will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to the interest payments on the New York Law Covered Bond on its date of issue or, in the case of certain Floating Rate New York Law Covered Bonds, the rate that reflects the yield that is reasonably expected for the New York Law Covered Bond. (Additional rules may apply if interest on a Floating Rate New York Law Covered Bond is based on more than one interest index.) As a result of this "constant-yield" method of including OID in income, the amounts includible in income by a U.S. Holder in respect of an Original Issue Discount New York Law Covered Bond denominated in U.S. dollars

generally are lesser in the early years and greater in the later years than the amounts that would be includible on a straight-line basis.

All payments on an Original Issue Discount New York Law Covered Bond (other than payments of qualified stated interest) will generally be viewed first as payments of previously accrued OID (to the extent thereof, with payments attributed first to the earliest-accrued OID), and then as payments of principal. Upon the receipt of an amount attributable to OID (whether in connection with a payment of an amount that is not qualified stated interest or the sale or other disposition of the Original Issue Discount New York Law Covered Bond), a U.S. Holder will recognize ordinary income or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate in effect on the date of receipt or on the date of disposition of the Original Issue Discount New York Law Covered Bond, as the case may be) and the amount accrued (using the exchange rate applicable to such previous accrual).

A U.S. Holder generally may make an irrevocable election to include in its income its entire return on a New York Law Covered Bond (*i.e.*, the excess of all remaining payments to be received on the New York Law Covered Bond, including payments of qualified stated interest, over the amount paid by such U.S. Holder for such New York Law Covered Bond) under the constant-yield method described above, with certain modifications. For New York Law Covered Bonds purchased at a premium, the U.S. Holder making such election will also be deemed to have made the election discussed below in "—Premium" to amortize premium on a constant-yield basis. The election described in this paragraph generally applies only to the New York Law Covered Bond with respect to which it is made and may not be revoked without the consent of the IRS. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Floating Rate New York Law Covered Bonds generally will be treated as **variable rate debt instruments** under the OID Regulations. Accordingly, all stated interest on a Floating Rate New York Law Covered Bond generally will be treated as qualified stated interest, and such a New York Law Covered Bond will not have OID solely as a result of the fact that it provides for interest at a variable rate. If a Floating Rate New York Law Covered Bond does not qualify as a variable rate debt instrument, such New York Law Covered Bond is likely to be subject to special rules (the "**Contingent Payment Regulations"**) that govern the tax treatment of debt obligations that provide for contingent payments (the "**Contingent Debt Obligations"**). A detailed description of the tax considerations relevant to U.S. Holders of any such New York Law Covered Bonds will be provided in a supplement to the Base Prospectus.

Certain of the New York Law Covered Bonds may be subject to special redemption, repayment or interest rate reset features, as indicated in a supplement to this Base Prospectus. Such New York Law Covered Bonds (particularly Original Issue Discount New York Law Covered Bonds) may be subject to special rules that differ from the general rules discussed herein. If the New York Law Covered Bonds offered pursuant to this prospectus are subject to special features of this kind that affect the U.S. federal income tax treatment of holding the New York Law Covered Bonds, we will address the treatment of those New York Law Covered Bonds in the a supplement to this Base Prospectus. Purchasers of New York Law Covered Bonds with such features should carefully examine such supplement to this Base Prospectus and should consult their tax advisors with respect to such New York Law Covered Bonds since the tax consequences with respect to such features, and especially with respect to OID, will depend, in part, on the particular terms of the purchased New York Law Covered Bonds.

Foreign Currency New York Law Covered Bonds

In the case of an Original Issue Discount New York Law Covered Bond that is also a Foreign Currency New York Law Covered Bond, a U.S. Holder should determine the U.S. dollar amount includible in income as OID for each accrual period by (a) calculating the amount of OID allocable to each accrual period in the relevant foreign currency using the constant-yield method described above, and (b) translating the amount of the relevant foreign currency so derived at the average exchange rate in effect during that accrual period (or portion thereof within a U.S. Holder's taxable year) or, at the U.S. Holder's election (as described above under "*Payments of Interest*"), at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt (if such date is within five business days of the last day of the accrual period). Because exchange rates may fluctuate, a U.S. Holder of an Original Issue Discount New York Law Covered Bond that is also a Foreign Currency New York Law Covered Bond may recognize a different amount of OID income in each accrual period than would the holder of an otherwise similar Original Issue Discount New York Law Covered Bond denominated in U.S. dollars.

Premium

General

A U.S. Holder of a New York Law Covered Bond that purchases the New York Law Covered Bond at a cost greater than its remaining redemption amount (which is the total of all future payments to be made on a New York Law Covered Bond other than payments of qualified stated interest) will be considered to have purchased the New York Law Covered Bond at a premium, and may elect to amortize such premium (as an offset to interest income), using a constant-yield method, over the remaining term of the New York Law Covered Bond. Such election, once made, generally applies to all bonds held or subsequently acquired by the U.S. Holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A U.S. Holder that elects to amortize such premium must reduce its tax basis in a New York Law Covered Bond by the amount of the premium amortized during its holding period. Original Issue Discount New York Law Covered Bonds purchased at a premium will not be subject to the OID rules described above. With respect to a U.S. Holder that does not elect to amortize bond premium, the amount of bond premium will be included in the U.S. Holder's tax basis when the New York Law Covered Bond matures or is disposed of by the U.S. Holder. Therefore, a U.S. Holder that does not elect to amortize such premium and that holds the New York Law Covered Bond to maturity generally will be required to treat the premium as capital loss when the New York Law Covered Bond matures.

Foreign Currency New York Law Covered Bonds

In the case of premium in respect of a Foreign Currency New York Law Covered Bond, a U.S. Holder should calculate the amortization of such premium in the relevant foreign currency. Amortization deductions attributable to a period reduce interest payments in respect of that period and therefore are translated into U.S. dollars at the exchange rate used by the U.S. Holder for such interest payments. Exchange gain or loss will be realized with respect to amortized bond premium on such a New York Law Covered Bond based on the difference between the exchange rate on the date or dates such premium is recovered through interest payments on the New York Law Covered Bond and the exchange rate on the date on which the U.S. Holder acquired the New York Law Covered Bond.

Short-Term New York Law Covered Bonds

The rules set forth above will also generally apply to New York Law Covered Bonds having maturities of not more than one year (**Short-Term New York Law Covered Bonds**), but with certain modifications.

First, the OID Regulations treat none of the interest on a Short-Term New York Law Covered Bond as qualified stated interest. Thus, all Short-Term New York Law Covered Bonds will be Original Issue Discount New York Law Covered Bonds. OID will be treated as accruing on a Short-Term New York Law Covered Bond rateably or, at the election of a U.S. Holder, under a constant-yield method.

Second, a U.S. Holder of a Short-Term New York Law Covered Bond that uses the cash method of tax accounting, that is not a bank, securities dealer, regulated investment company or common trust fund, and that does not identify the Short-Term New York Law Covered Bond as part of a hedging transaction, will generally not be required to include OID in income on a current basis. Such a U.S. Holder may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry the Short-Term New York Law Covered Bond until the maturity of such New York Law Covered Bond or its earlier disposition in a taxable transaction. In addition, such a U.S. Holder will be required to treat any gain realized on a sale or other disposition of the Short-Term New York Law Covered Bond as ordinary income to the extent such gain does not exceed the OID accrued with respect to such New York Law Covered Bond during the period the U.S. Holder held the New York Law Covered Bond. Notwithstanding the foregoing, a cash-basis U.S. Holder of a Short-Term New York Law Covered Bond may elect to accrue original issue discount into income on a current basis (in which case the limitation on the deductibility of interest described above will not apply). A U.S. Holder using the accrual method of tax accounting and certain cash-basis U.S. Holders (including banks, securities dealers, regulated investment companies and common trust funds) generally will be required to include original issue discount on a Short-Term New York Law Covered Bond in income on a current basis.

New York Law Covered Bonds Providing for Contingent Payments

The Contingent Payment Regulations, which govern the U.S. federal tax treatment of Contingent Debt Obligations, generally require accrual of interest income on a constant-yield basis in respect of such obligations

at a yield determined at the time of their issuance, and may require adjustments to such accruals when any contingent payments are made. Moreover, in general, under the Contingent Payment Regulations, any gain recognized by a U.S. Holder on the sale, exchange or retirement of a Contingent Debt Obligation will be treated as ordinary income and all or a portion of any loss realized could be treated as ordinary loss as opposed to capital loss (depending upon the circumstances). A detailed description of the tax considerations relevant to U.S. Holders of any Contingent Debt Obligations will be provided in a supplement to this Base Prospectus.

Information Reporting and Backup Withholding

Information returns will be required to be filed with the IRS with respect to payments made to certain U.S. Holders of New York Law Covered Bonds. In addition, certain U.S. Holders may be subject to backup withholding tax in respect of such payments if they do not provide an accurate taxpayer identification number or certification of exempt status or otherwise comply with the applicable backup withholding requirements.

The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS in the manner required. Certain U.S. Holders are not subject to information reporting or backup withholding. U.S. Holders should consult their tax advisors as to their qualification for exemption from information reporting and/or backup withholding.

IRS Disclosure Reporting Requirements

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the New York Law Covered Bonds as a reportable transaction if the loss exceeds $50,000 in a single taxable year if the U.S. Holder is an individual or trust, or higher amounts for other U.S. Holders. In the event the acquisition, ownership or disposition of the New York Law Covered Bonds constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. Prospective purchasers should consult their tax advisors regarding the application of these rules to the acquisition, ownership or disposition of the New York Law Covered Bonds.

Information Reporting with Respect to Specified Foreign Financial Assets

Individual U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of $50,000 are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which would include the New York Law Covered Bonds) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations have been proposed that would extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. Holders who fail to report the required information could be subject to substantial penalties. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in the New York Law Covered Bonds, including the application of the rules to their particular circumstances.

Non-U.S. Holders

Subject to the discussion below, a Non-U.S. Holder of a New York Law Covered Bond will not be subject to U.S. federal income tax by withholding or otherwise on payments of interest (including Additional Amounts) on a New York Law Covered Bond, or gain realized in connection with the sale, or other disposition of a New York Law Covered Bond, unless the Non-U.S. Holder is an individual present in the U.S. for 183 days or more in the taxable year of a disposition of the New York Law Covered Bond in which gain was realized and certain other conditions are satisfied.

Foreign Account Tax Compliance Act

Subject to grandfathering rules, the Issuer and other non-U.S. financial institutions through which payments are made (including the Paying Agent) may be required pursuant to the foreign account provisions of the Hiring Incentives to Restore Employment Act of 2010 ("FATCA") to withhold U.S. tax on payments in respect of certain New York Law Covered Bonds to an investor who does not provide information sufficient for the Issuer

or other non-U.S. financial institution through which payments are made (as the case may be) to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer, or to an investor that is a non-U.S. financial institution that is not in compliance with FATCA. Any such withholding would apply only to payments on New York Law Covered Bonds issued after 30 June 2014 (including any such bonds that are treated as issued after 30 June 2014 as a result of a material modification to such bonds). In addition, under a separate grandfathering rule, the withholding tax described above will not apply to the New York Law Covered Bonds unless they are materially modified after the date that is six months after which final regulations implementing such withholding are filed by the U.S. Treasury Department. If the withholding described above were to apply, it would start at the earliest on 1 January 2017. In addition, France has announced an intention to enter into an intergovernmental agreement with the United States, which could modify the rules that would otherwise apply. If an amount of, or in respect of, such withholding taxes were to be deducted or withheld from interest or other payments on the New York Law Covered Bonds as a result of an investor's failure to comply with these rules, no additional amounts will be paid with respect to the New York Law Covered Bonds held by such investor as a result of the deduction or withholding of such tax. Holders should consult their own tax advisors on how the FATCA rules may apply to payments they receive in respect of New York Law Covered Bonds.

ERISA CONSIDERATIONS

Unless otherwise provided in the applicable Final Terms, the New York Law Covered Bonds should be eligible for purchase by employee benefit plans and other plans subject to the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), and/or the provisions of section 4975 of the Code and by governmental, church and non-U.S. plans that are subject to state, local, other federal law of the United States or non-U.S. law that is substantially similar to ERISA or section 4975 of the Code, subject to consideration of the issues described in this section. ERISA imposes certain requirements on "employee benefit plans" (as defined in section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "**ERISA Plans"**) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed under *"Risk Factors"* above.

Section 406 of ERISA and section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, the "**Plans"**)) and certain persons (referred to as "**parties in interest** or **disqualified persons"**) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a plan fiduciary, who engages in a prohibited transaction with a Plan may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Issuer, the Borrower, the Arranger, the Dealers or any other party to the transactions contemplated in connection with the New York Law Covered Bonds may be parties in interest or disqualified persons with respect to many Plans. Prohibited transactions within the meaning of section 406 of ERISA or section 4975 of the Code may arise if any of the New York Law Covered Bonds is acquired or held by a Plan with respect to which the Issuer, the Borrower, the Arranger, the Dealers or any other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of section 406 of ERISA and section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any New York Law Covered Bonds and the circumstances under which such decision is made. Included among these exemptions are section 408(b)(17) of ERISA and section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the plan, provided that there is adequate consideration for the transaction), Prohibited Transaction Class Exemption (**PTCE**) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a **qualified professional asset manager**), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective investors should consult with their advisors regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any New York Law Covered Bonds.

Save as otherwise provided in the applicable Final Terms, each purchaser and subsequent transferee of any New York Law Covered Bond will be deemed by such purchase or acquisition of any such New York Law Covered Bond to have represented and warranted, on each day from the date on which the purchaser or transferee acquires such New York Law Covered Bond (or any interest therein) through and including the date on which the purchaser or transferee disposes of such New York Law Covered Bond (or any interest therein), either that (a) it is not a Plan or an entity whose underlying assets are deemed for the purposes of ERISA or the Code to include the assets of any Plan or a governmental, church or non-U.S. plan which is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code or (b) its purchase, holding and disposition of such New York Law Covered Bond will not constitute or result in a prohibited transaction under section 406 of ERISA or section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, any substantially similar federal, state, local or non-U.S. law) for which an exemption is not available.

In addition, the U.S. Department of Labor has promulgated a regulation, 29 C.F.R. section 2510.3-101, as modified by section 3(42) of ERISA (the **Plan Asset Regulation**), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, and section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an equity interest of an entity that is neither a publicly-offered security nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless one of the exceptions to such treatment described in the Plan Asset Regulation applies. Under the Plan Asset Regulation, a security which is in debt form may be considered an equity interest if it has substantial equity features. If the Issuer were deemed under the Plan Asset Regulation to hold plan assets by reason of a Plan's investment in any of the New York Law Covered Bonds, such plan assets would include an undivided interest in the assets held by the Issuer and transactions by the Issuer would be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of ERISA and section 4975 of the Code. While there is little pertinent authority in this area and no assurance can be given, the Issuer believes that the New York Law Covered Bonds described herein should not be treated as equity interests for the purposes of the Plan Asset Regulation, subject to the relevant Final Terms.

Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold any of the New York Law Covered Bonds should determine whether, under the documents and instruments governing the Plan, an investment in such New York Law Covered Bonds is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in such New York Law Covered Bonds (including any governmental or non-U.S. plan) should consult with its counsel to confirm that such investment will not constitute or result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code (or, in the case of a governmental plan, any substantially similar state, local or federal law).

The sale of any New York Law Covered Bonds to a Plan is in no respect a representation by the Issuer, the Borrower, the Arranger, the Dealers or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Any further ERISA considerations or prohibitions with respect to New York Law Covered Bonds may be found in the relevant Final Terms.

PLAN OF DISTRIBUTION

Subject to the terms and on the conditions contained in a dealer agreement dated 20 September 2012 between the Issuer, the Arranger and the Permanent Dealers (the "**Dealer Agreement**"), the New York Law Covered Bonds will be offered from time to time by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell New York Law Covered Bonds directly on its own behalf to Dealers that are not Permanent Dealers. The New York Law Covered Bonds may be resold at the offering price set forth in the Final Terms within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States to non-U.S. persons in reliance on Regulation S. The price at which the New York Law Covered Bonds are offered may be changed at any time without notice. The Issuer will pay each relevant Dealer a commission as agreed between them in respect of New York Law Covered Bonds subscribed by it. The New York Law Covered Bonds may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for New York Law Covered Bonds to be issued in syndicated Tranches that are severally and not jointly underwritten by two or more Dealers.

The New York Law Covered Bonds will constitute a new class of securities with no established trading market. There can be no assurance that the prices at which the New York Law Covered Bonds will sell in the market after any offering will not be lower than the initial offering price or that an active trading market for the New York Law Covered Bonds will develop and continue after this offering. The Dealers are not obligated to make a market in the New York Law Covered Bonds and they may discontinue any market-making activities with respect to the New York Law Covered Bonds at any time without notice. Accordingly, the Issuer cannot assure investors as to the liquidity of, or the trading market for, the New York Law Covered Bonds.

In connection with any offering, the Dealers may purchase and sell New York Law Covered Bonds in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions and stabilizing purchases.

- Short sales involve secondary market sales by a Dealer of a greater number of New York Law Covered Bonds than it is required to purchase in the offering.
- Covering transactions involve purchases of New York Law Covered Bonds in the open market after the distribution has been completed in order to cover short positions.
- Stabilizing transactions involve bids to purchase New York Law Covered Bonds so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the Dealers for their own accounts, may have the effect of preventing or retarding a decline in the market price of the New York Law Covered Bonds. They may also cause the price of the New York Law Covered Bonds to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The Dealers may conduct these transactions in the over-the-counter market or otherwise. If the Dealers commence any of these transactions, they may discontinue them at any time.

The Dealers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealers and their respective affiliates may, from time to time, engage in transactions with and perform services for the Issuer, the Borrower or the Group in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, the Borrower or the Group.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the New York Law Covered Bonds, including liabilities under the Securities Act, or to contribute to payments that the Dealers may be required to make because of any of those liabilities. The Dealers have agreed to indemnify the Issuer against certain liabilities in connection with the offer and sale of the New York Law Covered Bonds. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe New York Law Covered Bonds in certain circumstances prior to payment for such New York Law Covered Bonds being made to the Issuer.

Selling Restrictions

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers, in particular following a change in a relevant law, regulation or directive. Any such modification will be set out in a supplement to this Base Prospectus.

Each Dealer will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers or sells New York Law Covered Bonds or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms, and neither the Issuer nor any other Dealer will have responsibility therefore.

United States of America

The New York Law Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**"), and may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act.

Each Dealer has represented and agreed that it has not offered or sold New York Law Covered Bonds of any identifiable Tranche, (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the completion of the distribution of such Tranche as determined, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells New York Law Covered Bonds during this period (other than resales pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the New York Law Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this and the preceding paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of New York Law Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the New York Law Covered Bonds outside the United States and the resale by the Dealers (or their affiliates) of the New York Law Covered Bonds in the United States in accordance with Rule 144A. The Issuer and the Dealers reserve the right to reject any offer to purchase the New York Law Covered Bonds, in whole or in part, for any reason.

This Base Prospectus does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB within the meaning of Rule 144A to whom an offer relating to the New York Law Covered Bonds has been made directly by one of the Dealers or its U.S. broker-dealer affiliate.

European Economic Area

In relation to each Member State of the European Economic Area ("**EEA**") which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the U.S. Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of New York Law Covered Bonds which are the subject of the offering contemplated by the Base Prospectus, as completed by the Final Terms in relation thereto, to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such New York Law Covered Bonds to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of New York Law Covered Bonds referred to in (a) to (c) above will require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of New York Law Covered Bonds to the public" in relation to any New York Law Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the New York Law Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the New York Law Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC of 4 November 200 (as amended by Directive 2011/73/EU, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU of 24 November 2010.

France

Each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any New York Law Covered Bonds to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms or any other offering material relating to the New York Law Covered Bonds and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L. 411-1, L. 411-2 and D. 411-1 of the French Monetary and Financial Code.

Germany

No Base Prospectus nor any prospectus within the meaning of the German Sales Prospectus Act (*Verkaufsprospektgesetz*) has been, nor will be, published in Germany or filed with the German Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) with regard to any New York Law Covered Bond.

New York Law Covered Bonds may not be offered or sold and will not be offered or sold, directly or indirectly to the public in Germany, except in compliance with all applicable laws.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the U.S. Programme will be required to represent and agree that:

(a) in relation to any New York Law Covered Bonds which have a maturity of less than one (1) year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any New York Law Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the New York Law Covered Bonds would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any New York Law Covered Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any New York Law Covered Bonds in, from or otherwise involving the United Kingdom.

The Netherlands

Each Dealer has represented, warranted and agreed that any New York Law Covered Bonds (or any interest therein) may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in the Netherlands, on their issue date or at any time thereafter, and neither this Base Prospectus nor any other document in relation to any offering of New York Law Covered Bonds (or any interest therein) may be distributed or circulated in the Netherlands, other than to qualified investors as defined in article 1:1 Dutch Financial Supervision Act, provided that these parties acquire the relevant New York Law Covered Bonds for their own account or that of another qualified investor.

Italy

This Base Prospectus has not been, nor will be, published in Italy in connection with the offering of New York Law Covered Bonds and such offering of New York Law Covered Bonds has not been cleared by the *Commissione Nazionale per le Società e la Borsa* ("Consob") in Italy pursuant to Legislative Decree no. 58 of 24 February 1998, as amended (the "Financial Services Act") and to Consob Regulation no. 11971 of 14 May 1999, as amended (the "Issuers Regulation"). Accordingly, the New York Law Covered Bond may not, and will not, be offered or sold, directly or indirectly, in Italy in an offer to the public, nor may, or will, copies of this Base Prospectus or of any other document relating to the New York Law Covered Bonds be distributed in the Italy, except:

(a) to qualified investors (*investitori qualificati*) as referred to in Article 100 of the Financial Services Act and Article 34-ter, paragraph 1(b) of the Issuers Regulation, all as amended from time to time; or

(b) in other circumstances which are exempted from the rules on offers to the public pursuant to, and in compliance with, the conditions set out in Article 100 of the Financial Services Act and its implementing regulations, including Article 34-ter, first paragraph, of the Issuers Regulation.

Any offer or sale of New York Law Covered Bonds or distribution of copies of this Base Prospectus or any other document relating to the New York Law Covered Bonds in Italy under (a) or (b) above must, and will, be effected in accordance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations and, in particular, will be made:

(a) by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Consob Regulation no. 16190 of 29 October 2007, as amended, and Legislative Decree no. 385 of 1 September 1993, all as amended from time to time; and

(b) in compliance with any other applicable laws and regulations or requirement and limitation which may be, from time to time, imposed by Consob, the Bank of Italy and/or any other Italian authority.

Any investor purchasing New York Law Covered Bonds in the offering is solely responsible for ensuring that any offer or resale of New York Law Covered Bonds it purchased in the offering occurs in compliance with applicable Italian laws and regulations. No person resident or located in Italy other than the original addressees of this Base Prospectus may rely on this Base Prospectus or its content.

Article 100-bis of the Financial Services Act affects the transferability of the New York Law Covered Bonds in Italy to the extent that any placement of New York Law Covered Bonds is made solely with qualified investors and such bonds are then systematically resold to non-qualified investors on the secondary market at any time in the 12 months following such placement. Should this occur without the publication of a prospectus, and outside of the scope of one of the exemptions referred to above, retail purchasers of New York Law Covered Bonds may have their purchase declared null and void and claim damages from any intermediary which sold them the New York Law Covered Bonds.

Japan

The New York Law Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law n° 25 of 1948, as amended, the "FIEL") and each of the Dealers has agreed that it will not, directly or indirectly, offer or sell any New York Law Covered Bonds in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law n° 228 of 1949, as amended), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of, any resident in Japan except pursuant to an exemption from the registration

requirements of, and otherwise in compliance with the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New York Law Covered Bonds may not be circulated or distributed, nor may the New York Law Covered Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person under Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the New York Law Covered Bonds are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust will not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person under Section 275(2), or any person pursuant to Section 275(1A) or Section 276(4)(i)(B), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; (3) by operation of law; or (4) pursuant to Section 276(7) of the SFA.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia ("**Australian Corporations Act**")) in relation to the U.S. Programme or any New York Law Covered Bonds has been, or will be, lodged with Australian Securities and Investments Commission. Each Dealer has represented and agreed, and each further Dealer appointed under the U.S. Programme will be required to represent and agree, that unless a relevant supplement to the Base Prospectus otherwise provides, it:

(a) has not made or invited, and will not make or invite, an offer of the New York Law Covered Bonds for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, the Base Prospectus or any other offering material or advertisement relating to any New York Law Covered Bonds in Australia, unless:

(i) the aggregate consideration payable by each offeree is at least A$500,000 (or its equivalent in an alternative currency, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Australian Corporations Act;

(ii) the offer or invitation does not constitute an offer to a "retail client" as defined for the purposes of section 761G of the Australian Corporations Act;

(iii) such action complies with:

(A) Banking (Exemption) Order N° 82 dated 23 September 1996 promulgated by the Assistant Treasurer of Australia as if it applied to the Issuer mutatis mutandis (and which requires all offers and transfers to be for a minimum principal amount of at least A$500,000); and

(B) any other applicable laws, regulations or directives in Australia; and

(iv) such action does not require any document to be lodged with the Australian Securities and Investments Commission or any other regulatory authority in Australia.

Hong Kong

Each Dealer has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any New York Law Covered Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New York Law Covered Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New York Law Covered Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

TRANSFER RESTRICTIONS

Restricted New York Law Covered Bonds

Each purchaser of New York Law Covered Bonds sold in the United States pursuant to Rule 144A ("**Restricted Notes**"), by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a QIB, (b) acquiring such Restricted Notes for its own account, or for the account of one or more QIBs, and (c) aware, and each beneficial owner of the Restricted Notes has been advised, that the sale of the Restricted Notes to it is being made in reliance on Rule 144A.

2. The Restricted Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) in each case in accordance with any applicable securities laws of any State of the United States and (ii) it will, and each subsequent holder of the Restricted Notes is required to, notify any purchaser of the Restricted Notes from it of the resale restrictions on the Restricted Notes.

3. The Restricted Notes, unless the Issuer determines otherwise in accordance with applicable law, will bear a legend (the ''Rule 144A Legend'') in or substantially in the following form:

   THIS NEW YORK LAW COVERED BOND BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933 (THE ''SECURITIES ACT''), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (''RULE 144A'') TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A ''QIB'') THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER RULE 144 UNDER THE SECURITIES ACT (''RULE 144''), IF AVAILABLE, OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE NEW YORK LAW COVERED BONDS.

4. It understands that the Issuer, the Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any New York Law Covered Bonds for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

5. It understands that the Restricted Notes will be represented by a Restricted Global Certificate. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate or as the case may be, Global Covered Bond, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the New York Law Covered Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

GENERAL INFORMATION

(1) Application has been made for the AMF to approve this document as a base prospectus and this Base Prospectus has received visa No. 13-533 on 8 October 2013. Application will be made in certain circumstances to list and admit the New York Law Covered Bonds on Euronext Paris and application may be made for the listing and admission to trading of New York Law Covered Bonds on any other Regulated Market or any other stock exchange in a Member State of the EEA.

(2) The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in France in connection with the establishment of the U.S. Programme. Any issuance of New York Law Covered Bonds under the U.S. Programme, to the extent that such New York Law Covered Bonds constitute *obligations* or *instruments financiers équivalents de droit étranger* under French law, requires the prior authorisation of the board of directors of the Issuer, which may delegate its power to any other member of the board of directors, to the managing director, or with the latter's agreement to any of the deputy managing director, or to any other person.

On 7 May, 2013, the Board of Directors (*conseil d'administration*) of the Issuer authorized the issuance of Covered Bonds under the International Programme and the U.S. Programme for a maximum nominal amount of €10,000,000,000 (or its equivalent in other currencies) over the period running from 7 May, 2013 through 31 December 2013, inclusive, and delegated the power to issue such Covered Bonds to Christian Klein, chairman of the Board of Directors of the Issuer and Christian Ander, managing director of the Issuer, each acting separately. Unless renewed, this authorization shall expire on 31 December 2013.

(3) Except as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer since 31 December 2012.

(4) As of the date of this Base Prospectus, there has been no material adverse change in the prospects of the Issuer since 31 December 2012.

(5) As of the date of this Base Prospectus, the Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceeding which are pending or threatened of which the Issuer is aware), during the last 12 months that may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

(6) Save as disclosed in this Base Prospectus, there are no material contracts other than those entered into the ordinary course of the Issuer's business which could result in the Issuer being subject to an obligation or entitlement that is material to the Issuer's ability to meet its obligation to New York Law Covered Bondholders in respect of the New York Law Covered Bonds being issued hereunder.

(7) Application may be made for New York Law Covered Bonds to be accepted for clearance through DTC, Euroclear France (66, rue de la Victoire, 75009 Paris, France) and/or Euroclear (boulevard du Roi Albert II, 1210 Bruxelles, Belgium) and Clearstream, Luxembourg (42 avenue JF Kennedy, L-1855 Luxembourg, Luxembourg). The CUSIP, Common Code and the International Securities Identification Number (ISIN) or the identification number for any other relevant clearing system for each Series of New York Law Covered Bonds will be set out in the relevant Final Terms.

(8) PricewaterhouseCoopers Audit (63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France) and Ernst & Young et Autres (1 place des Saisons, 92037 Paris La Défense, France) (both entities regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux comptes*) have been appointed as auditors to the Issuer as from 16 April 2007. PricewaterhouseCoopers Audit and Ernst & Young et Autres are registered with the *Compagnie Régionale des Commissaires aux Comptes de Versailles*. The financial statements of the Issuer as of 31 December 2012 and 31 December 2011 and for each of the two years in the period ended 31 December 2012, incorporated by reference in this Base Prospectus, have been audited by PricewaterhouseCoopers Audit and Ernst & Young et Autres, independent accountants, as stated in their reports incorporated herein.

(9) The specific controller of the Issuer is FIDES AUDIT, 37, avenue de Friedland, 75008 Paris, France, represented by Mr. Stéphane MASSA.

(10) The Issuer does not intend to provide post-issuance transaction information regarding the New York Law Covered Bonds to be admitted to trading and the performance of the underlying collateral, unless required by any applicable laws and regulations.

(11) The Issuer does not produce consolidated financial statements.

(12) This Base Prospectus, any supplement to this Base Prospectus and, so long as New York Law Covered Bonds are admitted to trading on any Regulated Market of the EEA in accordance with the Prospectus Directive, the Final Terms relating to such New York Law Covered Bonds will be published on the websites of the AMF (**www.amf-france.org**) and the Issuer (**http://www.creditmutuelcic-sfh.com/en/index.html**).

In addition, should the New York Law Covered Bonds be admitted to trading on a Regulated Market of the EEA other than Euronext Paris in accordance with the Prospectus Directive, the Final Terms related to those New York Law Covered Bonds will provide whether this Base Prospectus and the relevant Final Terms will be published on the website of (x) the Regulated Market of the Member State of the EEA where the New York Law Covered Bonds have been admitted to trading or (y) the competent authority of the Member State of the EEA where the New York Law Covered Bonds have been admitted to trading.

(13) For so long as New York Law Covered Bonds may be issued pursuant to this Base Prospectus, copies of the following documents will, when published, be available during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the registered office of the Issuer and at the specified office of the Paying Agent(s):

(a) the *statuts* of the Issuer;

(b) the audited financial statements of the Issuer in respect of the financial years ended 31 December 2011 and 2012;

(c) the unaudited non-consolidated financial statements of the Issuer in respect of the six months ended 30 June 2013 and 2012;

(d) the U.S. Agency Agreement (which includes the form of the Global Covered Bond);

(e) Final Terms for New York Law Covered Bonds that are listed and admitted to trading on Euronext Paris or any other Regulated Market in the EEA;

(f) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus and any document incorporated by reference therein; and

(g) all reports, letters and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus.

(14) In respect of Fixed Rate New York Law Covered Bonds, the yield will be set out in the relevant Final Terms. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Issuer

Crédit Mutuel-CIC Home Loan SFH
6, avenue de Provence
75452 Paris Cedex 9
France
Tel.: +33 1 45 96 79 02

Arranger

Citigroup Global Markets Inc.
388 Greenwich Street
New York, NY 10013
United States

Permanent Dealers

Banque Fédérative du Crédit Mutuel
34, rue du Wacken
67000 Strasbourg
France

Barclays Capital Inc.
745 Seventh Avenue
New York, NY 10019
United States

BNP Paribas Securities Corp.
787 Seventh Avenue
New York, NY 10019
United States

Citigroup Global Markets Inc.
388 Greenwich Street
New York, NY 10013
United States

Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Credit Suisse Securities (USA) LLC
11 Madison Avenue
New York, NY 10010
United States

Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005
United States

Goldman, Sachs & Co.
200 West Street
New York, NY 10282
United States

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Morgan Stanley & Co. LLC
1585 Broadway
29th Floor
New York, NY 10036
United States

Calculation Agent, Fiscal Agent and Principal Paying Agent
Citibank, N.A., London Branch
Canada Square
London E14 5LB
United Kingdom

Registrar
Citigroup Global Markets Deutschland AG, Agency and Trust Department
5th Floor Reuterweg 16
60323 Frankfurt
Germany

Auditors to the Issuer

Ernst & Young et Autres
1 place des Saisons
92037 Paris La Défense Cedex
France

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
France

Auditors to the Borrower and CM11-CIC

Ernst & Young et Autres
1 place des Saisons
92037 Paris La Défense Cedex
France

KPMG Audit, a department of KPMG S.A.
1, cours Valmy
92923 Paris La Défense Cedex
France

Legal Advisers to the Issuer and Borrower as to United States and French law

Cleary Gottlieb Steen & Hamilton LLP
12 rue de Tilsitt
75008 Paris
France

Legal Advisers to the Dealers as to French law

CMS Bureau Francis Lefebvre
1-3 villa Emile Bergerat
92522 Neuilly-sur-Seine Cedex
France

Legal Advisers to the Arranger and to the Permanent Dealers as to United States and French law

Linklaters LLP
25, rue de Marignan
75008 Paris
France

Specific controller (*Contrôleur spécifique titulaire*)

FIDES AUDIT
37, avenue de Friedland
75008 Paris
France

Asset Monitors

Ernst & Young et Autres
1 place des Saisons
92037 Paris La Défense Cedex
France

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
France