

Final Terms dated 08 November 2011



**Crédit Mutuel-CIC Home Loan SFH**  
(formerly CM-CIC COVERED BONDS)

**Issue of € 250,000,000 2.750 per cent. *Obligations de Financement de l'Habitat*  
due 11 February 2014 (Tranche 4)**

(together, the "Covered Bonds")

under the € 30,000,000,000 Covered Bond Programme for the issue of  
*Obligations de Financement de l'Habitat*

to be consolidated (*assimilables*) and form a single series with the existing

**Series 13 – Tranche 1 - €1,500,000,000 2.750 per cent. Covered Bonds due 11 February 2014  
issued on 11 February 2011  
and**

**Series 13 - Tranche 2 - €300,000,000 2.750 per cent. Covered Bonds due 11 February 2014  
issued on 24 March 2011  
and**

**Series 13 - Tranche 3 - €500,000,000 2.750 per cent. Covered Bonds due 11 February 2014  
issued on 9 November 2011**

(the "Existing Covered Bonds")

**Series No.: 13  
Tranche No.: 4**

Issuer Price:

In respect of €100,000,000 in aggregate nominal amount of Tranche 4: 100.444 per cent. of  
100,000,000 plus accrued interest at a rate of 2.0493151 per cent. of €100,000,000 for the period from,  
and including, 11 February 2011 to, but excluding, 10 November 2011

In respect of €150,000,000 in aggregate nominal amount of Tranche 4: 100.810 per cent. of  
150,000,000 plus accrued interest at a rate of 2.0493151 per cent. of €150,000,000 for the period  
from, and including, 11 February 2011 to, but excluding, 10 November 2011

**NATIXIS**

A handwritten signature in black ink, likely belonging to a representative of Natixis, positioned at the bottom left of the document.

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Base Prospectus dated 21 December 2010 (the "Original Base Prospectus"). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of article 5.4 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "Prospectus Directive") and must be read in conjunction with the Base Prospectus dated 10 June 2011 which received visa No. 11-215 from the *Autorité des marchés financiers* (the "AMF") on 10 June 2011, and the supplement to the Base Prospectus dated 2 November 2011 which received visa No. 11-493 from the AMF on 2 November 2011 which together constitutes a base prospectus for the purposes of the Prospectus Directive (the "Current Base Prospectus"), save in respect of the Conditions which are extracted from the Original Base Prospectus and are attached hereto in Schedule C, subject to the amendments resulting from the adoption by the Issuer of the status of a *société de financement de l'habitat* as described hereafter which are also applicable to the Covered Bonds.

Pursuant to article 74 of law No. 2010-1249 dated 22 October 2010 and the adoption by the Issuer of the status of a *société de financement de l'habitat* pursuant to a resolution of its board of directors dated 15 May 2011 based on the authorisation granted by the *Autorité de contrôle prudentiel* on 28 March 2011, by operation of law (*de plein droit*) and without further formalities, the *privilège* mentioned in article L.515-19 of the French Monetary and Financial Code (*Code monétaire et financier*) has been substituted to the security interest (*sûretés*) previously granted by the Issuer on its assets for the benefit of outstanding covered bonds (including the Existing Covered Bonds) issued by the Issuer before its transformation into a *société de financement de l'habitat* and the Existing Covered Bonds have become *obligations de financement de l'habitat*.

Full information on the Issuer and the Covered Bonds is only available on the basis of the combination of these Final Terms, the Original Base Prospectus and the Current Base Prospectus. The Current Base Prospectus and these Final Terms are available for viewing on the websites of (a) the AMF ([www.amf-france.org](http://www.amf-france.org)) and (b) the Issuer ([www.cmcic-cb.com](http://www.cmcic-cb.com)) and during normal business hours at the registered office of the Issuer and at the specified office of the Paying Agent where copies may be obtained. The Original Base Prospectus and these Final Terms are available for viewing on the websites of (a) the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and (b) the Issuer ([www.cmcic-cb.com](http://www.cmcic-cb.com)) and during normal business hours at the registered office of the Issuer and at the specified office of the Paying Agent where copies may be obtained.

1. <b>Issuer:</b>	Crédit Mutuel-CIC Home Loan SFH (formerly CM-CIC Covered Bonds)
2.      (i) <b>Series Number:</b>	13
(ii) <b>Tranche Number:</b>	4 The Covered Bonds will be fully consolidated ( <i>assimilables</i> ) and form a single series with the Existing Covered Bonds.
3. <b>Specified Currency or Currencies:</b>	Euro ("€")
4. <b>Aggregate Nominal Amount of Covered Bonds:</b>	
(i) <b>Series:</b>	€ 2,550,000,000
(ii) <b>Tranche:</b>	€ 250,000,000
5. <b>Issue Price:</b>	In respect of €100,000,000 in aggregate nominal amount: 100.444 per cent. of EUR 100,000,000 plus accrued interest at a rate of 2.0493151 per cent. of €100,000,000 for the period from, and including, 11 February 2011 to, but excluding, 10 November 2011  In respect of €150,000,000 in aggregate

		nominal amount: 100.810 per cent. of EUR 150,000,000 plus accrued interest at a rate of 2.0493151 per cent. of €150,000,000 for the period from, and including, 11 February 2011 to, but excluding, 10 November 2011
6.	<b>Specified Denomination:</b>	€ 100,000
7.	(i) <b>Issue Date:</b>	10 November 2011
	(ii) <b>Interest Commencement Date:</b>	11 February 2011
8.	<b>Final Maturity Date:</b>	11 February 2014
9.	<b>Interest Basis:</b>	2.750 per cent. <i>per annum</i> Fixed Rate (further particulars below)
10.	<b>Redemption/Payment Basis:</b>	Redemption at par
11.	<b>Change of Interest or Redemption/Payment Basis:</b>	Not Applicable
12.	<b>Put/Call Options:</b>	Not Applicable
13.	(i) <b>Status of the Covered Bonds:</b>	<i>Obligations de financement de l'habitat</i> The Covered Bonds benefit from the privilège created by article L.515-19 of the French Monetary and Financial Code (Code monétaire et financier)  (ii) <b>Date of Board approval for issuance of Covered Bonds obtained:</b> Authorisation of the Board of Directors ( <i>conseil d'administration</i> ) dated 6 June 2011
14.	<b>Method of distribution:</b>	Non-Syndicated

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	<b>Fixed Rate Covered Bond Provisions:</b>	Applicable
	(i) <b>Rate of Interest:</b>	2.750 per cent. <i>per annum</i> payable annually in arrear
	(ii) <b>Interest Payment Date(s):</b>	11 February in each year beginning on 11 February 2012
	(iii) <b>Fixed Coupon Amount:</b>	€ 2,750 per € 100,000 in Specified Denomination
	(iv) <b>Broken Amount:</b>	Not Applicable
	(v) <b>Day Count Fraction:</b>	Actual/Actual ICMA
	(vi) <b>Determination Dates:</b>	11 February in each year
	(vii) <b>Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds:</b>	Not Applicable
16.	<b>Floating Rate Covered Bond Provisions:</b>	Not Applicable
17.	<b>Zero Coupon Covered Bond Provisions:</b>	Not Applicable

18.	<b>Index-Linked Interest Covered Bond/other variable-linked interest Covered Bond Provisions:</b>	Not Applicable
19.	<b>Dual Currency Covered Bond Provisions:</b>	Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

20.	<b>Call Option:</b>	Not Applicable
21.	<b>Put Option:</b>	Not Applicable
22.	<b>Final Redemption Amount of each Covered Bond:</b>	Specified Denomination
23.	<b>Early Redemption Amount:</b>  Early Redemption Amount(s) of each 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 7):	Condition 7 will apply

#### **GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

24.	<b>Governing Law</b>	French law
25.	<b>Form of Covered Bonds:</b>	Dematerialised Covered Bonds
	(i) Form of Dematerialised Covered Bonds:	Bearer form ( <i>au porteur</i> )
	(ii) Registration Agent:	Not Applicable
	(iii) Australian Registrar	Not Applicable
	(iii) Temporary Global Certificate:	Not Applicable
26.	<b>Financial Centre(s) or other special provisions relating to payment dates for the purposes of Condition 8(g):</b>	Not Applicable
27.	<b>Talons for future Coupons or Receipts to be attached to Definitive Materialised Covered Bonds (and dates on which such Talons mature):</b>	Not Applicable
28.	<b>Details relating to Partly Paid Covered Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment:</b>	Not Applicable

<b>29.</b>	<b>Details relating to Instalment Covered Bonds: amount of each instalment, date on which each payment is to be made:</b>	Not Applicable
<b>30.</b>	<b>Redenomination, renominalisation and reconvetioning provisions:</b>	Not Applicable
<b>31.</b>	<b>Consolidation provisions:</b>	Not Applicable
<b>32.</b>	<b>Other final terms:</b>	Not Applicable

#### **DISTRIBUTION**

<b>33.</b>	<b>(i) If syndicated, names of Managers:</b>	Not Applicable
	<b>(ii) Date of subscription agreement:</b>	Not Applicable
	<b>(iii) Stabilising Manager(s) (if any):</b>	Not Applicable
<b>34.</b>	<b>If non-syndicated, name of Dealer:</b>	NATIXIS
<b>35.</b>	<b>Additional selling restrictions:</b>	Not Applicable
<b>36.</b>	<b>U.S. selling restrictions:</b>	The Issuer is Category 1 for the purposes of Regulation S under the United States Securities Act of 1933, as amended. TEFRA not applicable

#### **GENERAL**

The aggregate principal amount of Covered Bonds issued has been translated into Euro at the rate of [●] per cent. producing a sum of: Not Applicable

#### **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue and admission to trading on the Regulated Market of the Luxembourg Stock Exchange of the Covered Bonds described herein pursuant to the Euro 30,000,000,000 Covered Bond Programme of Crédit Mutuel-CIC Home Loan SFH.

#### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of Crédit Mutuel-CIC Home Loan SFH:

By:

Duly authorised

## PART B – OTHER INFORMATION

### 1. RISK FACTORS

Not Applicable

### 2. LISTING AND ADMISSION TO TRADING

(i)	Listing:	Official List of the Luxembourg Stock Exchange
(ii)	(a) Admission to trading:	Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange with effect from 10 November 2011.
	(b) Regulated Markets or equivalent markets on which, to the knowledge of the Issuer, securities of the same class of the Covered Bonds to be admitted to trading are already admitted to trading:	Regulated Market of the Luxembourg Stock Exchange.
(iii)	Estimate of total expenses related to admission to trading:	€ 400
(iv)	Additional publication of Base Prospectus and Final Terms:	Not Applicable

### 3. RATINGS

Ratings:

The Covered Bonds to be issued are expected to be rated:

S & P: AAA

Moody's: Aaa

Fitch: AAA

The credit ratings referred to above have been issued by Moody's Investors Service Ltd., Standard & Poor's Ratings Services and Fitch Ratings, each of which is established in the European Union and has applied to be registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

### 4. NOTIFICATION

The AMF, which is the competent authority in France for the purpose of the Prospectus Directive, has provided the *Commission de Surveillance du Secteur Financier* in Luxembourg with a certificate of approval attesting that the Current Base Prospectus has been drawn up in accordance with the Prospectus Directive.

## 5. SPECIFIC CONTROLLER

The certificate of the specific controller (*contrôleur spécifique*) of the Issuer relating to the quarterly issuance program for the third quarter of 2011 pursuant to articles L. 515-30 and R. 515-13 of the French Monetary and Financial Code (*Code monétaire et financier*) is attached in Schedule A and its free English translation is attached in Schedule B.

## 6. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in "Subscription and Sale", section of the Current Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Covered Bonds has an interest material to the offer.

## 7. YIELD

Indication of yield:  
In respect of €100,000,000 in aggregate nominal amount of Tranche 4:  
 2.542 per cent. *per annum*

In respect of €150,000,000 in aggregate nominal amount of Tranche 4::  
 2.374 per cent. *per annum*

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

## 8. OPERATIONAL INFORMATION

ISIN Code: FR0011004423

Common Code: 059065840

Depositories:

- |   |     |
|---|-----|
| (i) Euroclear France to act as Central Depositary   | Yes |
| (ii) Common Depositary for Euroclear Bank and Clearstream Banking, <i>société anonyme</i> | No  |

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s):  
 Not Applicable

Delivery: Delivery against payment

Names and addresses of initial  
Paying Agent(s):

**Fiscal Agent and Principal Paying Agent**

**BNP Paribas Securities Services**

(affiliated with Euroclear France under number  
29106)

Les Grands Moulins de Pantin  
9, rue du Débarcadère  
93500 Pantin  
France

Names and addresses of  
additional Paying Agent(s) (if  
any):

Not Applicable



## **SCHEDULE A**

*Attestation du contrôleur spécifique relative au programme trimestriel d'émissions en application des articles  
L. 515-30 et R. 515-13 du Code monétaire et financier*

# **CRÉDIT MUTUEL – CIC HOME LOAN SFH**

société anonyme à conseil d'administration  
au capital de 120.000.000 euros

**6 avenue de Provence  
75452 Paris cedex 9**

Siren : 480 618 800 RCS PARIS

## **ATTESTATION DU CONTRÔLEUR SPÉCIFIQUE**

**RELATIVE AU  
PROGRAMME D'ÉMISSIONS DE RESSOURCES PRIVILÉGIÉES  
DU 4<sup>e</sup> TRIMESTRE 2011**

En application de l'article L. 515-30 et R. 515-13-IV  
du Code monétaire et financier

Mesdames et Messieurs les administrateurs,

En notre qualité de contrôleur spécifique de Crédit Mutuel - CIC Home Loan SFH et en exécution des dispositions prévues par les articles L. 515-30 et R. 515-13 du code monétaire et financier, nous avons procédé à la vérification du respect des règles relatives au ratio de couverture prévues aux articles L. 515-20 et R. 515-7-2 du code monétaire et financier dans le cadre du programme du 4ème trimestre d'émissions de ressources bénéficiant du privilège mentionné à l'article L. 515-19 de ce même code.

Par décision en date du 28 septembre 2011, le conseil d'administration de la société Crédit Mutuel - CIC Home Loan SFH a fixé le plafond maximum du programme d'émissions de ressources bénéficiant du privilège institué par l'article L. 515-19 du code monétaire et financier, à 6 milliards d'euros, ou son équivalent en devises, pour la période allant du 1<sup>er</sup> octobre 2011 au 31 décembre 2011.

L'article L. 515-20 du code monétaire et financier dispose que le montant total des éléments d'actif de votre société doit être supérieur au montant des éléments de passif bénéficiant du privilège mentionné à l'article L. 515-19 de ce code. En outre, l'article R. 515-7-2 de ce code dispose que les sociétés de financement de l'habitat sont tenues de respecter à tout moment un ratio de couverture des ressources privilégiées par les éléments d'actifs au moins égal à 102%.

Il nous appartient d'attester du respect de ces règles dans le cadre du présent programme trimestriel d'émissions.

Le respect de ces règles, compte tenu du programme trimestriel d'émissions visé ci-dessus, a été vérifié sur la base des informations financières estimées, au titre de la période courue, et prévisionnelles, au titre de la période à venir, établies sous votre responsabilité. Les informations prévisionnelles ont été établies à partir des hypothèses traduisant la situation future que vous avez estimée la plus probable à la date de leur établissement. Ces informations sont présentées en annexe à la présente attestation.

Notre intervention a été effectuée selon la doctrine professionnelle de la Compagnie nationale des commissaires aux comptes relative à cette mission.

Nos travaux ont consisté à :

- vérifier la conformité du montant du programme trimestriel d'émissions avec le procès-verbal de l'organe délibérant autorisant ces émissions ;
- examiner le processus d'élaboration des données financières prévisionnelles tenant compte du présent programme trimestriel d'émissions, étant rappelé que, s'agissant de prévisions présentant par nature un caractère incertain, les réalisations différeront parfois de manière significative, des informations prévisionnelles établies ;
- vérifier les modalités de calcul du ratio de couverture issu de ces données prévisionnelles, telles qu'elles sont prévues par les dispositions du règlement 99-10 du CRBF et par l'instruction 2011-I-06 de l'Autorité de contrôle prudentiel ;
- vérifier le respect des règles prévues aux articles L. 515-20 et R. 515-7-2 sur la base de ces données financières prévisionnelles.

Sur la base de nos travaux, nous n'avons pas d'observation à formuler sur le respect par la société Crédit Mutuel - CIC Home Loan SFH des règles prévues aux articles L. 515-20 et R. 515-7-2 du code monétaire et financier, après prise en compte du présent programme trimestriel d'émissions.

Cette attestation est établie à votre attention et à celle de l'Autorité de contrôle prudentiel et nous n'acceptons aucune responsabilité vis-à-vis de tout autre tiers auquel cette attestation serait diffusée ou parviendrait.

Cette attestation est régie par la loi française. Les juridictions françaises ont compétence exclusive pour connaître de tout litige, réclamation ou différend pouvant résulter de notre lettre de mission ou de la présente attestation, ou de toute question s'y rapportant. Chaque partie renonce irrévocablement à ses droits de s'opposer à une action portée auprès de ces tribunaux, de prétendre que l'action a été intentée auprès d'un tribunal incompétent, ou que ces tribunaux n'ont pas de compétence.

Paris, le 5 octobre 2011

Le contrôleur spécifique  
**FIDES AUDIT**  
représenté par Stéphane MASSA

**Crédit Mutuel - CIC**  
*Home Loan SFH*

En milliards d'euros	Estimé au 30 septembre 2011	Prévisionnel (1) au 31 décembre 2011
<b>RATIO DE COUVERTURE</b>	<b>150%</b>	<b>128%</b>
<b>NUMERATEUR :</b> Montant refinancable des créances apportées en garantie & valeurs de remplacement	30,24	30,24
<b>DENOMINATEUR :</b> Ressources bénéficiant du privilège	20,17	23,67

(1) Chiffres après prise en compte du programme trimestriel d'émission obligataire de 6 milliards d'euros décidée le 28 sept 2011

## **SCHEDULE B**

**English translation (for information purposes only) of the Specific Controller's certificate relating to the quarterly issuance program pursuant to Articles L. 515-30 and R. 515-13 of the French Monetary and Financial Code (*Code monétaire et financier*)**

*FREE TRANSLATION FROM FRENCH*

To the Directors of Crédit Mutuel-CIC Home Loan SFH,

In our capacity as specific controller (*contrôleur spécifique*) of Crédit Mutuel-CIC Home Loan SFH and pursuant to the provisions set forth in Articles L. 515-30 and R.515-13 of the French Monetary and Financial Code (*Code monétaire et financier*), we have verified the compliance with the rules related to the cover ratio provided for in Articles L. 515-20 and R.515-7-2 of the French Monetary and Financial Code (*Code monétaire et financier*) of the fourth quarter issuance programme for issuing resources benefiting from the statutory priority in right of payment (*privilège*) mentioned in Article L. 515-19 of said code.

Pursuant to a resolution dated 28 September 2011, the Board of Directors of Crédit Mutuel-CIC Home Loan SFH set the maximum amount for the programme for issuing resources benefiting from the *privilège* mentioned in Article L. 515-19 of the French Monetary and Financial Code (*Code monétaire et financier*) for the period starting on 1<sup>st</sup> October 2011 and ending on 31<sup>st</sup> December 2011, at EUR 6 billion, or the equivalent in other currencies.

Article L. 515-20 of the French Monetary and Financial Code (*Code monétaire et financier*) states that the total amount of assets held by your company must be greater than the amount of liabilities which benefit from the *privilège* mentioned in Article L. 515-19 of said code. Furthermore, Article R. 515-7-2 of such code provides that *sociétés de financement de l'habitat* must at all times maintain a cover ratio of resources benefiting from the *privilège* at least equal to 102 per cent. of their assets.

It is our responsibility to certify the compliance of this quarterly issuance programme with these rules.

Compliance with such rules, in view of the aforementioned quarterly issuance programme, was verified on the basis of estimated financial data, in respect of the period elapsed, and forecasted financial data, in respect of the future period to come, drawn up under your responsibility. The forecasted financial data were drawn up on the basis of assumptions which reflect the future position that you deemed to be most probable as of the date they were drawn up. Such information is set out in an appendix to this certificate.

We performed our review in accordance with the procedures issued from the professional rules and practices of the *Compagnie Nationale des Commissaires aux Comptes* (National Association of Statutory Auditors) that are applicable to this type of assignment.

Our work consisted in:

- verifying the conformity of the amount of the quarterly issuance programme with the minutes of the board of directors meeting authorizing these issuances,
- examining the process for presenting the forecasted financial data including the aforementioned quarterly issuance programme, it being specified that, as the forecasts are uncertain by nature, the actual results could differ significantly from the forecasted data presented,
- verifying the methods for calculating the forecasted cover ratio provided for in Regulation No. 99-10 of the French Banking and Financial Regulations Committee and Instruction 2011-I-06 of *Autorité de contrôle prudentiel*,
- verifying compliance with the rules set forth in Articles L.515-20 and R.515-7-2 of the French Monetary and Financial Code (*Code monétaire et financier*), based on the forecasted financial data.

Based on our work, we have no comments to make as regards compliance by Crédit Mutuel-CIC Home Loan SFH with the provisions of Articles L.515-20 and R.515-7-2 of the French Monetary and Financial Code (*Code monétaire et financier*) with respect to the above mentioned quarterly issuance programme.

This certificate is established to your attention and to the attention of the *Autorité de contrôle prudentiel* and we shall not be liable to other third parties to which such certificate could be transmitted.

This certificate is governed by French law. French courts have exclusive jurisdiction over any claim, action or litigation which could result from our mission or this certificate, or from any question with respect thereto. Each party irrevocably waives its right to challenge an action brought in front of such courts, to pretend such action is brought in front of the wrong jurisdiction or that such courts are not competent.

Paris, October 5, 2011

The Specific Controller  
FIDES AUDIT  
Represented by Stéphane MASSA

## APPENDIX

In billion of EUR	Estimated figures As of September 30, 2011	Forecasted (1) Figures As of December 31, 2011
<b>COVER RATIO</b>	<b>150%</b>	<b>128%</b>
<u>Numerator :</u> Amount of debt refinancing made in guarantee & replacement values	30.24	30.24
<u>Denominator :</u> Sources of funds qualifying for the <i>privilège</i>	20.17	23.67

(1) Figures after taking into account the quarterly issuance programme of EUR 6 billion, decided on September 28, 2011

## SCHEDE C

### TERMS AND CONDITIONS OF COVERED BONDS EXTRACTED FROM THE BASE PROSPECTUS DATED 21 DECEMBER 2010

*The following is the text of the terms and conditions that, as supplemented in accordance with the provisions of the relevant Final Terms, shall be applicable to the Covered Bonds. In the case of Dematerialised Covered Bonds, the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as supplemented by the relevant Final Terms. In the case of Materialised Covered Bonds, either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms (and subject to simplification by the deletion of non-applicable provisions) or (ii) these terms and conditions as so supplemented shall be endorsed on Definitive Materialised Covered Bonds. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. References in the Conditions to "Covered Bonds" are to the Covered Bonds of one (1) Series only, not to all Covered Bonds that may be issued under the Programme.*

The Covered Bonds are issued outside France by CM-CIC Covered Bonds (the "**Issuer**") in series (each a "**Series**") having one (1) or more issue dates and on terms otherwise identical (or identical save as to the first payment of interest), the Covered Bonds of each Series being intended to be interchangeable with all other 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 Covered Bonds are issued with the benefit of an amended and restated agency agreement dated 21 December 2010 entered into between the Issuer, BNP Paribas Securities Services as fiscal agent and principal paying agent and the other agents named therein (as amended and supplemented from time to time, the "**Agency Agreement**"). The fiscal agent, the paying agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent) and the "**Calculation Agent(s)**". The holders of the interest coupons (the "**Coupons**") relating to interest bearing Materialised Covered Bonds and, where applicable in the case of such Covered Bonds, talons (the "**Talons**") for further Coupons and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Materialised Covered Bonds of which the principal is redeemable in instalments are respectively referred to below as the "**Couponholders**" and the "**Receiptholders**".

References below to "**Conditions**" are, unless the context requires otherwise, to the numbered paragraphs below.

#### 1. Definitions

**"Bondholder"** or, as the case may be, "holder of any Covered Bond" means (a) in the case of Dematerialised Covered Bonds, the individual or entity whose name appears in the account of the relevant Account Holder, the Issuer or the Registration Agent (as the case may be) as being entitled to such Covered Bonds and (b) in the case of Definitive Materialised Covered Bonds, the bearer of any Definitive Materialised Covered Bond and the Coupons, Receipts or Talons relating to it.

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

**"CFCM CEE"** means *Caisse Fédérale de Crédit Mutuel Centre Est Europe*, a French société coopérative à forme de société anonyme, duly licensed as a French credit institution (*établissement de crédit*), 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.

**"Closing Date"** means the date of the issuance of the first Series of Covered Bonds by the Issuer.

**"CM-CIC Entities"** means (i) any entity, duly licensed as a French credit institution (*établissement de crédit*), 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 articles 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 articles R. 512-26 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*)) which is affiliated to CFCM CEE.

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

**"Group"** means BFCM, CFCM CEE and the CM-CIC Entities.

**"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 section **"The Borrower and the Borrower Facility Agreement – The Borrower Facility Agreement"** of this Base Prospectus), a Breach of Amortisation Test (as defined in section **"Asset Monitoring"** of this Base Prospectus) occurs; 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 9) 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 the Representative 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) becomes or becomes capable of being 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 therefore or any steps shall be taken to enforce any security in respect of any such indebtedness or any guarantee or indemnity given by the Issuer for, or in respect of, any such indebtedness of others shall not be honoured when due and called upon (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 Bondholders of all Series for which Covered Bonds or, if applicable, any Receipts or Coupons relating to them, are 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 procedure (*procédure de conciliation*) or into a safeguard procedure (*procédure de sauvegarde*) or a judgement 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 Bondholders of all Series for which Covered Bonds or, if applicable, any Receipts or Coupons relating to them, are Outstanding and such liquidation or winding up being subject to prior Rating Affirmation); or
- (h) upon the occurrence of a Hedging Rating Trigger Event (as defined in section **"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 section **"The Hedging Strategy"** of this Base Prospectus) with any relevant Eligible Hedging Provider (as defined in section **"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 section "**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 section "**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 section "**The Hedging Strategy**" of this Base Prospectus).

**"Majority Bondholders"** means, in relation to any Series, a decision of the General Meeting (as defined in Condition 12 of the Terms and Conditions) of such Series taken in accordance with Condition 12(e) of the Terms and Conditions.

**"Payment Date"** means, with respect to a Series or Tranche of Covered Bonds, the payment date of any principal or interest amount applicable to the Issuer and specified as such in the relevant Final Terms of the Covered Bonds;

**"Programme Date"** means the date of this Base Prospectus.

**"Programme Documents"** means:

- (a) the Shareholder Letter of Undertaking (see "**the Issuer – Issuer Share capital, Subordinated Loans and Issuer Majority Shareholder's undertakings**");
- (b) the Subordinated Loan agreements (see "**the Issuer – Issuer Share capital, Subordinated Loans and Issuer Majority Shareholder's undertakings**");
- (c) the Administrative Agreement (see "**the Issuer – The Administrative Agreement**");
- (d) the *Convention d'externalisation et de mise à disposition de moyens* (see "**the Issuer – Issuer Risk Management**");
- (e) the Issuer Accounts Agreement (see "**the Issuer – The Issuer Accounts Agreement**");
- (f) the Terms and Conditions;
- (g) the Agency Agreement;
- (h) the Dealer Agreement (see "**Subscription and Sale**");
- (i) the Issuer Security Agreements (see "**The Issuer Security**");
- (j) the Borrower Facility Agreement (see "**The Borrower and the Borrower Facility Agreement – The Borrower Facility Agreement**");
- (k) the Collateral Security Agreement (see "**The Collateral Security – The Collateral Security Agreement**");
- (l) the Cash Collateral Agreement (see "**The Collateral Security – The Cash Collateral Agreement**");
- (m) the Calculation Services Agreement (see "**Asset Monitoring – The Calculation Services Agreement**");
- (n) the Asset Monitor Agreement and the engagement letter of the Asset Monitors (see "**Asset Monitoring – The Asset Monitor Agreement**");
- (o) the Master Definitions and Construction Agreement, as amended from time to time, provided for the definitions of defined terms used under some other Programme Documents;
- (p) the Hedging Approved Form Letter (see "**The Hedging Strategy**"); and
- (q) the Hedging Agreement(s) (if any) (see "**The Hedging Strategy**").

**"Outstanding"** means, in relation to Covered Bonds of any Series, all the Covered Bonds issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Covered Bonds to the date for such redemption and any interest payable after such date) have been duly paid as provided in Condition 8 of the Terms and Conditions, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in these Conditions, (e) in the case of Definitive Materialised Covered Bonds (i) those mutilated or defaced Definitive Materialised Covered Bonds that have been surrendered in exchange for replacement Definitive Materialised Covered Bonds, (ii) (for the purpose only of

determining how many such Definitive Materialised Covered Bonds are outstanding and without prejudice to their status for any other purpose) those Definitive Materialised Covered Bonds alleged to have been lost, stolen or destroyed and in respect of which replacement Definitive Materialised Covered Bonds have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one (1) or more Definitive Materialised Covered Bonds, pursuant to its provisions.

**"Rating Affirmation"** means, with respect to any specified action, determination or appointment, receipt by the Issuer (and sent to the relevant Representative) of written confirmation from the Rating Agencies, for so long as any Covered Bonds are rated by the rating agencies, that such specified action, determination or appointment will not result in the reduction below, 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 ("S&P") and Fitch Ratings ("Fitch").

**"Regulated Market"** means a regulated market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council within the EEA.

**"Representative Consent"** means, with respect to any specified action, determination or appointment, receipt by the Issuer of written confirmation of consent of the Representative (acting upon instructions of the Majority Bondholders of all Series for which Covered Bonds or, if applicable, any Receipts or Coupons relating to them, are Outstanding) to such proposed action, determination or appointment.

## 2. Form, Denomination, Title and Redenomination

### (a) Form

Covered Bonds may be issued either in dematerialised form ("**Dematerialised Covered Bonds**") or in materialised form ("**Materialised Covered Bonds**"), as specified in the relevant Final Terms.

- (i) Title to Dematerialised Covered Bonds will be evidenced in accordance with articles L. 211-3 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*) by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to article R. 211-7 of the French Monetary and Financial Code (*Code monétaire et financier*) will be issued in respect of the Dematerialised Covered Bonds.

Dematerialised Covered Bonds are issued, at the option of the Issuer, in either bearer form (*au porteur*), which will be inscribed in the books of Euroclear France (acting as central depositary) which shall credit the accounts of the Account Holders, or in registered form (*au nominatif*) and, in such latter case, at the option of the relevant holder in either administered registered form (*nominatif administré*) inscribed in the books of an Account Holder designated by the relevant holder of Covered Bonds or in fully registered form (*au nominatif pur*) inscribed in an account maintained by the Issuer or a registration agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the "**Registration Agent**").

For the purpose of these Conditions, "**Account Holder**" means any authorised intermediary institution entitled to hold accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and the depositary bank for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**").

- (ii) Materialised Covered Bonds are issued in bearer form only. Materialised Covered Bonds in definitive form ("**Definitive Materialised Covered Bonds**") are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Covered Bonds in which case references to interest (other than in relation to interest due after the Final Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Covered Bonds are issued with one (1) or more Receipts attached.

In accordance with articles L. 211-3 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*), securities (such as Covered Bonds constituting obligations under French law) in materialised form and governed by French law must be issued outside the French territory.

The Covered Bonds may be "**Fixed Rate Covered Bonds**", "**Floating Rate Covered Bonds**", "**Zero Coupon Covered Bonds**", "**Dual Currency Covered Bonds**" or a combination of any of the foregoing, depending on the Interest Basis and the redemption method specified in the relevant Final Terms. Subject to prior Rating Affirmation, the Issuer may issue Covered Bonds which are "**Index Linked Covered Bonds**".

**(b) Denomination**

Covered Bonds shall be issued in the specified denomination(s) set out in the relevant Final Terms (the "**Specified Denomination(s)**"), save that the minimum denomination of each Covered Bond admitted to trading on a Regulated Market of the European Union in circumstances which require the publication of a prospectus under the Prospectus Directive 2003/71/EC of the European Parliament and of the Council will be of €100,000 (or its equivalent in any other currency) or such higher amount as may be allowed or required from time to time by the relevant monetary authority or any laws or regulations applicable to the relevant Specified Currency.

Dematerialised Covered Bonds shall be issued in one (1) Specified Denomination only.

**(c) Title**

- (i) Title to Dematerialised Covered Bonds in bearer form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Covered Bonds may only be effected through, registration of the transfer in the accounts of the Account Holders. Title to Dematerialised Covered Bonds in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Covered Bonds may only be effected through, registration of the transfer in the accounts maintained by the Issuer or by the Registration Agent.
- (ii) Title to Definitive Materialised Covered Bonds, including, where appropriate, Receipt(s), Coupons and/or a Talon attached, shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Covered Bond (as defined below), Coupon, Receipt or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

**(d) Redenomination**

The Issuer may (if so specified in the relevant Final Terms), on any date, without the consent of the holder of any Covered Bond, Coupon, Receipt or Talon, by giving at least thirty (30) days' notice in accordance with Condition 17 and on or after the date on which the European Member State in whose national currency the Covered Bonds are denominated has become a participating Member State in the single currency of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community (the "**EC**"), as amended from time to time (the "**Treaty**") or events have occurred which have substantially the same effects (in either case, "**EMU**"), redenominate all, but not some only, of the Covered Bonds of any Series into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as more fully described in the relevant Final Terms.

**(e) Method of Issue**

The Covered Bonds will be issued on a syndicated or non-syndicated basis. The Covered Bonds will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Covered Bonds of each Series being intended to be interchangeable with all other 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 (which will be supplemented, where necessary, with supplemental terms and conditions and, 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 set out in the relevant Final Terms.

### 3. Conversions and Exchanges of Covered Bonds

#### (a) Dematerialised Covered Bonds

- (i) Dematerialised Covered Bonds issued in bearer form (*au porteur*) may not be converted for Dematerialised Covered Bonds in registered form, whether in fully registered form (*au nominatif pur*) or in administered registered form, (*au nominatif administré*).
- (ii) Dematerialised Covered Bonds issued in registered form (*au nominatif*) may not be converted for Dematerialised Covered Bonds in bearer form (*au porteur*).
- (iii) Dematerialised Covered Bonds issued in fully registered form (*au nominatif pur*) may, at the option of the holder of such Covered Bonds, be converted into Covered Bonds in administered registered form (*au nominatif administré*), and vice versa. The exercise of any such option by such holder shall be made in accordance with article R. 211-4 of the French Monetary and Financial Code (*Code monétaire et financier*). Any such conversion shall be effected at the cost of such holder.

#### (b) Materialised Covered Bonds

Materialised Covered Bonds of one (1) Specified Denomination may not be exchanged for Materialised Covered Bonds of another Specified Denomination.

### 4. Status

The Covered Bonds, and, where applicable, any relative Coupons and Receipts are direct, unconditional, unsubordinated and secured (in accordance with the provisions of Condition 5(b)) obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law and to the provisions of Condition 5(b)) at least *pari passu* with all other present or future unsubordinated obligations of the Issuer.

### 5. Covenants

So long as any of the Covered Bonds or, if applicable, any Receipts or Coupons relating to them, is Outstanding:

#### (a) Negative Pledge

Except in accordance with Condition 5(b), the Issuer will not create or permit to subsist any mortgage, charge, pledge 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 Covered Bonds, and, if applicable, Receipts or Coupons relating to them, 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.

#### (b) Security

The Bondholders shall benefit from the following security (the "**Issuer Security**"):

- (i) the pledge of the Issuer Accounts granted pursuant to an accounts pledge agreement dated 9 July 2007 and made between the Issuer in its capacity as pledgor and BNP Paribas Securities Services acting in the name and on behalf of the Bondholders in their capacity as beneficiaries under the pledge (the "**Issuer Accounts Pledge Agreement**"), and
- (ii) the pledge of the Borrower Facility Receivables granted pursuant to a receivables pledge agreement dated 9 July 2007 and made between the Issuer in its capacity as pledgor and BNP Paribas Securities Services acting in the name and on behalf of the Bondholders in their capacity as beneficiaries under the pledge (the "**Receivables Pledge Agreement**" and, together with the Issuer Accounts Pledge Agreement, the "**Issuer Security Agreements**").

Bondholders are deemed to have notice of the provisions of the Issuer Security Agreements. Certain statements in the Conditions and under sections "**The Issuer Security – The Issuer Accounts Pledge**

**Agreement**" and "**Issuer Security – The Issuer Receivables Pledge Agreement**" of this Base Prospectus are summaries of the detailed provisions of the Issuer Security Agreements, copies of which are available for inspection at the specified office of the Paying Agents.

As more fully described in the Issuer Security Agreements, upon the issue of further Series of Covered Bonds on each subsequent issue date after the Closing Date, the existing Issuer Security securing the repayment of all and any amount owed in respect of the then outstanding Covered Bonds will be (a) released by the Issuer Security Agent and (b) re-taken by the Issuer Security Agent, as security for the repayment of all and any amount owed in respect of the then outstanding Covered Bonds and the new Series of Covered Bonds issued on such subsequent issue date.

As more fully described in the Issuer Security Agreements, the subscription or purchase of Covered Bonds results by force of law in the (i) acceptance that all the Bondholders of any Series, present or future, will benefit *pari passu* from the Issuer Security provided under the Issuer Security Agreements and any Issuer Accounts Pledge Agreement Deed of Retake or any Receivables Pledge Agreement Deed of Retake (as such terms are defined in the Issuer Security Agreements) and (ii) appointment of the Issuer Security Agent as agent in order to manage the said security in their name and on their behalf.

**(c) Limitation on Indebtedness**

The Issuer undertakes not to incur any indebtedness other than as contemplated by the Programme Documents unless:

- (i) such indebtedness is fully subordinated to the outstanding indebtedness incurred in relation to the Covered Bonds, as the case may be; or
- (ii) prior Rating Affirmation has been delivered in relation to such indebtedness.

**(d) 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.

**(e) Separateness covenants**

The Issuer undertakes (except as permitted under the Programme Documents or the Issuer's by-laws):

- (i) to maintain books and records separate from any other person or entity;
- (ii) to maintain its accounts separate from those of any other person or entity;
- (iii) not to commingle assets with those of any other entity;
- (iv) to conduct its own business in its own name;
- (v) to maintain separate financial statements;
- (vi) to pay its own liabilities out of its own funds;
- (vii) to observe all corporate, partnership or other formalities required by its constituting documents;
- (viii) 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;
- (ix) not to acquire capital shares of its partners or shareholders;
- (x) to use its own separate stationery, invoices and cheques;
- (xi) to hold itself out as a separate entity;
- (xii) not to have any employees;
- (xiii) not to voluntarily wind up; and
- (xiv) to correct any known misunderstanding regarding its separate identity.

**(f) 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. For the purposes hereof, the terms of section "**Asset Monitoring**" of this Base Prospectus are incorporated by reference in this Condition 5 (f).

**(g) 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 described under section "**Hedging Strategy**" of this Base Prospectus.

**(h) 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 interest of the Issuer or the 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:

- (i) to cure any ambiguity, omission, defect or inconsistency;
- (ii) to evidence or effect the transition of any party to any Programme Document to which it is a party to any successor;
- (iii) 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
- (iv) to comply with any mandatory requirements of applicable laws and regulations.

In addition, the Issuer undertakes that:

- (i) 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 the Covered Bonds) will agree that their recourse will be limited to the funds that are available to the Issuer at any relevant date; and
- (ii) 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 the 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.

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

In respect of any Series, the Issuer undertakes to promptly inform the Rating Agencies, the Representative and the Administrator of the occurrence of any Issuer Event of Default and, upon receipt of a written request to that effect from the Rating Agencies, the Representative or the Administrator confirm to the Rating Agencies, the Representative and the Administrator that, save as previously notified to the Rating Agencies, the Representative and the Administrator or as notified in such confirmation, no Issuer Event of Default has occurred or is continuing.

**(j) No further Issuance**

The Issuer undertakes not to issue new further Covered Bonds under the Programme:

- (i) as from the date a Borrower Enforcement Notice (as defined in section "**The Borrower and the Borrower Facility Agreement – The Borrower Facility Agreement**" of this Base Prospectus) has been served;
- (ii) as from the date an Issuer Enforcement Notice has been served;
- (iii) for so long as a Non Compliance with Asset Cover Test (as defined in section "**Asset Monitoring**" of this Base Prospectus) has occurred and is not remedied;
- (iv) for so long as a Non Compliance with Amortisation Test (as defined in section "**Asset Monitoring**" of this Base Prospectus) has occurred and is not remedied; or

- (v) for so long as, regarding the Pre-Maturity Test (as defined in section "Asset Monitoring" of this Base Prospectus), a Non Compliance Notice (as defined in section "Asset Monitoring" of this Base Prospectus) has been delivered and is not withdrawn.

**(k) Rating of further Issuance**

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

**6. Interest and other Calculations**

**(a) Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**"Benchmark"** means the reference rate as set out in the relevant Final Terms.

**"Business Day"** means:

- (i) in the case of Euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer payment system (TARGET2) or any successor thereto (the "TARGET System") is operating (a "**TARGET Business Day**"), and/or
- (ii) in the case of a Specified 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 centre for that currency, and/or
- (iii) in the case of a Specified Currency and/or one (1) or more additional business centre(s) specified in the relevant Final Terms (the "Business Centre(s)"), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres so specified.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest on any 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, the "**Calculation Period**"):

- (i) if "**Actual/365**", "**Actual/365-FBF**" 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 during 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 (1) 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 specified in the relevant Final Terms or, if none is so specified, the Interest Payment Date.

- (iii) if "**Actual/Actual-FBF**" is specified in the relevant Final Terms, the fraction whose numerator is the actual number of days elapsed during such period and whose denominator is three hundred and sixty-five (365) (or three hundred and sixty-six (366) if 29 February falls within the Calculation Period). If the Calculation Period is of a duration of more than one (1) year, the basis shall be calculated as follows:
  - (A) the number of complete years shall be counted back from the last day of the Calculation Period;
  - (B) this number shall be increased by the fraction for the relevant period calculated as set out in the first paragraph of this definition.
- (iv) 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).
- (v) 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).
- (vi) 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) (the number of days to be calculated on the basis of a year of three hundred and sixty (360) days with twelve (12) thirty (30)-day months (unless (a) the last day of the Calculation Period is the thirty-first (31<sup>st</sup>) day of a month but the first day of the Calculation Period is a day other than the thirtieth (30<sup>th</sup>) or thirty-first (31<sup>st</sup>) day of a month, in which case the month that includes that last day shall not be considered to be shortened to a thirty (30)-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a thirty (30)-day month)).
- (vii) if "**30/360-FBF**" or "**Actual 30A/360 (American Bond Basis)**" is specified in the relevant Final Terms, in respect of each Calculation Period, the fraction whose denominator is three hundred and sixty (360) and whose numerator is the number of days calculated as for 30E/360-FBF, subject to the following exception: where the last day of the Calculation Period is the thirty-first (31<sup>st</sup>) and the first day is neither the thirtieth (30<sup>th</sup>) nor the thirty-first (31<sup>st</sup>), the last month of the Calculation Period shall be deemed to be a month of thirty-one (31) days.

Using the same abbreviations as for 30E/360-FBF the fraction is:

If  $dd2 = 31$  and  $dd1 \neq (30,31)$

then:

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + (dd2 - dd1)]$$

or

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)].$$

- (viii) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by three hundred and sixty (360) (the number of days to be calculated on the basis of a year of three hundred and sixty (360) days with twelve (12) thirty (30)-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Final Maturity Date, the Final Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a thirty (30)-day month).

- (ix) if "30E/360-FBF" is specified in the relevant Final Terms, in respect of each Calculation Period, the fraction whose denominator is three hundred and sixty (360) and whose numerator is the number of days elapsed during such period, calculated on the basis of a year comprising twelve (12) months of thirty (30) days, subject to the following exception: if the last day of the Calculation Period is the last day of the month of February, the number of days elapsed during such month shall be the actual number of days.

Where:

D1 (dd1, mm1, yy1) is the date of the beginning of the period

D2 (dd2, mm2, yy2) is the date of the end of the period

The fraction is:

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)].$$

**"Effective Date"** means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant Final Terms or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

**"Euro Zone"** means the region comprised of member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

**"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 the amount of interest payable, and in the case of Fixed Rate Covered Bonds, means the Fixed Coupon Amount or Broken Amount, as specified in the relevant Final Terms, as the case may be.

**"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 day falling two (2) TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is Euro or (ii) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (iii) the day falling two (2) Business Days in the city specified in the Final Terms for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor 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 unless otherwise specified in the relevant Final Terms.

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

**"Reference Banks"** means the institutions specified as such in the relevant Final Terms or, if none, four (4) major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR or EONIA is the relevant Benchmark, shall be the Euro-zone, and if LIBOR is the relevant Benchmark, shall be London).

**"Relevant Financial Centre"** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre

as may be specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR or EONIA, shall be the Euro-zone and in the case of LIBOR, shall be London) or, if none is so connected, Paris.

**"Relevant Date"** means, in respect of any Covered Bond, Receipt or Coupon, the date on which payment in respect of it first became 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 (in the case of Materialised Covered Bonds if earlier) the date seven (7) days after that on which notice is duly given to the holders of such Materialised Covered Bonds that, upon further presentation of the Materialised Covered Bond, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

**"Relevant Rate"** means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

**"Relevant Time"** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or, if no time is specified, the local time in the Relevant Financial Centre 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 Relevant Financial Centre and for this purpose "**local time**" means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, 11:00 a.m. (Brussels time).

**"Representative Amount"** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the relevant Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

**"Specified Currency"** means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Covered Bonds are denominated.

**"Specified Duration"** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the relevant Final Terms or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 6(c)(ii).

#### (b) Interest on Fixed Rate Covered Bonds

Each Fixed Rate Covered Bond bears interest on its outstanding nominal amount from 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 except as otherwise provided in the relevant Final Terms.

If a fixed amount of interest ("**Fixed Coupon Amount**") or a broken amount of interest ("**Broken Amount**") is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

#### (c) Interest on Floating Rate Covered Bonds and Index Linked Covered Bonds

- (i) *Interest Payment Dates:* Each Floating Rate Covered Bond and Index Linked Interest Covered Bond bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. 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 Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *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.

- (iii) *Rate of Interest for Floating Rate Covered Bonds:* The Rate of Interest in respect of Floating Rate Covered Bonds for each Interest Accrual Period shall be determined in the manner specified in (i) the relevant Final Terms and/or (ii) the provisions below relating to either FBF Determination or Screen Rate Determination, depending upon which is specified in the relevant Final Terms.

(A) FBF Determination for Floating Rate Covered Bonds:

Where FBF 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 Agent as a rate equal to the relevant FBF Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**FBF Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Agent under a notional interest rate swap transaction (*Echange*) in the relevant Specified Currency governed by the 2001 FBF Master Agreement (*convention cadre FBF*) relating to transactions on forward financial instruments (formerly 1994 AFB Master Agreement for Foreign Exchange and Derivatives Transactions), as supplemented by the then applicable Interest and Currency Technical Annex (*Echange de conditions d'Intérêt ou de Devises - Additif Technique*) published by the *Association Française des Banques* or the *Fédération Bancaire Française* (the "**FBF Definitions**") and under which:

- (1) the Floating Rate is as specified in the relevant Final Terms; and
- (2) the Floating Rate Determination Date is as specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Agent**" and "**Floating Rate Determination Date**" are translations of the French terms "*Taux Variable*", "*Agent*" and "*Date de Détermination du Taux Variable*", respectively, which have the meanings given to those terms in the FBF Definitions.

(B) Screen Rate Determination for Floating Rate Covered Bonds:

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 shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (1) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
  - (I) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one (1) entity); or
  - (II) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page, in each case appearing on such Page at the Relevant Time on the Interest Determination

Date as disclosed in the relevant Final Terms, plus or minus (as indicated in the relevant Final Terms) the Margin (if any); and

- (2) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (1)(I) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (1)(II) applies and fewer than two (2) Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent, plus or minus (as indicated in the relevant Final Terms) the Margin (if any), and
  - (3) if paragraph (2) above applies and the Calculation Agent determines that fewer than two (2) Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two (2) out of five (5) leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is Euro, in the Euro-zone as selected by the Calculation Agent (the "**Principal Financial Centre**") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two (2) of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two (2) of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).
- (iv) *Rate of Interest for Index Linked Covered Bonds:* The Rate of Interest in respect of Index Linked Covered Bonds for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an Index or Formula as specified in the relevant Final Terms.

#### **(d) Zero Coupon Covered Bonds**

Where a Covered Bond the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Final Maturity Date pursuant to an Issuer's Option or, if so specified in the relevant Final Terms, pursuant to Condition 7(e) or otherwise and is not paid when due, the amount due and payable prior to the Final Maturity Date shall, unless otherwise provided in the relevant Final Terms, be the Early Redemption Amount. As from the Final Maturity Date, the Rate of Interest for any overdue principal of such a Covered Bond shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7(e)(i)).

#### **(e) Dual Currency Covered Bonds**

In the case of Dual Currency Covered Bonds, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

#### **(f) Partly Paid Covered Bonds**

In the case of Partly Paid Covered Bonds (other than Partly Paid Covered Bonds which are Zero Coupon Covered Bonds), interest will accrue as aforesaid on the paid-up nominal amount of such Covered Bonds and otherwise as specified in the relevant Final Terms.

**(g) Accrual of Interest**

Interest shall cease to accrue on each Covered Bond on the due date for redemption unless (i) in the case of Dematerialised Covered Bonds, on such due date or (ii) in the case of Materialised Covered Bonds, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 6 to the Relevant Date.

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

- (i) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one (1) 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 (if a negative number) the absolute value of such Margin, subject always to the next paragraph.
- (ii) 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.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (w) if FBF Determination is specified in the relevant Final Terms, all percentages resulting from such calculations shall be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with halves being rounded up), (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) figures (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.

**(i) Calculations**

The amount of interest payable in respect of any Covered Bond for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Covered Bond by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Covered Bond for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two (2) or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

**(j) 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 in respect of each Specified Denomination of the Covered Bonds 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 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 Covered Bonds, any other Calculation Agent appointed in respect of the Covered Bonds that is to make a further calculation upon receipt of such information and, if the Covered Bonds are admitted to trading on a Regulated Market and the rules of such Regulated Market so require, such Regulated Market 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 Regulated Market of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth (4<sup>th</sup>) Business Day after such determination. Where any

Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 6(c)(ii), 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. 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.

**(k) Calculation Agent and Reference Banks**

The Issuer shall procure that there shall at all times be four (4) Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one (1) or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Covered Bond is Outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one (1) Calculation Agent is appointed in respect of the 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 Period or 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 investment banking firm 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 or Luxembourg office, as appropriate, or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

**7. Redemption, Purchase and Options**

**(a) Final Redemption**

Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Bondholders' option in accordance with Condition 7(c) or 7(d), each 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 Covered Bond falling within Condition 7(b) below, its final Instalment Amount.

**(b) Redemption by Instalments**

Unless previously redeemed, purchased and cancelled as provided in this Condition 7, or the relevant Instalment Date (being one (1) of the dates so specified in the relevant Final Terms) is extended pursuant to any Issuer's or Bondholders' option in accordance with Conditions 7(c) or 7(d), each Covered Bond that provides for Instalment Dates 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 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 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 (i) in the case of Dematerialised Covered Bonds, on the due date for such payment or (ii) in the case of Materialised Covered Bonds, on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

**(c) Redemption at the Option of the Issuer, Exercise of Issuer's Options and Partial Redemption**

If a Call Option or any other Issuer's option (as may be described in the relevant Final Terms) is specified in the relevant Final Terms, the Issuer may, subject to compliance by the Issuer of all the relevant laws, regulations and directives and on giving not less than fifteen (15) nor more than thirty (30) days' irrevocable notice in accordance with Condition 17 to the holders of Covered Bonds (or such other notice period as may be specified in the relevant Final Terms) redeem, or exercise any other option in relation to all or, if so provided, some, of the Covered Bonds on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Covered Bonds shall be at their Optional Redemption Amount together with interest accrued to the date fixed

for redemption, if any. Any such redemption must relate to 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 as specified in the relevant Final Terms.

All Covered Bonds in respect of which any such notice is given shall be redeemed, or the Issuer's Option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's Option in respect of Materialised Covered Bonds, the notice to holders of such Materialised Covered Bonds shall also contain the numbers of the Definitive Materialised Covered Bonds to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and Regulated Market requirements.

In the case of a partial redemption or a partial exercise of an Issuer's Option in respect of Dematerialised Covered Bonds, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Covered Bonds in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised Covered Bonds and, in such latter case, the choice between those Dematerialised Covered Bonds that will be fully redeemed and those Dematerialised Covered Bonds of any Series that will not be redeemed shall be made in accordance with article R. 213-16 of the French Monetary and Financial Code (*Code monétaire et financier*) and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and Regulated Market requirements.

So long as the Covered Bonds are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and the rules thereof so require, the Issuer shall, once in each year in which there has been a partial redemption of the Covered Bonds, cause to be published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Covered Bonds outstanding and, in the case of Materialised Covered Bonds a list of any Materialised Covered Bonds, drawn for redemption but not surrendered.

#### **(d) Redemption at the Option of Bondholders and Exercise of Bondholders' Options**

If a Put Option is specified in the relevant Final Terms, the Issuer shall, at the option of the Bondholder, upon the Bondholder giving not less than fifteen (15) nor more than thirty (30) days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Covered Bond on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Bondholders' Option as may be set out in the relevant Final Terms (which must be exercised on an Option Exercise Date) the Bondholder must deposit with a Paying Agent at its specified office a duly completed option exercise notice (the "**Exercise Notice**") in the form obtained during normal business hours from any Paying Agent or the Registration Agent, as the case may be, within the notice period. In the case of Materialised Covered Bonds, the Exercise Notice shall have attached to it the relevant Covered Bonds (together with all unmatured Receipts and Coupons and unexchanged Talons). In the case of Dematerialised Covered Bonds, the Bondholder shall transfer, or cause to be transferred, the Dematerialised Covered Bonds to be redeemed to the account of the Paying Agent with a specified office in Paris, as specified in the Exercise Notice. No option so exercised and, where applicable, no Covered Bond so deposited or transferred, may be withdrawn without the prior consent of the Issuer.

#### **(e) Early Redemption**

##### **(i) Zero Coupon Covered Bonds**

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Covered Bond, the amount of which is not linked to an index and/or a formula, upon redemption of such Covered Bond pursuant to Condition 7(f) or (g) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Nominal Amount (calculated as provided below) of such Covered Bond unless otherwise specified in the relevant Final Terms.
- (B) Subject to the provisions of sub-paragraph (C) below, the amortised nominal amount of any such Covered Bond (the "**Amortised Nominal Amount**") shall be the scheduled Final Redemption Amount of such 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 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 Covered Bond upon its redemption pursuant to Condition 7(f) or (g) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Covered Bond shall be the Amortised Nominal Amount of such Covered Bond as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the 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 judgement) 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 Covered Bond on the Final Maturity Date together with any interest that may accrue in accordance with Condition 6(d).

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.

(ii) *Other Covered Bonds*

The Early Redemption Amount payable in respect of any Covered Bond (other than Covered Bonds described in (i) above), upon redemption of such Covered Bond pursuant to Condition (f) or (g) or upon it becoming due and payable as provided in Condition 10 shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption unless otherwise specified in the relevant Final Terms.

**(f) Redemption for Taxation Reasons**

- (i) If, by reason of any change in French law, or any change in the official application or interpretation of such law, 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 Covered Bonds, not be able to make such payment without having to pay additional amounts as specified under Condition 9(b) below, the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, subject to having given not more than forty-five (45) nor less than thirty (30) days' notice to the Bondholders (which notice shall be irrevocable), in accordance with Condition 17, redeem all, but not some only, of the Covered Bonds at their Early Redemption Amount together with, unless otherwise specified in the Final Terms, 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.
- (ii) If the Issuer would, on the next payment of principal or interest in respect of the Covered Bonds, be prevented by French law from making payment to the Bondholders or, if applicable, Couponholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 9(b) 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 Bondholders in accordance with Condition 17, redeem all, but not some only, of the Covered Bonds then outstanding at their Early Redemption Amount together with, unless otherwise specified in the Final Terms, 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 Covered Bonds, provided that if such notice would expire after such Interest Payment Date the date for redemption pursuant to such notice of 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 Covered Bonds and (ii) fourteen (14) days after giving notice to the Fiscal Agent as aforesaid or (B) if so specified in the relevant Final Terms, at any time, 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 Covered Bonds, or, if applicable, Receipts or Coupons or, if that date is passed, as soon as practicable thereafter.

**(g) Redemption due to illegality**

The Covered Bonds of all Series shall be redeemed at the option of the Issuer, subject to compliance by the Issuer of all the relevant laws, regulations and directives, in whole, but not in part, at any time, on giving not less than thirty (30) nor more than sixty (60) days' irrevocable notice in accordance with Condition 17 to the holders of Covered Bonds (or such other notice period as may be specified in the relevant Final Terms), if the Issuer satisfies the Fiscal Agent immediately before the giving of such notice that it has, or will, before the next Interest Payment Date of any Covered Bonds of any Series, become unlawful for the Issuer to make, fund or allow to remain outstanding any Borrower Advance made by it to the Borrower or to comply with any other of its obligations under the Covered Bonds of that Series, as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such Interest Payment Date.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent a certificate signed by two (2) representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Fiscal Agent shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on all Bondholders, Receiptholders and Couponholders.

Covered Bonds redeemed pursuant to this Condition 7(g) will be redeemed at their Early Redemption Amount referred to in paragraph 7(e) above together (if appropriate) with interest accrued to the date fixed for redemption, if any.

**(h) Partly Paid Covered Bonds**

Partly Paid Covered Bonds will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 7 and the provisions specified in the relevant Final Terms.

**(i) Purchases**

The Issuer shall have the right at all times to purchase Covered Bonds (provided that, in the case of Materialised Covered Bonds, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise (including by tender offer) at any price. Unless otherwise agreed in the Final Terms, all Covered Bonds so purchased by the Issuer may be held and resold in accordance with Article L.213-1 A of the French Monetary and Financial Code (*Code monétaire et financier*) for the purpose of enhancing the liquidity of the Covered Bonds.

**(j) Cancellation**

All Covered Bonds purchased by or on behalf of the Issuer for cancellation shall be cancelled forthwith (together with, in the case of Dematerialised Covered Bonds, all rights relating to payment of interest and other amounts relating to such Dematerialised Covered Bonds and, in the case of Definitive Materialised Covered Bonds, all unmatured Receipts and Coupons and unexchanged Talons attached thereto), in the case of Dematerialised Covered Bonds, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Covered Bonds, by surrendering the relevant Temporary Global Certificate or the Definitive Materialised Covered Bonds in question, together with all unmatured Receipts and Coupons and all unexchanged Talons, if applicable, to the Fiscal Agent. Any Covered Bonds so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Covered Bonds shall be discharged.

## 8. Payments and Talons

**(a) Dematerialised Covered Bonds**

Payments of principal and interest in respect of Dematerialised Covered Bonds shall (i) in the case of Dematerialised Covered Bonds in bearer dematerialised form or administered registered form, be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the holders of Covered Bonds and, (ii) in the case of Dematerialised Covered Bonds in fully registered form, to an account denominated in the relevant currency with a Bank designated by

the relevant holder of Covered Bonds. All payments validly made to such Account Holders or Bank will be an effective discharge of the Issuer in respect of such payments.

**(b) Definitive Materialised Covered Bonds**

*(i) Method of payment*

Subject as provided below, payments in a Specified Currency will be made by credit or transfer to an account denominated in the relevant Specified Currency, or to which the Specified Currency may be credited or transferred (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Euro, shall be any country in the Euro-zone, and, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively).

*(ii) Presentation and surrender of Definitive Materialised Covered Bonds, Receipts and Coupons*

Payments of principal in respect of Definitive Materialised Covered Bonds will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of partial payment of any sum due, annotation) of such Covered Bonds, and payments of interest in respect of Definitive Materialised Covered Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of Definitive Materialised Covered Bonds, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the relevant Covered Bond in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Materialised Covered Bond to which it appertains. Receipts presented without the Definitive Materialised Covered Bond to which they appertain do not constitute valid obligations of the Issuer.

Upon the date upon which any Definitive Materialised Covered Bond becomes due and payable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment will be made in respect thereof.

Fixed Rate Covered Bonds in definitive form (other than Dual Currency Covered Bonds or Index Linked Covered Bonds) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten (10) years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11) or, if later, five (5) years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Covered Bond in definitive form becoming due and repayable prior to its Final Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Covered Bond, Dual Currency Covered Bond, Index Linked Covered Bond in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any Definitive Materialised Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Covered Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender (if appropriate) of the relevant Definitive Materialised Covered Bond.

**(c) Payments in the United States**

Notwithstanding the foregoing, if any Materialised Covered Bonds are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Covered Bonds in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

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

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives but without prejudice to Condition 9. No commission or expenses shall be charged to the holders of Covered Bonds or Couponholders in respect of such payments.

**(e) Appointment of Agents**

The Fiscal Agent, the Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed at the end of this Base Prospectus relating to the Programme of the Covered Bonds of the Issuer. The Fiscal Agent, the Paying Agents and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case such, do not assume any obligation or relationship of agency for any Bondholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, Registration Agent or Calculation Agent and to appoint other Fiscal Agent, Paying Agent(s), Registration Agent(s) or Calculation Agent(s) or additional Paying Agent(s), Registration 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 (1) major European city (including, so long as the 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 Covered Bonds are admitted to trading), (iv) in the case of Materialised Covered Bonds, a Paying Agent having its specified office in a Member State of the EU that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other EU Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to, such Directive (which may be any of the Paying Agents referred to in (iii) above), (v) in the case of Dematerialised Covered Bonds in fully registered form, a Registration Agent and (vi) such other agents as may be required by the rules of any other Regulated Market on which the Covered Bonds may be admitted to trading.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Covered Bonds denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the holders of Covered Bonds in accordance with Condition 17.

**(f) Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Covered Bond, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 11).

**(g) Business Days for Payment**

If any date for payment in respect of any Covered Bond, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day unless otherwise specified in the relevant Final Terms, 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) (i) in the case of Dematerialised Covered Bonds, on which Euroclear France is open for business or (ii) in the case of Materialised Covered Bonds, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) in such jurisdictions as shall be specified as "**Financial Centre(s)**" in the relevant Final Terms and (C) (i) in the case of a payment in a currency other than Euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in Euro, which is a TARGET Business Day.

**(h) Bank**

For the purpose of this Condition 8, "**Bank**" means a bank in the principal financial centre of the relevant currency or, in the case of Euro, in a city in which banks have access to the TARGET System.

**9. Taxation**

**(a) Tax Exemption for Covered Bonds constituting *obligations* or debt instruments (*titres de créances*) assimilated thereto for French tax purposes**

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the 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.

**(b) Additional Amounts**

If French law should require that payments of principal or interest in respect of any Covered Bond, Receipt or Coupon 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 Bondholders or, if applicable, the Receiptholders and the Couponholders, as the case may be, 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 Covered Bond, Receipt or Coupon, as the case may be:

- (i) *Other connection:* to, or to a third party on behalf of, a Bondholder, Receiptholder or Couponholder who is liable to such taxes or duties by reason of his having some connection with France other than the mere holding of the Covered Bond, Receipt or Coupon; or
- (ii) *More than thirty (30) days after the Relevant Date:* in the case of Definitive Materialised Covered Bonds, more than thirty (30) days after the Relevant Date except to the extent that the Bondholder, Receiptholder or Couponholder would have been entitled to such additional amounts on presenting it for payment on the thirtieth (30<sup>th</sup>) such day; or
- (iii) *Payment to individuals:* where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) *Payment by another Paying Agent:* in the case of Definitive Materialised Covered Bonds presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Covered Bond, Receipt or Coupon 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 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 7 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 6 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.

## **10. Events of Default**

If an Issuer Event of Default occurs in respect of any Series, the Representative may, at its discretion, and shall, if so directed by the Majority Bondholders or if such Issuer Event of Default is a Covered Bonds Cross Acceleration Event, upon written notice (an "**Issuer Enforcement Notice**") to the Fiscal Agent and the Issuer (with copy to the Issuer Security Agent and to the Rating Agencies) given before all defaults shall have been cured, cause the principal amount of all Covered Bonds of such Series to become due and payable (but subject to the relevant Payment Priority Order), together with any accrued interest thereon, as of the date on which such notice for payment is received by the Fiscal Agent and, as provided under the Issuer Security Documents, enforce the rights of the Bondholders under the Issuer Security Documents.

## **11. Prescription**

Claims against the Issuer for payment in respect of any amount due under the Covered Bonds, Receipts and Coupons (which for this purpose shall not include Talons) 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.

## **12. Representation of Bondholders**

Holders of Covered Bonds will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the "**Masse**").

The Masse will be governed by the provisions of the French Commercial Code (*Code de commerce*) with the exception of articles L. 228-48, L. 228-59, L. 228-71, L. 228-80, R. 228-63, R. 228-67, R. 228-69 and R. 228-83, subject to the following provisions:

### **(a) Legal Personality**

The Masse will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through a general meeting of the holders of Covered Bonds (the "**General Meeting**").

The Masse alone, to the exclusion of all individual holders of Covered Bonds, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Covered Bonds.

### **(b) Representative**

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (i) the Issuer, the members of its board of directors (*conseil d'administration*), its managing directors (*directeurs généraux*), its statutory auditors, its employees and their ascendants, descendants and spouse; or
- (ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), managing directors (*directeurs généraux*), members of their board of directors, executive board or supervisory board, their statutory auditors, employees and their ascendants, descendants and spouse; or
- (iii) companies holding directly ten per cent. (10%) or more of the share capital of the Issuer or companies having ten per cent. (10%) or more of their share capital held by the Issuer; or
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The Representative appointed in respect of the first Tranche of the first Series of Covered Bonds will be BNP Paribas Securities Services:

**BNP Paribas Securities Services**  
 Les Grands Moulin de Pantin  
 9, rue du Débarcadère  
 93500 Pantin  
 France

represented by Mr. Pascal POMMIER, Head of Global Corporate Trust department of BNP Paribas Securities Services.

The Representative appointed in respect of the first Tranche of any Series of Covered Bonds will be the Representative of the single Masse of all Tranches in such Series. The Representative appointed in respect of each Series of Covered Bonds will be the Representative in respect of the first Tranche of the first Series of Covered Bonds.

The alternative representative shall be Mr. Jean-Pierre PASQUIER, domiciled 25 avenue de Verdun, 94000 Créteil, France.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by the alternative representative. In the event of the death, retirement or revocation of appointment of the alternative representative, an alternative representative will be elected by the General Meeting.

The Issuer shall pay to the Representative an amount of Euro 1,000 (one thousand euros) per year so long as any of the Covered Bonds is Outstanding. The alternative representative will only become entitled to the annual remuneration of Euro 1,000 (one thousand euros) if it exercises the duties of Representative on a permanent basis; such remuneration will accrue from the day on which it assumes such duties.

All interested parties will at all times have the right to obtain the names and addresses of the Representative and the alternative representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

#### **(c) Powers of Representative**

The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the holders of Covered Bonds.

For the avoidance of doubt, the Issuer Security Agent shall have the power, upon the issue of each Series of Covered Bonds, to release and retake any existing security so that holders of Covered Bonds of all Series benefit *pari passu* from such security and to enforce the Issuer Security upon the service of an Issuer Enforcement Notice.

All legal proceedings against the Bondholders or initiated by them, must be brought by or against the Representative.

The Representative may not be involved in the management of the affairs of the Issuer.

#### **(d) General Meeting**

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One (1) or more Bondholders, holding together at least one-thirtieth (1/30) of the principal amount of the Covered Bonds outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the Bondholders may commission one (1) of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 17.

Each Bondholder has the right to participate in a General Meeting in person or by proxy. Each Covered Bond carries the right to one (1) vote or, in the case of Covered Bonds issued with more than one (1) Specified Denomination, one (1) vote in respect of each multiple of the lowest Specified

Denomination comprised in the principal amount of the Specified Denomination of such Covered Bond.

General Meetings may deliberate validly on first convocation only if Bondholders present or represented hold at least a fifth (1/5) of the principal amount of the Covered Bonds then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third (2/3) majority of votes cast by Bondholders attending such General Meetings or represented thereat.

**(e) Powers of the General Meetings**

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternative representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Covered Bonds, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase amounts payable by Bondholders, nor establish any unequal treatment between the Bondholders.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 17.

**(f) Information to Bondholders**

Each Bondholder or Representative thereof will have the right, during the fifteen (15)-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Bondholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

**(g) Expenses**

The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Covered Bonds.

**(h) Single Masse**

The holders of Covered Bonds of the same Series, and the holders of Covered Bonds of any other Series which have been consolidated (*assimilées* for the purpose of French law) with the Covered Bonds of such first mentioned Series in accordance with Condition 15, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche or Series of Covered Bonds will be the Representative of the single Masse of all such Series.

**13. Replacement of Definitive Materialised Covered Bonds, Receipts, Coupons and Talons**

If, in the case of any Materialised Covered Bonds, a Definitive Materialised Covered Bond, Receipt, Coupon or Talon 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 or such other Paying Agent as may from time to time be designated by the Issuer for this purpose and notice of whose designation is given to Bondholders, 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 (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Definitive Materialised Covered Bond, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Materialised Covered Bonds, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Materialised Covered Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **14. Limited recourse, Non petition**

### *Limited Recourse*

By subscribing to any Covered Bond, each Bondholder will be automatically deemed to have agreed:

- (a) not to seek recourse under any obligation, covenant or agreement of the Issuer under the 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 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 (*conseil d'administration*), managing directors (*directeurs généraux*) 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 Covered Bond, to waive any and all personal liability of every such shareholder, member of the board of directors (*conseil d'administration*), managing director (*directeur général*) or agent of the Issuer for breaches by the Issuer of any of its obligations, covenants or agreements under the Covered Bonds and these Conditions;
- (b) to limit its recourse against the Issuer under the 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 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 Covered Bonds and these Conditions) and in accordance with the then applicable Priority Payment Order; and
- (c) that amounts payable or expressed to be payable by the Issuer on, under or in respect of its obligations and liabilities under the 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 shares 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 shall be discharged in full).

### *Non-Petition*

By subscribing to any Covered Bond, each 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 Final Maturity Date of the last Series issued by the Issuer under the Programme, or (ii) the date of payment of any sums outstanding and owing under the latest 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 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 Bondholder shall survive the payment of all sums owing under any Covered Bond and/or these Conditions.

## **15. Priority Payment Orders**

As more fully described under section "**Cash Flow**" of this Base Prospectus, any and all sums due by the Issuer under the Programme (including principal and interest under the 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 relevant Priority Payment Order described under section "**Cash Flow**" of this Base Prospectus. As a consequence, the payment of certain sums will be subordinated to the full payment of other sums. Bondholders are deemed to have notice of the provisions of the section "**Cash Flow**" of this Base Prospectus.

## **16. Further Issues and Consolidation**

### **(a) Further Issues**

Unless otherwise provided in the relevant Final Terms, the Issuer may from time to time without the consent of the Bondholders, Receiptholders or Couponholders create and issue further Covered Bonds to be consolidated (*assimilables* for the purpose of French law) with the Covered Bonds provided such Covered Bonds and the further Covered Bonds carry rights identical in all respects (or identical in all respects save as to the principal amount thereof and the first payment of interest as specified in the relevant Final Terms) and that the terms of such Covered Bonds provide for such consolidation, and references in these Conditions to "**Covered Bonds**" shall be construed accordingly.

### **(b) Consolidation**

Unless otherwise provided in the relevant Final Terms, the Issuer, with the prior approval of the Fiscal Agent (which shall not be unreasonably withheld), may from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than thirty (30) days' prior notice to the Bondholders in accordance with Condition 17, without the consent of the Bondholders, Receiptholders or Couponholders, consolidate the Covered Bonds of one (1) Series denominated in Euro with the Covered Bonds of one (1) or more other Series issued by it, whether or not originally issued in one (1) of the European national currencies or in Euro, provided such other Covered Bonds have been redenominated in Euro (if not originally denominated in Euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Covered Bonds.

## **17. Notices**

- (a) Notices to the holders of Dematerialised Covered Bonds in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth (4<sup>th</sup>) weekday (being a day other than a Saturday or a Sunday) after the mailing, or (ii) at the option of the Issuer, they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or, so long as such Covered Bonds are admitted to trading on any Regulated Market(s), in a leading daily newspaper with general circulation in the city/ies where the Regulated Market(s) on which such Covered Bonds is/are admitted to trading, which in the case of the Luxembourg Stock Exchange's Regulated Market is expected to be the *Luxemburger Wort*, or (iii) so long as such Covered Bonds are admitted to trading on any Regulated Market and the rules of such Regulated Market so permit, on the website of the Regulated Market where the admission is sought, which in the case of the Luxembourg Stock Exchange is expected to be the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).
- (b) Notices to the holders of Materialised Covered Bonds and Dematerialised Covered Bonds in bearer form (*au porteur*) shall be valid if published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or, so long as such Covered Bonds are admitted to trading on any Regulated Market(s), in a leading daily newspaper with general circulation in the city/ies where the Regulated Market(s) on which such Covered Bonds is/are admitted to trading, which in the case of the Luxembourg Stock Exchange's Regulated Market is expected to be the *Luxemburger Wort* or, so long as such Covered Bonds are admitted to trading on any Regulated Market and the rules of such Regulated Market so permit, on the website of the Regulated Market where the admission is sought, which in the case of the Luxembourg Stock Exchange is expected to be the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).
- (c) Notices required to be given to the holders of Dematerialised Covered Bonds (whether in registered or in bearer form) (*au porteur* or *au nominatif*) pursuant to these Conditions may be given by delivery of

the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Covered Bonds are for the time being cleared in substitution for the mailing and publication as required by Conditions 17(a) and (b), above; provided that (i) so long as such Covered Bonds are admitted to trading on any Regulated Market(s) and the rules of that Regulated Market so require, notices shall also be published in a leading daily newspaper with general circulation in the city/ies where the Regulated Market(s) on which such Covered Bonds is/are admitted to trading, which in the case of the Luxembourg Stock Exchange's Regulated Market is expected to be the *Luxemburger Wort*, and (ii) so long as such Covered Bonds are admitted to trading on any Regulated Market and the rules of such Regulated Market so permit, on the website of the Regulated Market where the admission is sought, which in the case of the Luxembourg Stock Exchange is expected to be the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

- (d) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any notice given by publication shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Covered Bonds in accordance with this Condition.

## **18. Governing Law and Jurisdiction**

### **(a) Governing Law**

The Covered Bonds, Receipts, Coupons and Talons are governed by, and shall be construed in accordance with, French law.

### **(b) Jurisdiction**

Any claim against the Issuer in connection with any Covered Bonds, Receipts, Coupons or Talons may be brought before any competent court in Paris.