

## FCT RED & BLACK - GUARANTEED HOME LOANS

(a French fonds commun de titrisation)

€25,000,000,000

### ASSET-BACKED DEBT ISSUANCE PROGRAMME

On 28 January 2009 (the **Closing Date**), Paris Titrisation (the **Management Company**) and Société Générale (the **Custodian**), acting severally (*conjointement*) as co-founders, have established the FCT Red & Black - Guaranteed Home Loans (the **Issuer**), a French securitisation fund (*fonds commun de titrisation*) governed by the provisions of articles L. 214-5, L. 214-42-1 to L. 214-48, L. 214-49-4 to L. 214-49-13, L. 231-7, R. 214-92, R. 214-93, D. 214-94, R. 214-95 to R. 214-101, D. 214-102 to D. 214-104 and R. 214-105 of the French monetary and financial code (*Code monétaire et financier*; the **French Monetary and Financial Code**) and the regulations (*règlement*) entered into on or before the Closing Date between the Management Company and the Custodian (the **Issuer Regulations**).

Under the programme described in this base prospectus (the **Programme**), the Issuer, subject to compliance with all relevant laws, regulations and directives, may issue (i) on the Closing Date, and from time to time thereafter, notes (the **Notes**) and (ii) on the Closing Date only, two (2) residual units (the **Residual Units**). Each date on which Notes are issued under the Programme is referred to as an **Issue Date**.

The aggregate nominal amount of Notes outstanding will not at any time exceed € 25,000,000,000.

Application has been made to the *Autorité des Marchés Financiers* for approval of this base prospectus (the **Base Prospectus**) in its capacity as competent authority under French law securities and for the purpose of listing the Notes issued under the Programme on the Paris Stock Exchange (Euronext Paris).

The Notes will be privately placed through Société Générale (the **Lead Manager**) or subscribed for by the Lead Manager or any other entity within the consolidation perimeter of the Lead Manager on each Issue Date.

Notes may be issued in dematerialised and bearer form (*au porteur*) only and will at all times be in book entry form in compliance with article L. 211-4 of the French Monetary and Financial Code. No physical documents of title will be issued in respect of the Notes.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**), and are subject to United States tax law requirements. The Notes may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered for sale outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act.

The Notes have not been and will not be registered with the *Commissione Nazionale per le Società e la Borsa (CONSOB)* pursuant to Italian securities legislation and, accordingly, the Notes may not be offered, sold or delivered, and will not be offered, sold or delivered, directly or indirectly, in the Republic of Italy or with any securities regulatory authority of any jurisdiction of Italy and may not be offered or sold within Italy or to any Italian persons. The Notes are being offered and sold outside Italy to non-Italian persons. Copies of the Base Prospectus or any other document relating to the Notes may not, and will not, be distributed in the Republic of Italy. Accordingly, the Lead Manager has represented and agreed not to effect any offering, marketing, solicitation or selling activity of the Notes in Italy in any circumstances.

Notes issued under the Programme are expected on issue to be rated AAA by Fitch France S.A. (**Fitch Ratings**) and Aaa by Moody's Investors Service Limited (**Moody's**) and, together with Fitch Ratings, the **Rating Agencies** and each a **Rating Agency**). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the Rating Agencies.

In accordance with article 9(2) of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the **Prospectus Directive**) and article 212-33 of the General Regulations of the *Autorité des Marchés Financiers*, this Base Prospectus is valid for a period of one (1) year from the date thereof and shall be updated once a year by way of a new base document (a **New Base Prospectus**). Any Note issued by the Issuer on or after the date of any New Base Prospectus shall be issued subject to the terms provided therein.

**An investment in the Notes involves certain risks. For a discussion of certain significant factors affecting investments in the Notes and a description of certain restrictions on offers, sales and transfers of Notes and on distribution of this Base Prospectus, see sections "RISK FACTORS" and "SUBSCRIPTION OF THE NOTES" on pages 44 and 159 of this Base Prospectus.**

#### ARRANGER AND LEAD MANAGER



## PREAMBLE

This Base Prospectus (together with all supplements thereto from time to time), constitutes a base prospectus within the meaning of article 5(4) of the Prospectus Directive and contains all relevant information concerning the Issuer which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, as well as the base terms and conditions of the Notes to be issued under the Programme. The terms and conditions applicable to each Series (as defined in section “General Description of the Programme”) not contained herein (including, without limitation, the aggregate nominal amount and the maturity thereof and the margin applicable thereto) will be determined by the Issuer at the time of the issue.

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

No person is or has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Management Company, the Custodian or the Lead Manager (as defined in section “General Description of the Programme”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Management Company, the Custodian and the Lead Manager to inform themselves of and to observe any such restriction.

Neither this Base Prospectus nor any other information supplied in connection with the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Management Company, the Custodian, the Seller, the Servicer, the Collateral Security Servicer, the Issuer Account Bank, the Issuer Cash Manager, the Paying Agent, the Borrower, the Originator, the Collateral Provider, the Collection Account Bank, the Swap Counterparty (as the case may be), the Mirror Swap Counterparty (as the case may be) or the Lead Manager that any recipient of this Base Prospectus or any other information supplied in connection with any Notes should purchase any such Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, of the risks associated with the Notes and of the tax, accounting and legal consequences of an investment in the Notes and should consult an independent legal, tax or accounting adviser to this effect.

**THE NOTES ARE OBLIGATIONS OF THE ISSUER EXCLUSIVELY. THE NOTES ISSUED BY THE ISSUER ARE NOT, OR WILL NOT BE, GUARANTEED IN ANY WAY BY THE MANAGEMENT COMPANY, THE CUSTODIAN, THE SELLER, THE SERVICER, THE COLLATERAL SECURITY SERVICER, THE ISSUER ACCOUNT BANK, THE ISSUER CASH MANAGER, THE PAYING AGENT, THE BORROWER, THE ORIGINATOR, THE COLLATERAL PROVIDER, THE COLLECTION ACCOUNT BANK, THE ISSUER VERIFICATION AGENT, THE ISSUER CALCULATION AGENT OR THE LEAD MANAGER. NONE OF THE MANAGEMENT COMPANY, THE CUSTODIAN, THE SELLER, THE SERVICER, THE COLLATERAL SECURITY SERVICER, THE ISSUER ACCOUNT BANK, THE ISSUER CASH MANAGER, THE PAYING AGENT, THE BORROWER, THE ORIGINATOR, THE COLLATERAL PROVIDER, THE COLLECTION ACCOUNT BANK, THE ISSUER VERIFICATION AGENT, THE ISSUER CALCULATION AGENT OR THE LEAD MANAGER WILL BE LIABLE, OR PROVIDE ANY GUARANTEE, FOR THE NOTES ISSUED BY THE ISSUER. ONLY THE MANAGEMENT COMPANY MAY ENFORCE THE RIGHTS OF THE ISSUER AGAINST THIRD PARTIES. THE OBLIGATIONS OF THE MANAGEMENT COMPANY, THE CUSTODIAN, THE SELLER, THE SERVICER, THE COLLATERAL SECURITY SERVICER, THE ISSUER ACCOUNT BANK, THE ISSUER CASH MANAGER, THE PAYING AGENT, THE BORROWER, THE ORIGINATOR, THE COLLATERAL PROVIDER, THE COLLECTION ACCOUNT BANK, THE ISSUER VERIFICATION AGENT, THE ISSUER CALCULATION AGENT, THE**

**ISSUER CALCULATION AGENT OR THE LEAD MANAGER SHALL BE LIMITED TO THEIR COMMITMENTS ARISING FROM THE PROGRAMME DOCUMENTS.**

The delivery of this Base Prospectus shall not in any circumstance imply that the information contained herein concerning the Management Company, the Custodian, the Seller, the Servicer, the Collateral Security Servicer, the Issuer Account Bank, the Issuer Cash Manager, the Paying Agent, the Borrower, the Originator, the Collateral Provider, the Collection Account Bank, the Issuer Verification Agent, the Issuer Calculation Agent, the Mirror Swap Counterparty or the Lead Manager is correct at any time subsequent to the date of this Base Prospectus. While the information set out in this Base Prospectus comprises a description of certain provisions of the Programme Documents, it should be read as a summary only and it is not intended as a full statement of the provisions of such Programme Documents.

---

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “€”, “Euro”, “euro” or “EUR” are to the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam.

---

For the purposes of this Base Prospectus, cross-references to the definition of capitalised terms used in this Base Prospectus are set out in Appendix 4 of this Base Prospectus.

---

Ratings expressed to be short term ratings or long term ratings by Fitch Ratings (other than in respect of Notes) in this Base Prospectus are “issuer default ratings (IDR)”. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the Rating Agencies. Where a rating is expressed to be “required”, this shall be construed as meaning “required” by the Programme Documents and not by the Rating Agencies.

---

Copies of this Base Prospectus and various other documents are available free of charge during normal business hours from the registered office of the Management Company (see section “Description of the Relevant Entities – The Management Company” on page 31) and at the specified office of the Paying Agent.

## APPROVAL OF THE BASE PROSPECTUS



### VISA DE L'AUTORITÉ DES MARCHÉS FINANCIERS

**En application des articles L. 412-1 et L. 621-8 du Code monétaire et financier et de son Règlement Général, notamment ses articles 212-31 à 212-33 et 421-et suivants, l'Autorité des Marchés Financiers a apposé le visa FCT n°11-04 en date du 20 avril 2011 sur le présent prospectus de base. Le présent prospectus de base a été établi par chacun des fondateurs et engage la responsabilité de ses signataires. Le visa, conformément aux dispositions de l'article L. 621-8-1 I du Code monétaire et financier a été attribué après que l'Autorité des marchés financiers a vérifié "si le document est complet et compréhensible et si les informations qu'il contient sont cohérentes". Il n'implique ni approbation de l'opportunité de l'opération, ni authentification des éléments comptables et financiers présentés.**

**Conformément à l'article 212-32 du Règlement Général de l'Autorité des Marchés Financiers, toute émission ou admission de titres réalisée sur la base du présent prospectus donnera lieu à publication de conditions définitives.**

*English translation for information purposes:*

### VISA BY THE AUTORITÉ DES MARCHÉS FINANCIERS

*Pursuant to articles L. 412-1 and L. 621-8 of the French Monetary and Financial Code and of the General Regulations of the Autorité des Marchés Financiers, and in particular of articles 212-31 to 212-33 and 421-1 et seq. thereof, this Base Prospectus has been granted by the Autorité des Marchés Financiers a visa FCT number 11-04 on 20 April 2011. The Base Prospectus has been established by each of the co-founder of the Issuer and its signatories accept responsibility therefor. The visa, in accordance with the provisions of article L. 621-8-1 I of the French Monetary and Financial Code, was delivered after the Autorité des Marchés Financiers having verified "if the document is complete and understandable and if the information contained in it are consistent". It does not imply an approval of the advisability of the transaction, nor the authentication of the accounting and financial information set out herein.*

*In accordance with article 212-32 of the General Regulations of the Autorité des Marchés Financiers, any issuance or admission to trading of Notes on the basis of this Base Prospectus will be subject to prior publication of the final terms and conditions of the Notes to be issued.*

TABLE OF CONTENTS

PREAMBLE.....	2
APPROVAL OF THE BASE PROSPECTUS.....	4
TABLE OF CONTENTS.....	5
ENTITIES RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS.....	7
STATUTORY AUDITOR OF THE ISSUER.....	7
GENERAL DESCRIPTION OF THE PROGRAMME.....	8
GENERAL INFORMATION RELATING TO THE ISSUER.....	28
FINANCIAL INFORMATION OF THE ISSUER.....	30
DESCRIPTION OF THE RELEVANT ENTITIES.....	31
RISK FACTORS.....	44
STRUCTURE DIAGRAM.....	56
SUPPLEMENT TO THE BASE PROSPECTUS.....	57
DESCRIPTION OF THE NOTES.....	58
SUMMARY OF THE CHARACTERISTICS OF THE NOTES AND THE RESIDUAL UNITS.....	62
GENERAL TERMS AND CONDITIONS OF THE NOTES.....	63
FORM OF FINAL TERMS.....	75
USE OF PROCEEDS.....	79
GENERAL INFORMATION RELATING TO THE LENDER, SELLER AND SERVICER.....	80
GENERAL INFORMATION RELATING TO THE BORROWER, THE COLLATERAL PROVIDER AND THE COLLATERAL SECURITY SERVICER.....	81
ORIGINATION OF THE HOME LOANS.....	86
DESCRIPTION OF THE ASSETS OF THE ISSUER.....	88
OPERATION OF THE ISSUER.....	100
DESCRIPTION OF THE FACILITY AGREEMENT.....	107
DESCRIPTION OF THE COLLATERAL AGREEMENT.....	114
SPECIALLY DEDICATED BANK ACCOUNT.....	123
CALCULATION AGENCY AGREEMENT.....	125
ASSET MONITORING.....	128
THE VERIFICATION AGENCY AGREEMENT.....	132
DESCRIPTION OF THE ISSUER ACCOUNTS.....	135
CASH MANAGEMENT AND INVESTMENT RULES.....	138
THE HEDGING STRATEGY.....	141
FRENCH TAXATION REGIME.....	147
LIQUIDATION OF THE ISSUER.....	149
NO RECOURSE AGAINST THE ISSUER.....	151
MODIFICATIONS OF THE TRANSACTION.....	152
GOVERNING LAW AND SETTLEMENTS OF DISPUTES.....	153
GENERAL ACCOUNTING PRINCIPLES RELATING TO THE ISSUER.....	154
THIRD PARTIES EXPENSES.....	155

<b>INFORMATION RELATING TO THE ISSUER</b>	<b>157</b>
<b>SUBSCRIPTION OF THE NOTES</b>	<b>159</b>
<b>GENERAL INFORMATION</b>	<b>162</b>
<b>APPENDIX 1 - RATINGS OF THE NOTES</b>	<b>163</b>
<b>APPENDIX 2 - RATING DOCUMENT ISSUED BY FITCH RATINGS</b>	<b>164</b>
<b>APPENDIX 3 - RATING DOCUMENT ISSUED BY MOODY'S</b>	<b>180</b>
<b>APPENDIX 4 - INDEX OF DEFINED TERMS</b>	<b>195</b>
<b>APPENDIX 5 - FINAL TERMS</b>	<b>198</b>

**ENTITIES RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS**

To our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import.

**Paris Titrisation**  
Management Company  
17, cours Valmy  
92972 Paris La Défense  
France

By: *Barrine WANÉ-SY LA*



**Société Générale**  
Custodian  
29, boulevard Haussmann  
75009 Paris  
France

By: *Xavier DERUIVAC*



**Statutory auditor of the Issuer**

**Ernst and Young**  
41, rue de Ybry  
92200 Neuilly-sur-Seine  
France

Appointment date: Issuer Establishment Date

Duration and appointment termination date: six (6) years from the Issuer Establishment Date

## GENERAL DESCRIPTION OF THE PROGRAMME

*This general description must be read as an introduction to this Base Prospectus and does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by reference to, the more detailed information which appears elsewhere in this Base Prospectus. Any decision to invest in any Note should be based on a consideration of this Base Prospectus as a whole and the corresponding Final Terms by the investor.*

*In addition, as the nominal amount of the Notes is equal to € 100,000, the following section is not, and is not to be regarded as a summary within the meaning of article 212-8 of the General Regulations of the Autorité des Marchés Financiers.*

### 1. THE PARTIES UNDER THE PROGRAMME

**Issuer:** On the Closing Date, Paris Titrisation (the **Management Company**) and Société Générale (the **Custodian**), acting severally (*conjointement*) as co-founders, have established the FCT Red & Black - Guaranteed Home Loans, a French securitisation fund (*fonds commun de titrisation*) governed by the provisions of articles L. 214-5, L. 214-42-1 to L. 214-48, L. 214-49-4 to L. 214-49-13, L. 231-7, R. 214-92, R. 214-93, D. 214-94, R. 214-95 to R. 214-101, D. 214-102 to D. 214-104 and R. 214-105 of the French Monetary and Financial Code and the regulations (*règlement*) entered into on or before the Closing Date between the Management Company and the Custodian (the **Issuer Regulations**).

Pursuant to article L. 214-43 of the French Monetary and Financial Code, the Issuer is a co-ownership (*copropriété*) established by the Management Company and the Custodian, whose purpose is:

- (a) to purchase from time to time the Loan Receivables (and the Ancillary Rights attached thereto) (both terms as defined in this Section “General Description of the Programme”) from the Seller on the terms of, and subject to the provisions of the Loan Receivables Transfer Agreement; and
- (b) to issue from time to time Notes under the Programme. The Issuer will also issue two (2) Residual Units, which will not be listed and which will be subscribed by the Borrower.

The Issuer will also be entitled to enter into interest rate hedging swaps in accordance with article R. 214-99 of the French Monetary and Financial Code and the Hedging Strategy, subject to the terms of the Swap Agreement and the Mirror Swap Agreement.

The Issuer is not allowed to borrow nor to enter into repurchase transactions or any other transaction involving the temporary sale or acquisition of securities in the conditions set out in article R. 214-100 of the French Monetary and Financial Code.

The Issuer will not have any compartment.

The Issuer does not have separate legal personality (*personnalité morale*). The legal provisions relating to joint ownership (*indivision*) together with articles 1871 - 1873 of the French Civil Code relating to partnerships (*sociétés en participation*) do not apply to the Issuer. The Issuer will be validly substituted for the co-owners with respect to any transaction made in the name and on behalf of the co-owners of the Issuer.

For the purpose hereof, the terms “Hedging Strategy”, “Swap Agreement” and “Mirror Swap Agreement” have the meaning ascribed to them in section “The Hedging Strategy” on page 141).



- Management Company:** Paris Titrisation is a *société anonyme* whose registered office is located at 17 Cours Valmy, 92972 Paris La Défense (France), registered with the Trade and Companies Register of Nanterre (France) under number 379 014 095, licensed by the *Autorité des Marchés Financiers* as management company of French debt mutual funds (*fonds communs de créances*) and French securitisation funds (*fonds commun de titrisation*) (see section “Description of the Relevant Entities – The Management Company” on page 31).
- References in this Base Prospectus to the Issuer are deemed to be references to the Management Company acting exclusively in the name and on behalf of the Issuer and references to the Management Company in this Base Prospectus are deemed to be references to the Management Company acting in the name and on behalf of the Issuer, unless otherwise provided.
- Custodian:** Société Générale is a *société anonyme* incorporated under the laws of France, whose registered office is at 29, boulevard Haussmann, 75009 Paris (France), registered with the Trade and Companies Register of Paris (France) under number 552 120 222, licensed as a credit institution (*établissement de crédit*) in France by the *Comité des Établissements de Crédit et des Entreprises d’Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010) (see section “Description of the Relevant Entities – The Custodian” on page 34).
- Lender:** CALIF (the *Lender*) is Société Anonyme de Crédit à l’Industrie Française (CALIF), a *société anonyme* incorporated under the laws of France, whose registered office is at 17, cours Valmy, 92800 Puteaux (France), registered with the Trade and Companies Register of Paris (Nanterre) under number 552 034 837 and licensed as a credit institution (*établissement de crédit*) in France by the *Comité des Établissements de Crédit et des Entreprises d’Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010) (see section “Description of the Relevant Entities – The Lender” on page 37).
- Seller:** CALIF (the *Seller*) (see section “Description of the Relevant Entities – The Seller” on page 39).
- Borrower:** Société Générale (the *Borrower*) (see section “Description of the Relevant Entities – The Borrower” on page 37).
- Originator:** Société Générale (the *Originator*) (see section “Description of the Relevant Entities – The Originator” on page 38).
- Collateral Provider:** Société Générale (the *Collateral Provider*) (see section “Description of the Relevant Entities – The Collateral Provider” on page 38).
- Servicer:** CALIF (the *Servicer*) (see section “Description of the Relevant Entities – The Servicer” on page 39).
- Collateral Security Servicer:** Société Générale (the *Collateral Security Servicer*) (see section “Description of the Relevant Entities – The Collateral Security Servicer” on page 39).
- Debtor:** Société Générale (the *Debtor*) in its capacities as Borrower, Collateral Provider and Collateral Security Servicer (see section “Description of the Relevant Entities – The Borrower - the Collateral Provider – the Collateral Security Servicer” on pages 37, 38 and 39).
- Beneficiary:** CALIF in its capacities as Lender and the Issuer, as beneficiaries of the Collateral Security (the *Beneficiary*).
- Issuer Account Bank:** Société Générale (the *Issuer Account Bank*) (see section “Description of the

Relevant Entities – The Issuer Account Bank” on page 40).

**Issuer Cash Manager:** Société Générale (the *Issuer Cash Manager*) (see section “Description of the Relevant Entities – The Issuer Cash Manager” on page 40).

**Swap Counterparties:** The Swap Counterparties will only be appointed if the Swap Implementation Trigger Event occurs and is continuing (see section “Description of the Relevant Entities – The Swap Counterparty” on page 40).

For the purposes hereof, the *Swap Implementation Trigger Event* shall occur and be continuing if the Issuer Default Rating (*IDR*) of Société Générale falls below F1+ (short-term) by Fitch Ratings or if the short-term unsecured and unsubordinated debt obligations of Société Générale are rated below P-1 by Moody’s.

**Mirror Swap Counterparty:** Société Générale. The Mirror Swap Counterparty will only be appointed if (i) the Swap Implementation Trigger Event occurs and is continuing, (ii) a Swap Transaction has been entered into and (iii) no Loan Event of Default has occurred and is continuing (see section “Description of the Relevant Entities – The Mirror Swap Counterparty” on page 41).

**Issuer Calculation Agent:** Société Générale (the *Issuer Calculation Agent*) (see section “Description of the Relevant Entities – The Issuer Calculation Agent” on page 41).

**Issuer Verification Agent:** Cailliau Dedouit et Associés (the *Issuer Verification Agent*) (see section “Description of the Relevant Entities – The Issuer Verification Agent” on page 42).

**Paying Agent:** Société Générale (the *Paying Agent*) (see section “Description of the Relevant Entities – The Paying Agent” on page 42).

**Collection Account Bank:** Société Générale (the *Collection Account Bank*).

**Statutory auditor:** Ernst and Young (see section “Description of the Relevant Entities – The statutory auditor” on page 43).

**Rating Agencies:** Fitch Ratings and Moody’s, as authorised to provide a rating document in respect of French *fonds communs de titrisation* pursuant to article L. 214-44 of the French Monetary and Financial Code (see section “Description of the Relevant Entities – The Rating Agencies” on page 43).

## 2. THE PROGRAMME DOCUMENTS

**Programme Documents:** The documents entered into for the purpose of the Programme (the *Programme Documents*) are:

- (a) the Facility Agreement;
- (b) the Collateral Agreement,

and any other document regarded as such by the parties to these agreements are referred to as the finance documents (the *Finance Documents*);

- (c) the Issuer Regulations;
- (d) the Issuer Cash Management Agreement;
- (e) the Issuer Account Bank Agreement;
- (f) the Loan Receivables Transfer Agreement;

- (g) the Master Servicing Agreement;
- (h) the Calculation Agency Agreement;
- (i) the Verification Agency Agreement;
- (j) the Paying Agency Agreement;
- (k) the Swap Undertaking Letter;
- (l) the Swap Agreements and the Mirror Swap Agreement (if any);
- (m) the Subscription Agreement;
- (n) the Specially Dedicated Bank Account Agreement;
- (o) the Residual Units Administrative Agency Agreement; and
- (p) any other document or agreement entered into pursuant to any of the documents listed in paragraphs (a) to (o) above,

and any other document regarded as such by the parties to these agreements are referred to as the Issuer transaction documents (the **Issuer Transaction Documents**), as such Programme Documents were amended on 25 June 2010. Those Issuer Transaction Documents referred to in paragraphs (c) and (h), were further amended on 25 January 2011. Those Issuer Transaction Documents referred to in paragraphs (a), (b), (c), (d), (e), (g), (h), (i), (n) and (o) will be further amended on or about the date of this Base Prospectus.

Set out below is a description of the main Programme Documents.

**The Facility Agreement:**

The Lender and the Borrower entered into a facility agreement (the **Facility Agreement**), pursuant to which the Lender shall make available advances (each, a **Borrower Loan**) to the Borrower in a maximum aggregate amount of € 21,000,000,000 (the **Borrower Facility Commitment**).

Pursuant to the terms of the Facility Agreement, the Borrower will have the right, on any date, to make a drawdown under the Borrower Facility, by issuing an utilisation request (the **Utilisation Request**), indicating the terms and conditions requested by the Borrower for the relevant Borrower Loan.

Each receivable arising from the rights of the Lender to receive from the Borrower payments of interest and repayments of principal together with all ancillary rights relating thereto under each Borrower Loan made available by the Lender to the Borrower under the Facility Agreement (a **Loan Receivable**) will be assigned by the Lender, in its capacity as Seller, to the Issuer, pursuant to the Loan Receivables Transfer Agreement (as defined below). The Issuer will issue a Series of Notes (as defined below) to finance the transfer price of each such Loan Receivable (the **Transfer Price**). The Lender will use the Transfer Price of each Loan Receivable to fund the corresponding Borrower Loan.

The calculation and the payment of principal and interest under a Borrower Loan will be made in accordance with the terms and conditions of that Borrower Loan (which shall mirror the terms and conditions of the corresponding Notes). As a general matter, the interest to be paid by the Borrower under a Borrower Loan shall be equal to the related funding costs of the Lender increased by a margin.

Each Borrower Loan shall be redeemed in accordance with its terms and conditions (which shall mirror the terms and conditions of the corresponding Notes), provided however that the Borrower shall have (i) the option to redeem in advance any Borrower Loan (in full or in part), and under certain circumstances (ii) the obligation to redeem in full a given Borrower Loan or all Borrower Loans

made available under the Facility Agreement, in accordance with and subject to the provisions thereof (such event being, as applicable, a “Borrower Loan Voluntary Redemption Event”, “Borrower Loan Mandatory Redemption Event” or “Facility Mandatory Redemption Event”, as set out in more details in section “Description of the Facility Agreement – Loan Events of Default” on page 111).

Upon the occurrence of a loan event of default, as set out in section “Description of the Facility Agreement – Loan Events of Default” (a **Loan Event of Default**), the Lender may, by written notice to the Borrower (with a copy to the Issuer and the Rating Agencies) (i) declare that the Borrower Loans will be cancelled and no further Utilisation Request may be issued and (ii) declare that all Borrower Loans will immediately become due and payable.

As soon as the Issuer is informed by the Lender of the occurrence of a Loan Event of Default, the Issuer will (i) declare that no further Notes can be issued and (ii) enforce its rights under the Collateral Security. The Issuer may give a notice to the Home Loan Debtors in case of enforcement of its rights under the Collateral Security.

**The Collateral Agreement:**

The Lender, the Management Company, the Collateral Provider and the Collateral Security Servicer entered into a collateral agreement (the **Collateral Agreement**) pursuant to which the Collateral Provider has irrevocably and unconditionally undertaken to (i) collateralise (*remettre en pleine propriété à titre de garantie*) certain Eligible Assets (as defined in section “Description of the Collateral Agreement” on page 114) in favour of the Beneficiary (as defined below) in order to secure the full and timely payment of all financial obligations which are or will be owed by the Borrower under the Facility Agreement (the **Secured Liabilities**) and (ii) as the need may be, increase the amount of Eligible Assets collateralised by the Collateral Provider, in accordance with articles L. 211-38-I *et seq.* of the French Monetary and Financial Code and the provisions of the Collateral Agreement. The Eligible Assets collateralised by the Collateral Provider in favour of the Lender and, after the assignment of the Loan Receivables, to the Issuer (each, a **Beneficiary**), under the Collateral Agreement shall be referred to as the Collateral Security (the **Collateral Security**).

On any Asset Cover Test Date (as defined in section “Asset Monitoring - The Asset Cover Test” on page 128), the Collateral Provider may make a substitution of Eligible Assets, provided always that, as at such Asset Cover Test Date, no Loan Event of Default has occurred and the Asset Cover Test is complied with (taking into account all other Eligible Assets (as defined below)).

Under the Collateral Agreement, the Collateral Provider has undertaken that (i) each asset selected by it to be part of the Collateral Security shall be an Eligible Asset as of the date on which such assets is selected to be granted as Collateral Security (any such date being referred to as a **Selection Date**) and (ii) the ratio between the amount of Substitution Assets (as defined below) and the Adjusted Aggregate Asset Amount (as defined in section “Asset Monitoring” on page 128) shall not exceed 20% (the **Substitution Asset Limit**).

For the purpose hereof:

**Eligible Asset** means (i) any Home Loan Receivable that complies with the Home Loan Eligibility Criteria (as defined below) and (ii) any Substitution Asset, subject to the Substitution Asset Limit.

**Home Loan** means, a loan granted by the Originator to an individual (the **Home Loan Debtor**) under a loan agreement (the **Home Loan Agreement**), for the purpose of financing a property located in France.

**Home Loan Receivables** means, the payment obligations of the Home Loan Debtors arising under the Home Loans.

**Substitution Assets** means:

- (i) Euro denominated government and public securities, provided that such investments have a remaining maturity of one (1) year or less and are rated at least AAA (long-term) by Fitch Ratings and Aaa (long-term) by Moody's; or
- (ii) Euro residential mortgage backed securities, provided that such investments have a remaining maturity of one (1) year or less and are rated at least AA- (long-term) and F1+ (short-term) by Fitch Ratings and Aa3 (long-term) and P-1 (short-term) by Moody's; or
- (iii) Euro, certificates of deposit, long-term debt obligations and short-term debt obligations (including commercial paper) provided that in all cases such investments have a remaining period to maturity of one (1) year or less and are rated AA- (long-term) and F1+ (short-term) by Fitch Ratings and Aa3 (long-term) and P-1 (short-term) by Moody's.

Each Home Loan Receivable (or, as the case may be, the Home Loan from which such Home Loan Receivable arises) which is due to be collateralised (*remis en pleine propriété à titre de garantie*) on any date in accordance with the provisions of the Collateral Agreement, must comply with all of the following criteria (the **Home Loan Eligibility Criteria**) on the relevant Selection Date:

- (a) the Home Loan is denominated in Euros;
- (b) the Home Loan is governed by French law;
- (c) the underlying property is located in France;
- (d) as of the relevant Selection Date, the current principal balance of such Home Loan is no more than or equal to Euro 1,000,000;
- (e) where the value of the corresponding financed property is registered in the systems of the Collateral Provider, the loan-to-value of the Home Loan is no more than or equal to one hundred per cent. (100%);
- (f) as of the relevant Selection Date, the remaining term for the Home Loan is no more than thirty (30) years;
- (g) as of the relevant Selection Date, the borrower under the Home Loan has paid at least one (1) instalment in respect of the Home Loan;
- (h) the Home Loan is current (i.e. does not present any arrears) as of the relevant Selection Date;
- (i) the borrower under the Home Loan is not an employee of the originator of such Home Loan;
- (j) the Home Loan is secured by a joint and several guarantee (*cautionnement solidaire*) (the **Home Loan Guarantee**) of Crédit Logement acting as loan guarantor (the **Home Loan Guarantor**);
- (k) the Home Loan is either monthly, quarterly or bi-yearly amortising as of the relevant Selection Date;
- (l) the borrower under the Home Loan does not benefit from a contractual right of set-off;
- (m) the lender under the Home Loan has managed and serviced the Home Loan between the date upon which the Home Loan has been made available to the borrower and the Selection Date (i) in a consistent

manner pursuant to its Servicing Procedures and (ii) in compliance with all legal and regulatory provisions applicable to the Home Loan;

- (n) prior to the date upon which the Home Loan had been made available to the borrower thereof, all lending criteria and preconditions as applied by the originator of the Home Loan pursuant to its customary lending procedures were satisfied;
- (o) the opening by the borrower under the Home Loan of a bank account dedicated to payments due under the Home Loan is not provided in the relevant contractual arrangements as a condition precedent to the originator of the Home Loan making the Home Loan available to the borrower under the Home Loan; and
- (p) except where prior Rating Confirmation (as defined in section "Description of the Collateral Agreement" on page 114) has been obtained, no amount drawn under the Home Loan is capable of being redrawn by the relevant Home Loan Debtor (i.e. the Home Loan is not flexible).

Where the value of the financed property in respect of a given Home Loan is not registered in the systems of the Collateral Provider, but the relevant Home Loan complies with each of the Home Loan Eligibility Criteria listed from (a) to (d) (included) and from (f) to (p), the relevant Home Loan will constitute an Eligible Asset, provided that such Home Loan shall only be valued to 94% of its principal amount outstanding for the purpose of the Asset Cover Test and the Amortisation Test.

The Home Loan Eligibility Criteria may be amended from time to time subject to prior Rating Confirmation.

The creation, perfection and enforcement of the Collateral Security shall be governed by articles L. 211-38-I *et seq.* of the French Monetary and Financial Code.

Pursuant to the Collateral Agreement, the Lender (acting on its own account and, as from the date of assignment of the Loan Receivable to the Issuer, as agent of the Issuer) has appointed the Collateral Provider as Collateral Security Servicer to carry out the management, servicing and collection of the Collateral Security in the name and on behalf of the Beneficiary.

The Collateral Security Servicer has accepted this appointment and undertaken to perform such management, servicing and collection in accordance with applicable laws and its customary collection policy (the **Servicing Procedures**), using the degree of skill, care and attention as for the servicing of its assets for its own account and with the same diligence as if such Eligible Assets were not part of the Collateral Security, without interfering with the Lender's material rights under the Collateral Agreement. The Servicing Procedures shall constitute servicing instructions of the Lender and then the Issuer (as the case may be) and the Collateral Security Servicer has undertaken that no change will be made to the Servicing Procedures without the Beneficiary's prior consent in a way that would prejudice the rights of the Lender and then the Issuer (as the case may be) under the Collateral Security.

Upon the occurrence of a Loan Event of Default, the Beneficiary (or any agent of the Beneficiary) will deliver to the Collateral Provider a **Loan Enforcement Notice** and enforce the Collateral Security.

**Loan Receivables Transfer Agreement:**

The Seller, the Management Company, the Custodian, the Borrower and the Collateral Provider entered into a loan receivables transfer agreement (the **Loan Receivables Transfer Agreement**), pursuant to which the Seller has undertaken to sell from time to time to the Issuer, all titles to and rights under each Loan

Receivable, as well as its corresponding interests in the Ancillary Rights (the **Transferred Receivables**). Each date on which the Issuer shall purchase a Loan Receivable shall be referred to as a **Transfer Date**.

The Loan Receivables are further described in section “Description of the Facility Agreement” on page 107.

For the purposes hereof, **Ancillary Rights** means, in respect of any Transferred Receivable:

- (a) the right to serve notice to pay or repay, to recover and/or to grant a discharge in respect of the whole or part of the amounts due or to become due by the Borrower under such Transferred Receivable;
- (b) the benefit of any and all undertakings assumed by the Borrower in connection with such Transferred Receivable;
- (c) the benefit of any and all actions against the Borrower in connection with such Transferred Receivable; and
- (d) the benefit of the Collateral Security.

**Master Servicing Agreement:**

The Servicer, the Management Company, the Custodian and the Collateral Security Servicer entered into a master servicing agreement (the **Master Servicing Agreement**), pursuant to which the Management Company has appointed CALIF as servicer (the **Servicer**), with effect from the Closing Date, to act on behalf of the Issuer in connection with the management, collection and servicing of the Transferred Receivables.

The Master Servicing Agreement sets out, pursuant to article L. 214-46 of the French Monetary and Financial Code, the terms and conditions under which the Management Company has delegated to the Seller, acting as Servicer, the task of managing and collecting each Transferred Receivable sold by it, for the account of the Issuer. In accordance with the terms of the Master Servicing Agreement, the Servicer has delegated to Société Générale acting as collateral security servicer (the **Collateral Security Servicer**) all its servicing duties with respect to the Eligible Assets collateralised by the Collateral Provider and transferred to the Issuer in accordance with and subject to the terms of the Collateral Agreement.

The appointment of the Collateral Security Servicer will not in any way release or discharge the Servicer from its obligations toward the Issuer under the Master Servicing Agreement and exempt the Servicer from any liabilities under the Master Servicing Agreement.

**The Specially Dedicated Bank Account Agreement:**

In accordance with articles L. 214-46-1 and article D. 214-103 of the French Monetary and Financial Code, the Management Company, the Custodian, the Servicer, the Collateral Security Servicer and the Collection Account Bank entered into a specially dedicated bank account agreement (*Convention de Compte Spécialement Affecté*) on the Closing Date (the **Specially Dedicated Bank Account Agreement**) pursuant to which an account of the Collateral Security Servicer shall be identified in order to be operated as a specially dedicated collection bank account (*compte spécialement affecté*) (the **Specially Dedicated Bank Account**).

Pursuant to the Specially Dedicated Bank Account Agreement, the Collateral Security Servicer has undertaken to:

- (a) on the Closing Date, (i) credit the Specially Dedicated Bank Account with such amount of Collections as is necessary to ensure that the credit standing to the Specially Dedicated Bank Account be at least equal to the applicable First Level Specially Dedicated Bank Account Required Credit and (ii) on each Notes Payment Date, credit the Specially Dedicated Bank

Account with such amount of Collections as is necessary to ensure that the credit standing to the Specially Dedicated Bank Account be at least equal to the First Level Specially Dedicated Bank Account Required Credit applicable on that date (taking into account any and all amounts already standing to the credit of the Specially Dedicated Bank Account);

- (b) (i) within ten (10) Business Days from the occurrence of the Collection Loss Trigger Event, credit the Specially Dedicated Bank Account with such amount of Collections as is necessary to ensure that the credit standing to the Specially Dedicated Bank Account be at least equal to the applicable Second Level Specially Dedicated Bank Account Required Credit (taking into account any and all amounts already standing to the credit of the Specially Dedicated Bank Account) and (ii) on each Asset Cover Test Date on which the Collection Loss Trigger Event has been continuing for more than ten (10) Business Days, credit the Specially Dedicated Bank Account with such amount of Collections as is necessary to ensure that the credit standing to the Specially Dedicated Bank Account be at least equal to the Second Level Specially Dedicated Bank Account Required Credit applicable on that date (taking into account any and all amounts already standing to the credit of the Specially Dedicated Bank Account).

Without prejudice to the rights of the Issuer under the Specially Dedicated Bank Account Agreement, until the Management Company notifies the Collection Account Bank of the enforcement of the Collateral, the Collateral Provider shall be entitled to debit the Specially Dedicated Bank Account, provided however that such debit shall only occur if following that debit the credit standing to the Specially Dedicated Bank Account remains at least equal to the Specially Dedicated Bank Account Required Credit applicable on the date of that debit.

After the Management Company notifies the Collection Account Bank of the enforcement of the Collateral Security, the Management Company will instruct the Collection Account Bank to transfer the credit standing to the Specially Dedicated Bank Account to the Issuer Operating Account.

Pursuant to article L. 214-46-1 of the French Monetary and Financial Code, the creditors of the Collateral Security Servicer will not be entitled to make any claim as to the Collections credited to the balance of the Specially Dedicated Bank Account, including if the Collateral Security Servicer becomes subject to bankruptcy proceedings (*procédure de sauvegarde, de redressement judiciaire ou de liquidation judiciaire*).

For the purposes hereof:

***Asset Reference Date*** means the last Business Day of the calendar month immediately preceding each date on which that Collateral Security Report is remitted.

The ***Collection Loss Trigger Event*** shall occur and be continuing as long as the IDR of Société Générale is below A (long-term) or below F1 (short-term) by Fitch Ratings (or any other IDR trigger as may be in line with Fitch Ratings' published criteria after the date hereof) or as long as the unsecured and unsubordinated debt obligations of Société Générale are rated below A2 (long-term) or below P-1 (short term) by Moody's (or any other credit rating trigger as may be in line with Moody's' published criteria after the date hereof).

***First Level Specially Dedicated Bank Account Required Credit*** means, on any date, the sum of all Note Interest Amounts, Note Principal Amounts, Senior Administrative Costs, Tax Costs (if any), Hedging Costs (to the extent not accounted for in the Note Interest Amounts) payable on the next Notes Payment Date in respect of each Series.



***Second Level Specially Dedicated Bank Account Required Credit*** means, on any date, the maximum between: (i) the sum of all collections received by the Collateral Provider under the Home Loans and the Substitution Assets granted as Collateral Security during the preceding two and half (2.5) calendar months ending on the Asset Reference Date (as defined in section “Description of the Collateral Agreement” on page 114) preceding the Asset Cover Test Date immediately preceding that date and (ii) the First Level Specially Dedicated Bank Account Required Credit applicable on that date.

***Specially Dedicated Bank Account Required Credit*** means, on any date on which the Collection Loss Trigger Event has occurred and is continuing, the Second Level Specially Dedicated Bank Account Required Credit applicable on that date and, on any other date, the First Level Specially Dedicated Bank Account Required Credit applicable on that date.

### 3. OPERATION OF THE ISSUER

#### **Issuer Accounts:**

All payments received or to be received by the Issuer shall be credited to the accounts of the Issuer Operating Account (as defined in section “Description of the Issuer Accounts” on page 135) opened with the Issuer Account Bank in accordance with the terms of the Issuer Account Bank Agreement.

The Issuer Account Bank will act upon instructions of the Management Company, under the control of the Custodian, in relation to the operation of the Issuer Operating Account, as provided in the Issuer Account Bank Agreement, only and to the extent of available funds standing to the credit of such Issuer Accounts.

If need be, the Management Company may instruct the Issuer Bank Account to open further bank accounts in the name of Issuer in its book (together with the Issuer Operating Account, the ***Issuer Accounts***).

#### **Assets of the Issuer:**

Pursuant to the Issuer Regulations, the assets of the Issuer will include:

- (a) the Transferred Receivables (and the Ancillary Rights attached thereto) which will be purchased by the Issuer from the Seller from time to time;
- (b) all available moneys pending allocation and standing from time to time to the credit of the Issuer Accounts (the ***Issuer Available Cash***);
- (c) any and all Eligible Assets which have been transferred by way of security or, following the enforcement of the Collateral Security, definitively, to the Issuer pursuant to the Collateral Agreement;
- (d) where applicable, assets transferred to the Issuer further to its commitments under any Swap Agreement and the Mirror Swap Agreement (as the case may be); and
- (e) any other sums or other assets from which the Issuer might benefit in any way whatsoever, in accordance with the Issuer Regulations and the other Programme Documents.

#### **Liquidation of the Issuer:**

##### **Issuer Liquidation Events**

The Management Company will be entitled to, in accordance with article R. 214-101 of the French Monetary and Financial Code, liquidate the Issuer upon the occurrence of any of the following circumstances affecting the Issuer:

- (a) when such liquidation is in the interest of the holders of the Notes and the Residual Units;
- (b) when the principal outstanding amount of the Loan Receivables (*partie*

*non échue*) is less than ten per cent. (10%) of the maximum principal outstanding amount of the Loan Receivables since the Closing Date; or

- (c) when the Notes and the Residual Units are held by the same holder, upon the request of that holder, or when they are held by the Seller upon its request.

### **Procedure of liquidation**

#### ***Clean-Up Offer and Retransfer Price***

If the Management Company has declared the liquidation of the Issuer upon the occurrence of any of the liquidation events referred to in paragraph “Issuer Liquidation Events” above, the Management Company will offer to the Seller the option to repurchase the outstanding Transferred Receivables in whole, but not in part, within a single transaction, for a retransfer price in any event sufficient so as to allow the Management Company to pay all principal and interest amounts due and payable in respect of the outstanding Notes and the Residual Units after the payment of all liabilities of the Issuer ranking higher in the relevant Priority of Payment Order, failing which such retransfer of the Transferred Receivables will not take place. In any event, the Seller will have the discretionary right to refuse such proposal.

However, if, and only if, it is in the interest of the holders of the Notes and the Residual Units, the Management Company will be entitled to offer to the Seller the option to repurchase the outstanding Transferred Receivables in whole, but not in part, within a single transaction, for a retransfer price that is not sufficient so as to allow the Management Company to pay all principal and interest amounts due and payable in respect of the outstanding Notes and the Residual Units after the payment of all liabilities of the Issuer ranking higher in the relevant Priority of Payment Order.

If the Seller accepts the Management Company’s offer, the assignment of the Transferred Receivables will take place within ten (10) Business Days following that acceptance and the Seller will pay the retransfer price by wire transfer to the credit of the Issuer Operating Account.

If the Seller refuses the Management Company’s offer, the Management Company will use its best endeavours to assign the remaining outstanding Transferred Receivables to a credit institution (*établissement de crédit*) or such other entity authorised by French law and regulations to acquire the Transferred Receivables under similar terms and conditions, or different terms and conditions if it is in the interest of the holders of Notes and the Residual Units.

#### ***Liquidation of the Issuer***

##### **Liquidation upon assignment**

The Management Company will liquidate the Issuer upon the assignment of the Transferred Receivables in accordance with paragraph “Clean-Up Offer and Retransfer Price” above.

##### **Duties of the Management Company**

The Management Company will be responsible for the Issuer’s liquidation procedure. For this purpose, it will be vested with the broadest powers: (i) to sell the Issuer’s assets, (ii) to pay any outstanding Senior Administrative Costs, (iii) to pay any of the Issuer’s creditors in accordance with the relevant Priority of Payment Order.

The statutory auditor of the Issuer and the Custodian will continue to exercise

their functions until the completion of the Issuer's liquidation procedure.

Any liquidation surplus (*boni de liquidation*) will be paid to the Residual Unitholders as full payments in interests and principal under the Residual Units.

**Quarterly Payment Dates:** Quarterly Payment Dates (a *Quarterly Payment Date*) will fall on the 25<sup>th</sup> day of January, April, July and October in each year. If any Quarterly Payment Date falls on a day which is not a Business Day, such Quarterly Payment Date shall be postponed to the next day which is a Business Day.

For the purpose hereof, *Business Day* means a day, other than a Saturday or Sunday, on which banks are open to the public for general business to the public in Paris and on which Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or any successor thereto) is open for business.

#### 4. ASSET MONITORING

**Asset Cover Test:** Under the Calculation Agency Agreement, the Issuer Calculation Agent will carry out a test on each Asset Cover Test Date to ensure that the amount of Collateral Security required pursuant to the Collateral Agreement is at all times in place (the *Asset Cover Test*).

For so long as no Loan Event of Default has occurred and been enforced subject to, and in accordance with, the relevant terms of the Facility Agreement and the Collateral Agreement, the Debtor shall monitor the Collateral Security so as to ensure compliance with the Asset Cover Test.

For so long as Notes remain outstanding, the Asset Cover Test will be satisfied so long as the Asset Cover Test Ratio (as specified in section "Asset Monitoring - The Asset Cover Test" on page 128), is greater than or equal to one (1). A non-compliance with the Asset Cover Test (a *Non-Compliance with the Asset Cover Test*) will not constitute an Issuer Event of Default or a Loan Event of Default. However, it will prevent the Issuer from issuing any further Notes as long as it remains unremedied.

If a Non-Compliance with the Asset Cover Test has occurred and is not remedied prior to the next following Asset Cover Test Date, a *Breach of Asset Cover Test* shall occur.

A Breach of Asset Cover Test will not constitute an Issuer Event of Default or a Loan Event of Default but will constitute a Facility Mandatory Redemption Event and prevent the Issuer from issuing any further Notes.

(see sections "Description of the Facility Agreement" on page 107 and "Asset Monitoring - The Asset Cover Test" on page 128)

**Amortisation Test:** Following the occurrence of the enforcement of a Loan Event of Default subject to, and in accordance with, the relevant terms of the Facility Agreement, the Issuer Regulations provides that the Issuer shall ensure compliance with an amortisation test (the *Amortisation Test*).

A non-compliance with the Amortisation Test (a *Non-Compliance with the Amortisation Test*) will not constitute an Issuer Event of Default.

If a Non-Compliance with the Amortisation Test has occurred and is not remedied prior to the next following Amortisation Test Date, a *Breach of Amortisation Test* shall occur.

A Breach of Amortisation Test will constitute an Issuer Event of Default.

(see section “Asset Monitoring – The Amortisation Test” on page 130)

## 5. THE NOTES

- Issuer:** FCT Red & Black - Guaranteed Home Loans.
- Lead Manager:** Société Générale.
- Description:** Asset-backed debt issuance programme.
- Programme Limit:** Up to €25,000,000,000 aggregate nominal amount of Notes outstanding at any time.
- Form of Notes:** Notes may be issued in dematerialised and bearer form (*au porteur*) form only and will at all times be in book entry form in compliance with article L. 211-4 of the French Monetary and Financial Code. No physical documents of title will be issued in respect of the Notes.
- Series:** The Notes issued on any given Issue Date will constitute a *Series*.
- Terms and conditions:** In accordance with the Issuer Regulations, the terms and conditions applicable to each Series of Notes (the *Terms and Conditions*) will be:
- (a) the general terms and conditions set out in section “General Terms and Conditions of the Notes” on page 63 (the *Conditions*); as completed and detailed by
  - (b) the final terms and conditions to be set separately for that Series of Notes, in accordance with the procedure set out section “Description of the Notes-Issue of the Notes” on page 58 and based on the template set out in section “Form of Final Terms” on page 75 (the *Final Terms*).
- The Final Terms of each Series of Notes shall be communicated by the Management Company to the *Autorité des Marchés Financiers* prior to each Issue Date, along with the rating document complying with the provisions of article L. 214-44 of the French Monetary and Financial Code as prepared by each Rating Agency.
- Currency:** All Notes shall be issued in Euro.
- Denomination:** All Notes shall have a denomination of € 100,000.
- Use of Proceeds:** The net proceeds of the Notes issued on a given Issue Date will be applied by the Management Company to finance the purchase of the Loan Receivable arising under the Borrower Loan made available by the Seller (acting in its capacity as Lender) to the Borrower on the same date.
- Status:** The Notes constitute direct and unconditional obligations of the Issuer.
- Relationship between the Notes of a given Series and of several Series and relationship between the Notes and the Residual Units:** Payments of principal and interest in respect of the Notes of a given Series shall be made on a *pari passu* basis to each holder of a Note (a *Noteholder*) of that Series, pro rata to the number of Notes owned by them.
- On any date on which payments of interest and/or principal have to be made in respect of the Notes of several Series, such payments shall be made on a *pari passu* basis to each holder of a Note of these Series, pro rata to the number of Notes owned by them.
- Payments of principal and interest in respect of the Residual Units are subordinated to payments of principal and interest in respect of the Notes of any Series.

**Representative:** The holders of Notes of each Series will be automatically grouped for the defence of their respective common interests in a masse (a *Masse*), as set out in Condition 7.1. Each Masse will be a separate legal entity (*personnalité civile*) pursuant to the provisions of article L. 228-46 of the French Commercial Code represented by one representative (a *Representative*).

**Notes Payment Dates:** Payment dates of any Series of Notes (a *Notes Payment Date*) will fall on such day as determined in the Final Terms relating to the relevant Series of Notes. If any Notes Payment Date falls on a day which is not a Business Day, such Notes Payment Date shall be postponed to the next day which is a Business Day, provided that in case an Issuer Enforcement Notice (as defined below) by a Representative, payments of principal and interest under the Notes may fall on a date which is not a scheduled Notes Payment Date.

For the purpose hereof, *Business Day* means a day, other than a Saturday or Sunday, on which banks are open to the public for general business to the public in Paris and on which Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or any successor thereto) is open for business.

**Notes Interest Periods:** Interest period in respect of the Notes means each period starting from (and including) a Notes Payment Date and ending on (but excluding) the next following Notes Payment Date (a *Notes Interest Period*), provided that the first Notes Interest Period in respect of each Series of Notes shall start from (and including) the Issue Date of that Series and end on (but excluding) the immediately following Notes Payment Date.

**Rate of Interest:** The interest rate payable in respect of the Notes of a given Series in respect of each Notes Interest Period relating thereto (the *Rate of Interest*) will be determined by the Issuer Calculation Agent two (2) Business Days before the relevant Notes Interest Period in accordance with the relevant terms and conditions of the Notes as the rate per annum equal to the aggregate of (i) EURIBOR for 3 month Euro deposits (or, if the length of the first Notes Interest Period (the *Length*) is not equal to 3 months, the EURIBOR applicable on a period of that Length; provided in addition that if that Length does not correspond to an exact number of months or to 1 week, the EURIBOR for such period will be determined through the use of straight-line interpolation by reference to two EURIBOR rates for EUR, one of which shall be determined as if the Length were the period of time for which rates are available next shorter than the Length and the other of which shall be determined as if the Length were the period of time for which rates are available next longer than the Length) and (ii) the margin indicated in the relevant Final Terms (the *Relevant Margin*).

There shall be no minimum or maximum interest rate for the Notes.

For the purpose hereof *EURIBOR* means, in respect of a given period:

- (a) the European Interbank Offered Rate, ie the Euro-zone interbank rate applicable in the Euro-zone calculated by reference to the interbank rates provided by the credit institutions appointed for this purpose by the Banking Federation of the European Union. The EURIBOR rate for deposits over a given period is published on Reuters Screen EURIBOR01 Page (or such other page as may replace Reuters Screen EURIBOR01 Page on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such equivalent service) as of 11:00 a.m. (Paris time). The EURIBOR rate applicable to a period starting on a given date is determined two (2) Target Business Days prior to that date (a *Determination Date*); or
- (b) if, on any Determination Date, the rate referred to in paragraph (a) above is unavailable at such time on such date, the Lender will request the principal Paris office of each of the Reference Banks, to provide it with

their quoted rates to premium banks in the Euro-zone interbank market for euro deposits over the relevant period in the Euro-zone at or about 11.00 a.m. (Paris time) in each case on the relevant Determination Date. The relevant EURIBOR shall be determined on the basis of the offered quotations of those Reference Banks. If, on any such Determination Date, at least two of the Reference Banks provide such offered quotations to the Lender, the relevant EURIBOR for the relevant period shall be the arithmetic means of such quotations. If, on any such Determination Date, one only or none of the Reference Banks provides the Lender with such an offered quotation, the Lender shall ask two banks (or, where one only of the Reference Banks provides such a quotation, one additional bank) to provide such a quotation or quotations to the Lender and the relevant EURIBOR for the relevant period shall be the arithmetic means of such offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the relevant EURIBOR for the relevant period shall be the relevant EURIBOR in effect for the last preceding period to which paragraph (a) or the foregoing provisions of this paragraph (b) shall have applied.

For the purpose hereof, **Reference Bank** means each of BNP Paribas, Crédit Agricole CIB, HSBC and Natixis.

**Interest Payments under the Notes:** The Notes will bear interest on their respective principal outstanding amount from (and including) their respective Issue Date.

Interest in respect of the Notes is payable in Euro quarterly in arrears on each Notes Payment Date in respect of the Notes Interest Period ending immediately prior thereto.

Interest in respect of any Notes Interest Period or any other period will be calculated on the basis of the actual number of days elapsed and a 360 day year.

**Maturities:** The date on which the Notes of a given Series are scheduled to be redeemed (the **Final Maturity Date**) shall be set out in the relevant Final Terms.

**Redemption at Final Maturity Date:** Notes will be redeemable in full on the Final Maturity Date stated in their Final Terms, subject to any extension of that Final Maturity Date as set out below. No payment of principal will occur under any Note prior to the Final Maturity Date applicable thereto, except in case of the issuance of an Issuer Enforcement Notice or the occurrence of a Notes Partial Amortisation Event or Notes Full Amortisation Event.

**Extension of Final Maturity Date:** All Notes will have soft bullet maturities; it being noted that, if, on the initially scheduled Final Maturity Date of a given Series of Notes, the Issuer does not have sufficient Issuer Available Funds (as defined in section "Operation of the Issuer – Issuer Available Funds" on page 103) to redeem in full such Notes or for any other reasons whatsoever, that Final Maturity Date will be extended once, for a period of twelve (12) months provided that:

- (a) the new Final Maturity Date (the **Extended Final Maturity Date**) of the relevant Notes following that extension may not be extended;
- (b) the relevant Notes can be redeemed in full or in part on any Notes Payment Date falling between their initial Final Maturity Date and that Extended Final Maturity Date; and
- (c) the relevant Notes shall be redeemed in full at the latest on that Extended Final Maturity Date.

- Issuer Enforcement Notice:** The terms of the Notes will contain Issuer Event of Default as defined in Condition 4.4. In case an Issuer Event of Default occurs, the Representative may, at its discretion, and shall, if so directed by the majority of the Noteholders (as such majority is defined in Condition 7.4.3) or if such Issuer Event of Default is a Notes Cross Acceleration Event (as defined in Condition 4.4), upon written notice (an *Issuer Enforcement Notice*) to the Issuer (with copy to the Rating Agencies) given before all defaults shall have been cured, cause the principal amount of all Notes of such Series to become due and payable (but always subject to the relevant Priority of Payment Order).
- Notes Partial Amortisation Event:** Notes of a given Series issued in respect of a given Borrower Loan will be redeemable in part by the Issuer prior to their stated Final Maturity Date, in case a Borrower Loan Voluntary Redemption Event occurs in respect of that Borrower Loan and the Borrower decides to redeem the relevant Borrower Loan in part only (a *Notes Partial Amortisation Event*).
- In such case all Notes of the Series issued in respect of the relevant Borrower Loan will be redeemable up to the amount of principal repayable by the Borrower under the relevant Borrower Loan (but always subject to the applicable Priority of Payment Order).
- Notes Full Amortisation Event:** Notes will be redeemable in full by the Issuer prior to their stated Final Maturity Date:
- (a) in case a Facility Mandatory Redemption Event occurs, in which case all Notes of all Series will be redeemable;
  - (b) in case a Borrower Loan Mandatory Redemption Event occurs, in which case all Notes of the Series issued in respect of the relevant Borrower Loan, and no other Notes, will be redeemable;
  - (c) in case a Borrower Loan Voluntary Redemption Event occurs and the Borrower decides to redeem a Borrower Loan in full, in which case all Notes of the Series issued in respect of the relevant Borrower Loan, and no other Notes, will be redeemable; or
  - (d) in case of liquidation of the Issuer (as set out in section “Liquidation of the Issuer” on page 149),
- (each, a *Notes Full Amortisation Event*).
- In such case, the relevant Notes will be redeemable in full (but always subject to the applicable Priority of Payment Order).
- Issuer Available Funds and Priority of Payment Order:** Payments of principal and interest under the Notes will, on any date, be made subject to the Issuer having sufficient Issuer Available Funds on that date, and always subject to the applicable Priority of Payment Order applicable on that date (as defined in section “Operation of the Issuer – Priority of Payment Order” on page 104).
- Clearing System:** The Notes will, upon issue, be registered in the books of Euroclear France (the *Clearing System*), which shall credit the accounts of account holders affiliated with Euroclear France.
- Initial Delivery of Notes:** At least one (1) Paris business day before the issue date of each Series of Notes, the *Lettre comptable* relating to such Series shall be deposited with Euroclear France as central depository.
- Issue Price:** Notes will be issued at their nominal amount.
- Listing and Admission to** Application will be made by the Management Company for each Series of Notes

**Trading:** to be listed on the Paris Stock Exchange (Euronext Paris).

**Rating:** Notes issued under the Programme are expected on issue to be rated AAA by Fitch Ratings and Aaa by Moody's. The ratings to be assigned to the Notes by the Rating Agencies will only reflect the views of the Rating Agencies.

There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in or unavailability of information or if, in the judgment of the Rating Agencies, circumstances so warrant. **A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change, or withdrawal at any time by the Rating Agencies.**

**Selling Restrictions:** The Notes will only be offered and sold (i) in France to qualified investors (*investisseurs qualifiés*) provided that such investors are acting for their own account and/or to persons providing portfolio management financial services (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), as defined in, and in accordance with, article L. 411-2-II of the French Monetary and Financial Code and/or (ii) to non-resident investors (*investisseurs non-résidents*).

In accordance with the provisions of article L. 214-44 of the French Monetary and Financial Code, the Notes and the Residual Units may not be sold by way of brokerage (*démarchage*), except to qualified investors (*investisseurs qualifiés*) within the meaning of article L. 411-2 II of the French Monetary and Financial Code (see section "Subscription of the Notes" on page 159).

**Withholding Tax:** Payments of interest and principal in respect of the Notes will be made subject to any applicable withholding or deduction for or on account of any tax and neither the Issuer nor the Paying Agent will be obliged to pay any additional amounts as a consequence.

## 6. HEDGING STRATEGY

**Swap Transaction:** The Loan Receivables are secured by the Collateral Security, a part of which bears interest at a fixed rate, while the Notes bear interest at a floating rate plus a margin. In addition, part of the Collateral Security bears interest at a floating rate that can be based on an index different from the index on which the floating rate of the Notes is based. In order to hedge the Issuer against these two interest rate risks that would arise in case of enforcement of the Collateral Security, the Issuer Regulations provides that the Issuer shall, within thirty (30) calendar days of the occurrence of the Swap Implementation Trigger Event, enter into interest rate Swap Transactions with an Eligible Entity acting as Swap Counterparty, pursuant to a Swap Agreement, in the form to be attached to the Swap Undertaking Letter.

On the Closing Date, the Issuer Calculation Agent shall communicate to the Management Company (with a copy to the Borrower and the Rating Agencies), the average margin (relative to the relevant index) to be received by the Issuer when hedging the interest payable under the assets being part of the Collateral Security, into variable rate flows indexed on the same index as the floating rate of the Notes (the *Asset Margin*). The parties to the Swap Undertaking Letter may decide to modify the Asset Margin, subject to a thirty (30) Business Days' prior notification to the Rating Agencies.

On each Notes Payment Date on which a Swap Transaction is in effect, the Swap Counterparty will pay to the Issuer the relevant Swap Incoming Cashflow and the Issuer will pay to the Swap Counterparty the relevant Swap Outgoing Cashflow provided that, in accordance with the provisions of article L. 211-36-1° of the French Monetary and Financial Code, a netting will occur between (a) the Swap



Incoming Cashflow in respect of a given Swap Transaction and (b) the Swap Outgoing Cashflow, so that the relevant party will only pay to the other the Swap Net Cashflow resulting from such netting. The Issuer will pay any Swap Net Cashflow due to the Swap Counterparty on each such Notes Payment Date (as applicable), in accordance with and subject to the applicable Priority of Payment Order.

**Mirror Swap Agreement:**

If, following the occurrence of the Swap Implementation Trigger Event, the Issuer enters into a Swap Transaction, and as long as the Swap Transaction is in place and no Loan Event of Default has occurred and is continuing, the Issuer shall, within thirty (30) calendar days of the occurrence of the Swap Implementation Trigger Event, enter into a corresponding interest rate Mirror Swap Transaction pursuant to a Mirror Swap Agreement, in the form to be attached to the Swap Undertaking Letter.

Pursuant to the Swap Undertaking Letter, Société Générale has undertaken to be the Mirror Swap Counterparty.

The purpose of each Mirror Swap Transaction is to neutralise at the level of the Issuer the effect of the corresponding Swap Transaction (as the case may be), as long as no Loan Event of Default has occurred and is continuing.

The Mirror Swap Transactions will be terminated upon occurrence of a Loan Event of Default.

On each Notes Payment Date on which a Mirror Swap Transaction is in effect, the Mirror Swap Counterparty will pay to the Issuer the relevant Mirror Swap Incoming Cashflow and the Issuer will pay to the Mirror Swap Counterparty the relevant Mirror Swap Outgoing Cashflow provided that, in accordance with the provisions of article L. 211-36-1° of the French Monetary and Financial Code, a netting will occur between (a) the Mirror Swap Incoming Cashflow and (b) the Mirror Swap Outgoing Cashflow so that the relevant party will only pay to the other the Mirror Swap Net Cashflow resulting from such netting. The Issuer will pay any Mirror Swap Net Cashflow due to the Mirror Swap Counterparty on each such Notes Payment Date (as applicable), in accordance with and subject to the applicable Priority of Payment Order.

For the purposes hereof:

**Eligible Entity** means, in respect of any Swap Agreement, (i) a bank, broker/dealer, insurance company, structured investment vehicle or derivative product company, who can lawfully perform the obligations owing to the Issuer under that Swap Agreement and (ii) which has the Initial Required Rating or (iii) whose obligations under that Swap Agreement are guaranteed by a guarantor with the Initial Required Rating.

An entity shall have the **Initial Required Rating** where its IDR is at least as high as A (long-term) and F1 (short-term) by Fitch Ratings and where its unsecured and unsubordinated debt obligations are rated at least as high as A2 (long-term) and P-1 (short-term) by Moody's.

**Mirror Swap Agreement** means the mirror swap agreement to be entered into between the Issuer and the Mirror Swap Counterparty, in the form to be attached to the Swap Undertaking Letter, if, following the occurrence of the Swap Implementation Trigger Event, the Issuer enters into the Swap Transaction, and as long as no Loan Event of Default has occurred and is continuing.

**Mirror Swap Incoming Cashflow** means, in respect of any Mirror Swap Transaction and on any Notes Payment Date on which the Mirror Swap Transaction is in place, an amount payable by the Mirror Swap Counterparty to the Issuer under that Mirror Swap Transaction on that Notes Payment Date.

**Mirror Swap Net Cashflow** means, in respect of any Mirror Swap Transaction and on any Notes Payment Date on which the Mirror Swap Transaction is in place, an amount equal to the absolute value of A:

- (a) which will be paid by the Issuer to the Mirror Swap Counterparty if A is negative; or
- (b) which will be paid by the Mirror Swap Counterparty to the Issuer if A is positive or nil,

where A is equal to (i) the relevant Mirror Swap Incoming Cashflow minus (ii) the relevant Mirror Swap Outgoing Cashflow.

**Mirror Swap Outgoing Cashflow** means, in respect of any Mirror Swap Transaction and on any Notes Payment Date on which the Mirror Swap Transaction is in place, an amount payable by the Issuer to the Mirror Swap Counterparty under that Mirror Swap Transaction on that Notes Payment Date.

**Mirror Swap Transaction** means any interest rate exchange transaction to be entered into pursuant to the Mirror Swap Agreement (as the case may be).

**Swap Agreement** means, the *Fédération bancaire française* master agreement, the schedules thereto and each confirmation, to be entered into by the Issuer (to the extent where it finds a Swap Counterparty) if the Swap Implementation Trigger Event occurs.

The **Swap Implementation Trigger Event** shall occur and be continuing if the IDR of Société Générale is below F1+ (short-term) by Fitch Ratings or if the short-term unsecured and unsubordinated debt obligations of Société Générale are rated below P-1 (short-term) by Moody's.

**Swap Incoming Cashflow** means, in respect of any Swap Transaction and on any Notes Payment Date on which the Swap Transaction is in place, an amount payable by the Swap Counterparty to the Issuer under that Swap Transaction on that Notes Payment Date.

**Swap Net Cashflow** means, on any Notes Payment Date on which the Swap Transaction is in place, an amount equal to the absolute value of A:

- (a) which will be paid by the Issuer to the Swap Counterparty if A is negative; or
- (b) which will be paid by the Swap Counterparty to the Issuer if A is positive or nil,

where A is equal to (i) the relevant Swap Incoming Cashflow minus (ii) the relevant Swap Outgoing Cashflow.

**Swap Outgoing Cashflow** means, in respect of any Swap Transaction and on any Notes Payment Date on which the Swap Transaction is in place, an amount payable by the Issuer to the Swap Counterparty under that Swap Transaction on that Notes Payment Date.

**Swap Transaction** means any interest rate exchange transaction to be entered into pursuant to the Swap Agreement (as the case may be).

**Swap Undertaking Letter** means the letter dated on or prior to the Closing Date between the Management Company, the Custodian and Société Générale and pursuant to which the Management Company, the Custodian and Société Générale have agreed the form of the Swap Agreement and the Mirror Swap Agreement.

**7. GENERAL INFORMATION**

**General Information:** Copies of this Base Prospectus and various other documents are available free of charge during normal business hours at the registered office of the Management Company (see section “Description of the Relevant Entities – The Management Company” on page 31) and at the specified office of the Paying Agent.

**Governing law** This Base Prospectus, the Programme Documents together with the Notes shall be governed by French law.

## GENERAL INFORMATION RELATING TO THE ISSUER

### Legal framework

The Issuer is a French *fonds commun de titrisation* governed by the provisions of articles L. 214-5, L. 214-42-1 to L. 214-48, L. 214-49-4 to L. 214-49-13, L. 231-7, R. 214-92, R. 214-93, D. 214-94, R. 214-95 to R. 214-101, D. 214-102 to D. 214-104 and R. 214-105 of the French Monetary and Financial Code and the Issuer Regulations.

Pursuant to article L. 214-49-4 of the French Monetary and Financial Code, the Issuer is a co-ownership (*copropriété*) established by the Management Company and the Custodian, acting severally (*conjointement*) as co-founders, whose purpose is:

- (a) to purchase from time to time the Loan Receivables (and the Ancillary Rights attached thereto) from the Seller on the terms of, and subject to, the provisions of the Loan Receivables Transfer Agreement; and
- (b) to issue from time to time Notes under the Programme. The Issuer will also issue two (2) Residual Units on the Closing Date, which will not be listed and which will be subscribed for by the Borrower.

The Issuer does not have separate legal personality (*personnalité morale*). The legal provisions relating to joint ownership (*indivision*) together with articles 1871 to 1873 of the French Civil Code do not apply to the Issuer. The Issuer will be validly substituted for the co-owners with respect to any transaction made in the name and on behalf of the co-owners of the Issuer.

The Issuer will also be entitled to enter into interest rate hedging swaps in accordance with article R. 214-99 of the French Monetary and Financial Code and the Hedging Strategy, subject to the terms of the Swap Agreement(s) and the Mirror Swap Agreement.

The Issuer will not be allowed to enter into repurchase transactions or any other transaction involving the temporary sale or acquisition of securities in the conditions set out in article R. 214-100 of the French Monetary and Financial Code.

The Issuer will not have any compartment.

### Duration

The Issuer is established on the Closing Date and will be liquidated on the earliest of the following dates to occur:

- (a) the date on which the Management Company liquidates the Issuer following the extinction of the last outstanding Transferred Receivable, such date being no later than six (6) months following the last Transferred Receivable held by the Issuer being extinguished (*éteinte*); and
- (b) the date on which the Management Company liquidates the Issuer upon the assignment and transfer in whole (but not in part) of the outstanding Transferred Receivables in a single transaction, following the occurrence of any of the Issuer Liquidation Events in accordance with the provisions of the Issuer Regulations.

### Issuer Regulations

By purchasing any Note issued by the Issuer, the holder of such Note becomes bound by the Issuer Regulations. The Issuer Regulations will be made available, free of charge, to the holders of Notes and Residual Units during normal business hours at the registered office of the Management Company (see section “Description of the Relevant Entities – The Management Company” on page 31) and at the specified office of the Paying Agent.

Pursuant to article L. 214-49-7-I of the French Monetary and Financial Code, only the Management Company may enforce the rights of the Issuer against third parties.

Pursuant to the Issuer Regulations, the holders of the Residual Units are co-owners (*co-proprétaires*) of the Issuer’s assets and will only be liable for the debts of the Issuer to the extent of the assets of the Issuer and *pro rata* their respective interest therein.

The Management Company will ensure that all parties to any contracts concluded by the Management Company on behalf of the Issuer will expressly and irrevocably agree that they will waive all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which they may have against the Issuer.

The role of the Management Company and the Custodian are described under section “Description of the Relevant Entities – Management Company” on page 31 and “Description of the Relevant Entities – Custodian” on page 34.

## FINANCIAL INFORMATION OF THE ISSUER

### Financial Information Concerning the Issuer's Assets and Liabilities and Financial Position

The indebtedness of the Issuer on the Issue Date falling in April 2011 (taking into account the issue of the Series of Notes which will take place on such date) will be as follows:

<b>Indebtedness</b>	<b>€</b>
Notes	19,000,000,000
Residual Units	300
<b>Total indebtedness</b>	<hr/> 19,000,000,300

## DESCRIPTION OF THE RELEVANT ENTITIES

### The Management Company

PARIS TITRISATION  
17 Cours Valmy  
92972 Paris La Défense  
France

#### *General*

The Management Company of the Issuer is Paris Titrisation, a *société anonyme* incorporated under the laws of France, licensed by the *Autorité des Marchés Financiers* as a *société de gestion de fonds communs de créances*, whose registered office is located at 17 Cours Valmy, 92972 Paris La Défense (France) and registered with the Trade and Companies Register of Nanterre (France) under number 379 014 095. The Management Company is governed, *inter alia*, by the provisions of the French Commercial Code, the French Monetary and Financial Code and articles 321-1 to 321-31 of the General Regulations of the *Autorité des Marchés Financiers*.

As of the date of this Base Prospectus, the main shareholders of Paris Titrisation are Société Générale, Bred Banque Populaire, Natixis and Banque AGF.

The Noteholders may obtain a copy of the financial statements of the Management Company at the registrar of the Commercial Court (*greffe du Tribunal de Commerce*) of Nanterre (France).

#### *Duties of the Management Company*

The Management Company is responsible for the establishment of the Issuer, severally (*conjointement*) with the Custodian. Pursuant to article L. 214-49-7-I of the French Monetary and Financial Code, the Management Company will represent the Issuer vis-à-vis third parties, in particular in any legal action or proceedings. The Management Company will be responsible for the management and the operation of the Issuer in accordance with all applicable laws and regulations and with the terms of the Issuer Regulations.

Pursuant to the provisions of the Issuer Regulations, the Management Company will be responsible, during the life of the Issuer and pursuant to article L. 214-49-7-I of the French Monetary and Financial Code for:

- (a) ensuring, in light of the information provided to it for this purpose by any relevant party as referenced hereunder, that the Seller, in respect of the Loan Receivables Transfer Agreement, and the Servicer, in respect of the Master Servicing Agreement, comply with their obligations towards the Issuer and the Management Company;
- (b) verifying that the amounts of the sums received by the Issuer are in conformity with the amounts to be paid to the Issuer under the Issuer Regulations and, if relevant, to exercise the rights of the Issuer under the Transferred Receivables and the Programme Documents;
- (c) ensuring that the Custodian has opened the Issuer Accounts with the Issuer Account Bank, in accordance with the provisions of the Issuer Account Bank Agreement;
- (d) providing the Issuer Account Bank with all relevant information in order for the Issuer Account Bank to credit or debit the relevant Issuer Accounts, in accordance with the provisions of the Issuer Account Bank Agreement;
- (e) allocating and distributing the sums received by the Issuer in accordance with, and subject to, the Priority of Payment Order;
- (f) appointing the Issuer Calculation Agent in order to (i) calculate the amount of principal and interest due to the Noteholders and the Residual Unitholders, together with any amount due to any third party, and (ii) carry out all the necessary tests in respect of the Collateral Security, in accordance with the provisions of the Calculation Agency Agreement and the Issuer Regulations;
- (g) appointing the Issuer Verification Agent in order to carry out, subject to the due receipt of the information to be provided by the Issuer Calculation Agent to the Issuer Verification Agent, various testing and notification duties in relation to the calculations performed by the Issuer Calculation Agent in relation to

- the Asset Cover Test and the Amortisation Test subject to and in accordance with the terms of the Verification Agency Agreement;
- (h) appointing, together with the Custodian, the Paying Agent to make payments of principal and interest under the Notes;
  - (i) entering into and, where appropriate, amending and renewing, together with the Custodian, any agreements necessary for the creation and operation of the Issuer and, in particular, the agreements relating to the appointment and intervention of such other organs or entities of the Issuer, and supervising the performance of such agreements as well as the performance of the Issuer Regulations;
  - (j) appointing the statutory auditor of the Issuer and providing for a substitute statutory auditor if required, under the same terms and conditions;
  - (k) preparing, under the supervision of the Custodian if required, all documents required by the applicable provisions of the French Monetary and Financial Code relating to a French *fonds communs de titrisation* and, more generally, any other applicable French law, for the information, as applicable, of the *Autorité des Marchés Financiers*, the *Banque de France*, the Rating Agencies or the Noteholders and the Residual Unitholders. In particular, the Management Company will provide the Noteholders, the Residual Unitholders and the Rating Agencies with the documents containing periodical information which is required to be disclosed to them;
  - (l) entering into, as applicable, the Swap Transactions and/or the Mirror Swap Transactions, in accordance with the provisions described in section “The Hedging Strategy” on page 141;
  - (m) deciding whether to liquidate the Issuer subject to the conditions of legal and regulatory provisions in force and of the Issuer Regulations;
  - (n) substituting, if applicable, a new entity for the entities mentioned in the sub-paragraphs above, including any Servicer, subject to the conditions of any applicable law in force on the date of such substitution, of the agreements relating to such entity, and of the Issuer Regulations; it being specified that the substitution of such entity may only occur on the condition that:
    - (i) effective not later than the date of termination of the relevant entity, a substitute entity has been appointed by the Management Company;
    - (ii) such substitute entity shall have agreed with the Management Company and the Custodian to perform the duties and obligations of the relevant entity pursuant to an agreement to be entered into between the Issuer and the substitute entity substantially similar to the terms of the agreement entered into between the Issuer and the relevant entity;
    - (iii) such substitute entity will irrevocably waive all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which it may have against the Issuer;
    - (iv) the *Autorité des Marchés Financiers*, where applicable, shall have received prior notice of such substitution;
    - (v) the Rating Agencies shall have been given prior notice of such substitution and such substitution shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any of the Notes being placed under credit watch with negative implication;
    - (vi) the Custodian shall have given its prior consent to such a substitution, such consent not to be unreasonably withheld; and
    - (vii) such substitution will comply with all applicable laws and regulations;
  - (o) notifying the Noteholders and the Residual Unitholders in accordance with, and subject to the terms of the Conditions of the Notes and the Residual Units; and



- (p) more generally, taking all steps which it deems necessary or useful to protect the rights of the Issuer in connection with the Transferred Receivables and the Ancillary Rights or any other agreement entered into by the Issuer.

The duties and obligations of the Management Company pursuant to the Issuer Regulations will constitute contractual obligations of the Management Company towards the Issuer upon its establishment, which will be enforceable against the Management Company during the life of the Issuer.

The Management Company has expressly and irrevocably waived all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which it may have against the Issuer.

#### ***Performance of obligations by the Management Company***

The Management Company will, under all circumstances, act in the best interest of the Noteholders.

#### ***Delegation***

At any time during the life of the Issuer, the Management Company will be entitled to sub-contract or delegate to any third party (or to be represented or partially substituted by any third party in the performance of) part (but not all) of its obligations under the Issuer Regulations in the exercise of such obligations, on the condition that:

- (a) the Management Company shall have obtained from any sub-contractor, delegate, representative or substitute that such sub-contractor, delegate, representative or substitute irrevocably waives all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which it may have against the Issuer;
- (b) such sub-contract, delegation, representation or partial substitution will comply with all applicable laws and regulations;
- (c) the *Autorité des Marchés Financiers*, where applicable, shall have received prior notice of such sub-contract, delegation, representation or partial substitution;
- (d) the Rating Agencies shall have been given prior notice of such sub-contract, delegation, representation or partial substitution and such sub-contract, delegation, representation or partial substitution shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any of the Notes being placed under credit watch with negative implication; and
- (e) the Custodian will have given its prior written consent to such subcontract, delegation, representation or partial substitution, such consent not to be unreasonably withheld.

Notwithstanding the foregoing, the Management Company will remain liable for the performance of its administrative duties and obligations under the Issuer Regulations *vis-à-vis* the Noteholders, the Residual Unitholders and the Custodian.

#### ***Substitution of the Management Company***

The Management Company can be substituted either at its or the Custodian's request or as a result of the withdrawal of its approval by the *Autorité des Marchés Financiers*. A summary of the procedure and effect of each method of substitution follows.

#### ***Substitution by request***

The management of the Issuer may be transferred, at any time during the life of the Issuer, at the request of the Management Company or of the Custodian, to a substitute management company of a French *fonds communs de titrisation* duly licensed by the *Autorité des Marchés Financiers* on the condition that:

- (a) effective not later than the date of termination of the rights and obligations of the Management Company, a substitute management company has been appointed by the Management Company or the Custodian;

- (b) such transfer shall have been notified by the Management Company or, as the case may be, by the Custodian to the *Autorité des Marchés Financiers* prior to such transfer and the *Autorité des Marchés Financiers* shall have given its prior approval to such transfer;
- (c) such transfer is based on legitimate, serious and reasonable grounds, including without limitation gross negligence (*faute lourde*), wilful misconduct (*faute dolosive*) or fraud of the Management Company, if this transfer is requested by the Custodian;
- (d) such transfer complies with all applicable laws and regulations; and
- (e) the Rating Agencies shall have been given prior notice of such transfer and such transfer shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any of the Notes being placed under credit watch with negative implication.

### ***Withdrawal of approval***

Pursuant to, and in accordance with, the provisions of article 321-16 of the General Regulations of the *Autorité des Marchés Financiers*, if the approval given by the *Autorité des Marchés Financiers* to the Management Company is withdrawn for any reason whatsoever, the Custodian will appoint, with the prior approval of the *Autorité des Marchés Financiers*, a new management company duly licensed therefor by the *Autorité des Marchés Financiers* within two (2) months of such withdrawal. During such period, the Management Company may not pursue its activities, except for those needed to ensure continuity of the day-to-day management of the Issuer.

### ***Effect of substitution***

The effect of the two methods of substitution is broadly similar. In both cases, for the entire period during which the substitution is being effected, the Management Company (or, if applicable, the Custodian) will (i) put at the substitute management company's disposal all resources and/or computing systems that the substitute management company may reasonably require in order to be able to perform all rights and obligations of the Management Company as quickly as possible and in the interest of the Noteholders and the Residual Unitholders and (ii) continue to perform the management of the Issuer during that period of substitution.

On completion of the substitution, the substitute management company will automatically and without any further formality (*de plein droit*) acquire all the rights and obligations of the Management Company in respect of the management of the Issuer, although public notice of the substitution (in a form approved by the *Autorité des Marchés Financiers*) is required to be given. The fees due to the Management Company will cease to be payable and any fees paid to it in advance will be immediately reimbursed to the Issuer. The Management Company will not be entitled to any indemnity or reimbursements of costs and, in the case of a substitution by request, it will remain liable against the Noteholders and the Custodian for the consequences of any action taken by it under the Issuer Regulations or any omission to take such action that occurred prior to the effective date of the substitution.

As a general principle, neither the Issuer nor the Noteholders will bear any expenses, costs and charges incurred in connection with the substitution of the Management Company.

### ***Management Company's fees***

In consideration for its mission hereunder, the Issuer will pay the Management Company a fee in an amount and under the conditions as set out in section "Third Parties Expenses" on page 155, and in accordance with, and subject to, the terms of the Issuer Regulations.

### **The Custodian**

SOCIÉTÉ GÉNÉRALE  
29, boulevard Haussmann  
75009 Paris  
France

### **General**

The Custodian of the Issuer is Société Générale, a *société anonyme* incorporated under the laws of France, whose registered office is at 29, boulevard Haussmann, 75009 Paris (France), registered with the Trade and Companies Register of Paris (France) under number 552 120 222 and licensed as a credit institution (*établissement de crédit*) in France by the *Comité des Établissements de Crédit et des Entreprises d'Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010), in its capacity as co-founder of the Issuer and Custodian of the assets of the Issuer under the Issuer Regulations.

### **Duties of the Custodian**

The Custodian is responsible with the Management Company for the establishment of the Issuer. In accordance with article L. 214-49-7-II and article D. 214-104 of the French Monetary and Financial Code, the Custodian will:

- (a) be in charge with the custody of the assets (*assure la conservation des actifs*) of the Issuer and, in particular, be in charge with the custody of the Transfer Documents, pursuant to the provisions of the Issuer Regulations; and
- (b) determine the lawfulness (*régularité*) of the decisions of the Management Company, pursuant to, and subject to, all applicable laws and the provisions of the Issuer Regulations. In particular, it will be responsible for supervising the Management Company in the preparation of accounting and reporting information, and when required by the legal provisions and regulations in force, for supervising the information published by the Management Company.

The duties and obligations of the Custodian pursuant to the Issuer Regulations will constitute contractual obligations of the Custodian towards the Issuer upon its establishment, which will be enforceable against the Custodian during the life of the Issuer.

The Custodian expressly and irrevocably has waived all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which it may have against the Issuer.

### **Performance of obligations**

The Custodian will always act in the best interest of the Noteholders.

For the purpose of enabling the Custodian to perform its duties, the Management Company has undertaken to communicate to the Custodian:

- (a) a management report relating to the Issuer, including any calculation made by the Issuer Calculation Agent in order to proceed with any payments in respect of the Issuer; and
- (b) any information it deems necessary communicated to it by the Seller, the Servicer, the Issuer Account Bank, the Issuer Calculation Agent or the Paying Agent or by any other entity, pursuant and subject to the provisions of the Programme Documents.

Moreover, the Management Company has undertaken to provide the Custodian, on first demand and before any distribution to a third party, with any information or document relating to the assets of the Issuer, the Transferred Receivables and the Issuer that the Custodian may reasonably require in order to perform its duties and obligations as described above.

The Custodian shall ensure that the Servicer has implemented procedures certifying the existence of the Loan Receivables and the security, guarantees and collateral attached thereto and their safe custody and that such Loan Receivables are collected for the exclusive benefit of the Issuer.

### **Delegation**

At any time during the life of the Issuer, the Custodian will be entitled to subcontract or delegate to any third party (or to be represented or partially substituted by any third party in the performance of) part (but not all) of its obligations under the Issuer Regulations in the exercise of such obligations, on the condition that:

- (a) the Custodian shall have obtained from any sub-contractor, delegate, representative or substitute that such sub-contractor, delegate, representative or substitute irrevocably waives all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which it may have against the Issuer;
- (b) such sub-contract, delegation, representation or partial substitution complies with all applicable laws and regulations;
- (c) the *Autorité des Marchés Financiers*, where applicable, shall have received prior notice of such sub-contract, delegation, representation or partial substitution;
- (d) the Rating Agencies shall have been given prior notice of such sub-contract, delegation, representation or partial substitution and such sub-contract, delegation, representation or partial substitution shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any of the Notes being placed under credit watch with negative implication; and
- (e) the Management Company shall have given its prior written consent to such subcontract, delegation, representation or partial substitution, such consent not to be unreasonably withheld.

Notwithstanding the foregoing, the Custodian will remain liable for the performance of its duties and obligations under the Issuer Regulations *vis-à-vis* the Noteholders, the Residual Unitholders and the Management Company.

### **Substitution**

The custody of the assets of the Issuer may be transferred, at any time during the life of the Issuer, at the request of the Management Company or of the Custodian, to a substitute credit institution (*établissement de crédit*) licensed in France or a credit institution licensed in any Member State of the European Economic Area acting through its French branch on the condition that:

- (a) effective not later than the date of termination of the rights and obligations of the Custodian, a substitute custodian has been appointed by the Management Company or the Custodian;
- (b) such transfer shall have been notified by the Management Company or, as the case may be, by the Custodian to the *Autorité des Marchés Financiers* prior to such transfer and the *Autorité des Marchés Financiers* shall have given its prior approval to such transfer;
- (c) such transfer is based on legitimate, serious and reasonable grounds, including without limitation gross negligence (*faute lourde*), wilful misconduct (*faute dolosive*) or fraud of the Custodian or is due to the occurrence of a Loan Event of Default, if this transfer is requested by the Management Company;
- (d) the successor to the Custodian is an Eligible Bank;
- (e) such transfer complies with all applicable laws and regulations; and
- (f) the Rating Agencies shall have been given prior notice of such transfer and such transfer shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any of the Notes being placed under credit watch with negative implication.

For the purpose hereof, **Eligible Bank** means (i) a credit institution (*établissement de crédit*) licensed in France or a credit institution licensed in any Member State of the European Economic Area acting through its French branch, the IDR of which is at least A (long-term) and F1 (short-term) by Fitch Ratings and the unsecured and unsubordinated debt obligations of which are rated at least A2 (long-term) and P-1 (short-term) by Moody's or (ii) a credit institution (*établissement de crédit*) licensed in France or a credit institution licensed in any Member State of the European Economic Area acting through its French branch, which is guaranteed by an entity whose IDR is at least A (long-term) and F1 (short-term) by Fitch Ratings and whose unsecured and unsubordinated debt obligations are rated at least A2 (long-term) and P-1 (short-term) by Moody's.

### ***Withdrawal of licence***

If the licence as a credit institution (*établissement de crédit*) given by the *Comité des Établissements de Crédit et des Entreprises d'Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010) to the Custodian is withdrawn for any reason whatsoever, the Management Company will appoint, with the prior approval of the *Autorité des Marchés Financiers*, a successor to the Custodian duly licensed as a credit institution (*établissement de crédit*) in France or as a credit institution in any Member State of the European Economic Area acting through its French branch within two (2) months of such withdrawal and the Management Company will give prior notice of such withdrawal to the Rating Agencies. During such period, the Custodian will be responsible for the custody of the assets of the Issuer. The successor to the Custodian must be an Eligible Bank.

### ***Custodian's fees***

In consideration for the performance of its obligations under the Issuer Regulations, the Issuer will pay the Custodian a fee in an amount and under the conditions as set out in section "Third Parties Expenses" on page 155, and in accordance with, and subject to, the terms of the Issuer Regulations.

### **The Lender**

SOCIÉTÉ ANONYME DE CRÉDIT À L'INDUSTRIE FRANÇAISE (CALIF)  
17, cours Valmy  
92800 Puteaux  
France

### ***General***

The Lender is Société Anonyme de Crédit à l'Industrie Française (CALIF), a *société anonyme* incorporated under the laws of France, whose registered office is at 17, cours Valmy, 92800 Puteaux (France), registered with the Trade and Companies Register of Paris (Nanterre) under number 552 034 837 and licensed as a credit institution (*établissement de crédit*) in France by the *Comité des Établissements de Crédit et des Entreprises d'Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010).

### ***Duties of the Lender***

On or before the Closing Date, the Lender entered into the Facility Agreement with the Borrower, pursuant to which the Lender has agreed to make available the Borrower Loans in a maximum amount of € 21,000,000,000. The Facility Agreement is more particularly described in section "Description of the Facility Agreement" on page 107.

The Loan Receivables will arise from the Borrower Loans made available by the Lender under the Facility Agreement.

### **The Borrower**

SOCIÉTÉ GÉNÉRALE  
29, boulevard Haussmann  
75009 Paris  
France

### ***General***

The Borrower is Société Générale, a *société anonyme* incorporated under the laws of France, whose registered office is at 29, boulevard Haussmann, 75009 Paris (France), registered with the Trade and Companies Register of Paris (France) under number 552 120 222 and licensed as a credit institution (*établissement de crédit*) in France by the *Comité des Établissements de Crédit et des Entreprises d'Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010).

### ***Duties of the Borrower***

On or before the Closing Date, the Borrower entered into the Facility Agreement with the Lender (see section “Description of the Relevant Parties – The Lender” on page 37).

The Borrower will be the debtor of the Loan Receivables.

### **The Originator**

SOCIÉTÉ GÉNÉRALE  
29, boulevard Haussmann  
75009 Paris  
France

#### ***General***

The Originator is Société Générale, a *société anonyme* incorporated under the laws of France, whose registered office is at 29, boulevard Haussmann, 75009 Paris (France), registered with the Trade and Companies Register of Paris (France) under number 552 120 222 and licensed as a credit institution (*établissement de crédit*) in France by the *Comité des Établissements de Crédit et des Entreprises d’Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010).

#### ***Duties of the Originator***

The Originator grants the Home Loans to the Home Loan Debtors pursuant to the Home Loan Agreements for the purposes of, *inter alia*, financing properties.

### **The Collateral Provider**

SOCIÉTÉ GÉNÉRALE  
29, boulevard Haussmann  
75009 Paris  
France

#### ***General***

The Collateral Provider is Société Générale, a *société anonyme* incorporated under the laws of France, whose registered office is at 29, boulevard Haussmann, 75009 Paris (France), registered with the Trade and Companies Register of Paris (France) under number 552 120 222 and licensed as a credit institution (*établissement de crédit*) in France by the *Comité des Établissements de Crédit et des Entreprises d’Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010).

#### ***Duties of the Collateral Provider***

On or before the Closing Date, the Lender, the Management Company, the Collateral Provider and the Collateral Security Servicer entered into the Collateral Agreement, pursuant to which the Collateral Provider has irrevocably and unconditionally undertaken to collateralise (*remettre en pleine propriété à titre de garantie*) certain Eligible Assets in favour of the Beneficiary, as security for the Secured Liabilities, in accordance with articles L. 211-38-I *et seq.* of the French Monetary and Financial Code.

The benefit of the Collateral Security will be transferred from the Lender (as initial Beneficiary) to the Issuer (as new Beneficiary), as Ancillary Right attached to the Loan Receivables on the Closing Date and on each Transfer Date thereafter, in accordance with the provisions of the Loan Receivables Transfer Agreement. The Collateral Security is more particularly described in section “Description of the Collateral Agreement” on page 114.

## **The Seller**

SOCIÉTÉ ANONYME DE CRÉDIT À L'INDUSTRIE FRANÇAISE (CALIF)  
17, cours Valmy  
92800 Puteaux  
France

### ***General***

The Seller is Société Anonyme de Crédit à l'Industrie Française (CALIF), a *société anonyme* incorporated under the laws of France, whose registered office is at 17, cours Valmy, 92800 Puteaux (France), registered with the Trade and Companies Register of Paris (Nanterre) under number 552 034 837 and licensed as a credit institution (*établissement de crédit*) in France by the *Comité des Établissements de Crédit et des Entreprises d'Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010).

### ***Duties of the Seller***

Pursuant to the Loan Receivables Transfer Agreement, the Seller has undertaken to assign, and the Issuer has undertaken to purchase from time to time, subject to certain conditions, the Loan Receivables arising from the Borrower Loans made available under the Facility Agreement.

## **The Servicer**

SOCIÉTÉ ANONYME DE CRÉDIT À L'INDUSTRIE FRANÇAISE (CALIF)  
17, cours Valmy  
92800 Puteaux  
France

### ***General***

The Servicer is Société Anonyme de Crédit à l'Industrie Française (CALIF), a *société anonyme* incorporated under the laws of France, whose registered office is at 17, cours Valmy, 92800 Puteaux (France), registered with the Trade and Companies Register of Paris (Nanterre) under number 552 034 837 and licensed as a credit institution (*établissement de crédit*) in France by the *Comité des Établissements de Crédit et des Entreprises d'Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010).

### ***Duties of the Servicer***

Pursuant to the provisions of article L. 214-46 of the French Monetary and Financial Code and of the Master Servicing Agreement entered into on or before the Closing Date between the Servicer, the Management Company, the Custodian and the Collateral Security Servicer, the Servicer will perform the management, servicing and collection of the Transferred Receivables, as more particularly described in section "Description of the Assets of the Issuer - Servicing of the Transferred Receivables" on page 94.

## **The Collateral Security Servicer**

SOCIÉTÉ GÉNÉRALE  
29, boulevard Haussmann  
75009 Paris  
France

### ***General***

The Collateral Security Servicer is Société Générale, a *société anonyme* incorporated under the laws of France, whose registered office is at 29, boulevard Haussmann, 75009 Paris (France), registered with the Trade and Companies Register of Paris (France) under number 552 120 222 and licensed as a credit institution (*établissement de crédit*) in France by the *Comité des Établissements de Crédit et des Entreprises d'Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010).

### ***Duties of the Collateral Security Servicer***

The Servicer has appointed and has delegated to the Collateral Security Servicer all its servicing duties with respect to the Collateral Security in accordance with and subject to the terms of the Collateral Agreement; it being understood that the appointment of the Collateral Security Servicer will not in any way release or discharge the Servicer from its obligations under the Master Servicing Agreement and exempt the Servicer from any liabilities under the Master Servicing Agreement.

### **The Issuer Account Bank**

SOCIÉTÉ GÉNÉRALE  
29, boulevard Haussmann  
75009 Paris  
France

### ***General***

The Issuer Account Bank is Société Générale, a *société anonyme* incorporated under the laws of France, whose registered office is at 29, boulevard Haussmann, 75009 Paris (France), registered with the Trade and Companies Register of Paris (France) under number 552 120 222 and licensed as a credit institution (*établissement de crédit*) in France by the *Comité des Établissements de Crédit et des Entreprises d'Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010).

### ***Duties of the Issuer Account Bank***

Pursuant to the provisions of an issuer account bank agreement entered into between the Issuer Account Bank, the Management Company and the Custodian on or before the Closing Date (the ***Issuer Account Bank Agreement***), the Issuer Account Bank will open in its books, maintain and operate the Issuer Accounts and will act upon instructions of the Management Company, under the control of the Custodian, in relation to the operations of the Issuer Accounts as provided in the Issuer Regulations. In consideration of the performance of its obligations under the Issuer Account Bank Agreement, the Issuer will pay the Issuer Account Bank a fee in an amount and under the conditions as set out in section “Third Parties Expenses” on page 155 and in accordance with, and subject to, the terms of the Issuer Regulations.

### **Issuer Cash Manager**

SOCIÉTÉ GÉNÉRALE  
29, boulevard Haussmann  
75009 Paris  
France

### ***General***

The Issuer Cash Manager is Société Générale, a *société anonyme* incorporated under the laws of France, whose registered office is at 29, boulevard Haussmann, 75009 Paris (France), registered with the Trade and Companies Register of Paris (France) under number 552 120 222 and licensed as a credit institution (*établissement de crédit*) in France by the *Comité des Établissements de Crédit et des Entreprises d'Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010).

### ***Duties of the Issuer Cash Manager***

Pursuant to the provisions of a cash management agreement entered into between the Issuer Cash Manager, the Management Company, the Custodian and the Issuer Account Bank on or before the Closing Date (the ***Issuer Cash Management Agreement***), the Issuer Cash Manager has been appointed to provide the Management Company with certain cash management services in relation to the Issuer Available Cash. In consideration of the performance of its obligations under the Issuer Cash Management Agreement, the Issuer will pay the Issuer Cash Manager a fee in an amount and under the conditions as set out in section “Third Parties Expenses” on page 155 and in accordance with, and subject to, the terms of the Issuer Regulations.

### **The Swap Counterparty**



The Loan Receivables are secured by the Collateral Security, a part of which bears interest at a fixed rate, while the Notes bear interest at a floating rate plus a margin. In addition, part of the Collateral Security bears interest at a floating rate that can be based on an index different from the index on which the floating rate of the Notes is based. In order to hedge the Issuer against these two interest rate risks that would arise in case of enforcement of the Collateral Security, the Issuer Regulations provides that the Issuer shall, within thirty (30) calendar days of the occurrence of the Swap Implementation Trigger Event, enter into interest rate Swap Transactions with an Eligible Entity acting as Swap Counterparty, pursuant to a Swap Agreement, in the form to be attached to the Swap Undertaking Letter.

The Swap Transactions will be terminated in accordance with certain termination events and events of default, some of which are more particularly described in section “The Hedging Strategy - Swap Transactions” on page 143.

### **The Mirror Swap Counterparty**

If, following the occurrence of the Swap Implementation Trigger Event, the Issuer enters into a Swap Transaction, and as long as the Swap Transaction is in place and no Loan Event of Default has occurred and is continuing, the Issuer shall, within thirty (30) calendar days of the occurrence of the Swap Implementation Trigger Event, enter into a corresponding interest rate Mirror Swap Transaction pursuant to a Mirror Swap Agreement, in the form to be attached to the Swap Undertaking Letter.

Pursuant to the Swap Undertaking Letter, Société Générale has undertaken to be the Mirror Swap Counterparty.

The purpose of each Mirror Swap Transaction is to neutralise at the level of the Issuer the effect of the corresponding Swap Transaction (as the case may be), as long as no Loan Event of Default has occurred and is continuing.

The Mirror Swap Transactions will be terminated upon occurrence of a Loan Event of Default or of certain other termination events and events of default, some of which are more particularly described in section “The Hedging Strategy - Mirror Swap Agreement” on page 146.

### **The Issuer Calculation Agent**

SOCIÉTÉ GÉNÉRALE  
29, boulevard Haussmann  
75009 Paris  
France

#### ***General***

The Issuer Calculation Agent is Société Générale, a *société anonyme* incorporated under the laws of France, whose registered office is at 29, boulevard Haussmann, 75009 Paris (France), registered with the Trade and Companies Register of Paris (France) under number 552 120 222 and licensed as a credit institution (*établissement de crédit*) in France by the *Comité des Établissements de Crédit et des Entreprises d'Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010).

#### ***Duties of the Issuer Calculation Agent***

Pursuant to the provisions of a calculation agency agreement entered into between the Issuer Calculation Agent, the Management Company, the Custodian and the Debtor on or before the Closing Date (the ***Calculation Agency Agreement***), the Issuer Calculation Agent shall carry out on behalf of the Issuer (i) all calculations and tests necessary for ensuring that the amount of Collateral Security required under the Collateral Agreement is at all times in place, such as the Asset Cover Test or the Amortisation Test and (ii) more generally all determinations or calculations necessary for the purpose of the Programme (see section “Calculation Agency Agreement” on page 125).

In consideration for the performance of its obligations under the Calculation Agency Agreement, the Issuer will pay the Issuer Calculation Agent a fee in an amount and under the conditions as set out in section “Third Parties Expenses” on page 155, and in accordance with, and subject to, the terms of the Issuer Regulations.

### **The Issuer Verification Agent**

CAILLIAU DEDOUIT ET ASSOCIÉS

19, rue Clément Marot

75008 Paris

France

#### ***General***

The Issuer Verification Agent is Cailliau Dedouit et Associés, a *société anonyme* incorporated under the laws of France, whose registered office is at 19, rue Clément Marot, 75008 Paris (France), registered with the Trade and Companies Register of Paris (France) under number 722 012 051.

#### ***Duties of the Issuer Verification Agent***

Pursuant to the provisions of a verification agency agreement entered into between the Management Company, the Custodian and the Issuer Verification Agent on or before the Closing Date (the ***Verification Agency Agreement***), the Issuer Verification Agent will carry out, subject to the due receipt of the information to be provided by the Issuer Calculation Agent, various testing and notification duties in relation to the calculations performed by the Issuer Calculation Agent in respect of the Asset Cover Test and the Amortisation Test.

In consideration for the performance of its obligations under the Verification Agency Agreement, the Issuer will pay the Issuer Verification Agent a fee in an amount and under the conditions as set out in section “Third Parties Expenses” on page 155, and in accordance with, and subject to, the terms of the Issuer Regulations.

### **The Paying Agent**

SOCIÉTÉ GÉNÉRALE

29, boulevard Haussmann

75009 Paris

France

#### ***General***

The Paying Agent is Société Générale, a *société anonyme* incorporated under the laws of France, whose registered office is at 29, boulevard Haussmann, 75009 Paris (France), registered with the Trade and Companies Register of Paris (France) under number 552 120 222 and licensed as a credit institution (*établissement de crédit*) in France by the *Comité des Établissements de Crédit et des Entreprises d’Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010).

#### ***Duties of the Paying Agent***

Pursuant to the provisions of a paying agency agreement entered into between the Management Company, the Custodian and the Paying Agent on or before the Closing Date (the ***Paying Agency Agreement***), the Paying Agent will make payments of principal, interest and other amounts (if any) in respect of the Notes and liaise with Euronext Paris and the Clearing System, as the case may be.

In consideration for the performance of its obligations under the Paying Agency Agreement, the Issuer will pay the Paying Agent a fee in an amount and under the conditions as set out in section “Third Parties Expenses” on page 155, and in accordance with, and subject to, the terms of the Issuer Regulations.

### **The statutory auditor**

Ernst and Young  
41, rue de Ybry  
92200 Neuilly-sur-Seine  
France

### **General**

In accordance with article L. 214-49-9 of the French Monetary and Financial Code, the statutory auditor (*commissaire aux comptes*) of the Issuer has been appointed for the first term of six (6) financial years by the board of directors of the Management Company.

### **Duties of the statutory auditor**

The statutory auditor will:

- (a) have the duties and obligations provided for by article L. 214-49-9 of the French Monetary and Financial Code;
- (b) as appropriate, certify as true and accurate the Issuer's accounts on a semi-annual basis and ascertain that the information provided for in the annual management report and in the documents published by the Management Company pursuant to the provisions of sections "General information relating to the Issuer" on page 28 and "Financial Information of the Issuer" on page 30 are true and accurate; and
- (c) disclose to the directors of the Management Company, the *Autorité des Marchés Financiers* and the Custodian, as the case may be, any irregularities and inaccuracies (*irrégularités et inexactitudes*) it might become aware of in the course of its duties.

The Issuer will pay to the statutory auditor a fee in respect of its duties in an amount and under the conditions as set out in section "Third Parties Expenses" on page 155, and in accordance with, and subject to, the terms of the Issuer Regulations.

### **The Rating Agencies**

FITCH FRANCE S.A. (Fitch Ratings)  
60, rue Monceau  
75008 Paris  
France

Fitch Ratings is a rating agency authorised to provide a rating document in respect of French *fonds commun de titrisation* pursuant to article L. 214-44 of the French Monetary and Financial Code.

MOODY'S France SAS  
92-96 bis boulevard Haussmann  
74-80 rue d'Anjou  
75008 Paris  
France

Moody's France SAS is a rating agency authorised to provide a rating document in respect of French *fonds commun de titrisation* pursuant to article L. 214-44 of the French Monetary and Financial Code.

### **Other service providers or agents**

The Management Company may appoint or designate, with the prior written consent of the Custodian (which may not be unreasonably withheld) such other service provider(s) or agent(s) (*mandataire(s)*) which it may deem necessary given the time and prevailing circumstances.

## **RISK FACTORS**

*Each of the Management Company and the Custodian believes that the following factors may affect the ability of the Issuer to fulfil its obligations in respect of the Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and neither the Management Company nor the Custodian is in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Each of the Management Company and the Custodian believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme. However, each of the Management Company and the Custodian does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Investors must be aware that the list of factors set out below is not intended to be exhaustive and that other risks and uncertainties which, on the date of this Base Prospectus, are not known of by the Issuer, or are considered non-relevant, may have a significant impact on the Issuer, its activity, its financial condition or the Notes. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and make their own opinion about risk factors prior to making any investment decision. Investors should in particular conduct their own analysis and evaluation of risks relating to the Issuer, its financial condition and the Notes.*

*Each of the Management Company and the Custodian considers that the Notes shall only be purchased by investors which are (or are advised by) financial institutions or other professional investors who have sufficient knowledge and experience necessary to appropriately evaluate the risks associated with the Notes.*

*Words and expressions defined elsewhere in this Base Prospectus shall have the same meaning in this section of the Base Prospectus.*

### **Risks related to the Issuer**

#### ***Sole liability of the Issuer under the Notes***

The Issuer is the only entity which has obligations to pay principal and interest in respect of the Notes. The Notes will not be obligations or responsibilities of any other entity, including (but not limited to) the Management Company, Société Générale (in any capacity but in particular in its capacity as Custodian, Borrower, Issuer Calculation Agent, Collateral Provider, Issuer Cash Manager, Issuer Account Bank, Paying Agent, Mirror Swap Counterparty, Collection Account Bank, Lead Manager and Originator), the Seller, the Servicer, the Representative, the Issuer Verification Agent, any participant in the Hedging Strategy (as applicable) or any company in the same group of companies as any of them, or the shareholders or directors or agents of any company in the same group of companies as any of them.

The Management Company is required under French law to represent the Issuer and to further represent and act in the best interests of the Noteholders. The Management Company has the exclusive right to exercise contractual rights against the parties which entered into arrangements with the Issuer, including the Seller and the Servicer. The Noteholders will not have the right to exercise any such rights directly.

#### ***Reliance of the Issuer on third parties***

The Issuer has entered into agreements with a number of third parties, which have agreed to perform services for the Issuer. The ability of the Issuer to make payments under the Notes may be affected by the due performance of the other third parties to the Programme Documents (as defined in section “General Terms and Conditions of the Notes”) of their payment and other obligations thereunder, including the performance by the Management Company, the Custodian, the Seller, the Servicer, the Borrower, the Originator, the Collateral Security Servicer, the Collateral Provider, the Issuer Account Bank, the Issuer Cash Manager, the Issuer Calculation Agent, the Issuer Verification Agent, the Paying Agent, the Collection Account Bank and, as the case may be, the Swap Counterparty and the Mirror Swap Counterparty, of their respective obligations.

However, the Programme Documents provide for the ability of the Issuer under certain circumstances to terminate the appointment of any relevant third party which would be defaulting in performing their obligations under the relevant Programme Documents.

***Modification, alteration or amendment without Noteholders' prior consent***

Subject to the qualifications described in the relevant Programme Document(s) to which it is a party, the Issuer may, without prior Rating Confirmation and without the prior consent or sanction of any of the Noteholders, concur with any person in making or sanctioning any modifications, alterations or supplements to any Programme Document to which it is a party if the same is:

- (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.

***Substitution risk***

Certain circumstances, described in the Programme Documents and affecting one (1) or more parties to the Programme Documents (such, without limitation, a downgrading of the short-term and/or long-term debt of one (1) or more of these parties), may lead to the substitution of one (1) or more of these parties pursuant to the terms of the Programme Documents. In such case, no assurance can be given that a substitute entity will be found.

***Certain conflicts of interest***

Conflicts of interest may arise during the life of the Programme as a result of various factors involving certain parties to the Programme. For example, such potential conflicts may arise because Société Générale acts in several capacities under the Programme Documents as further described below. Also during the course of their business activities, the parties to the Programme and/or any respective affiliates may operate, service, acquire or sell properties, or finance loans secured by properties, which are in the same markets as the Home Loans.

***Conflicts of interests in respect of Société Générale***

With respect to the Notes, conflicts of interest may arise as a result of various factors involving in particular Société Générale, its affiliates and the other parties named herein. The following briefly summarises some of these conflicts, but is not intended to be an exhaustive list of all such potential conflicts.

Société Générale and/or its affiliates are acting in a number of capacities in connection with the transactions contemplated in the Programme Documents. In particular:

- (i) Société Générale will act as Custodian, Borrower, Issuer Calculation Agent, Collateral Provider, Collateral Security Servicer, Originator, Issuer Cash Manager, Issuer Account Bank, Collection Account Bank and Paying Agent, and may also act as Swap Counterparty or Mirror Swap Counterparty;
- (ii) CALIF, an affiliate of Société Générale, will act as Lender, Seller and Servicer; and
- (iii) Paris Titrisation, a company in which Société Générale holds 33.33% of the shares, will act as Management Company (it being noted however that the Management Company is an entity regulated by the *Autorité des Marchés Financiers*).

Even if their respective rights and obligations under the Programme Documents are not conflicting and are independent from one another, in performing any such obligations in these different capacities under the Programme Documents, Société Générale and/or such affiliates may be in a situation of conflict of interests (provided that, when acting in its capacity as Custodian, Société Générale will act in the interests of the Noteholders and the Residual Unitholders). Société Générale and/or such affiliates will only have the duties and responsibilities expressly agreed to by such entity in the relevant capacity and will not, by virtue of its or any of its affiliates acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a duty of care other than as expressly provided in respect of each such capacity.

### ***Conflicting interest between Notes and Residual Units***

In accordance with and subject to the Priority of Payment Orders, the Notes are senior to the Residual Units.

When deciding to consult or not to consult the Noteholders in respect of a particular action or decision, the Management Company will take into account their seniority, provided however that:

- (a) when taking that action or making that decision, the Management Company will be required to take into account and act in the interests of both the Noteholders and the Residual Unitholders (as provided for by the French Monetary and Financial Code and the other applicable laws and regulations);
- (b) only the consent of the Residual Unitholders will be required if any proposed modification or action affects the terms and conditions of the Residual Units only.

### ***Limited resources available to the Issuer***

The Issuer is established as a French *fonds commun de titrisation* and will not deviate from its purpose which will consist in the purchase of Loan Receivables (together with the Ancillary Rights attached thereto), the issue of Notes and of the Residual Units, the entry into of the Swap Transactions and Mirror Swap Transactions (as applicable) and transactions related thereto as set out in the Issuer Regulations.

In the absence of a Loan Event of Default, the Issuer's ability to meet its obligations under the Notes will depend on the amount of scheduled principal and interest paid by the Borrower under the Borrower Loans and the timing thereof and/or, as applicable, the amounts received under any Swap Transaction or Mirror Swap Transaction concluded in accordance with the Hedging Strategy and/or the revenue proceeds generated by Authorised Investments. Prior to enforcement, the Issuer will not have any other funds available to it to meet its obligations under the Notes and its obligations ranking in priority to, or *pari passu* with, the Notes.

If, on default by the Borrower and following the exercise of all available remedies in respect of the Loan Receivables, the Issuer is not repaid in full by the Borrower (taking into account, as the case may be, the funds to be received following the enforcement of the Collateral Security), then the Noteholders may receive on redemption an amount not more than the assets of the Issuer, *pari passu* and pro rata to the number of Notes owned by them and the Issuer may be unable to pay in full principal and interest due in respect of the Notes.

If the resources described above cannot provide the Issuer with sufficient funds to enable the Issuer to make the required payments on the Notes, the Noteholders may incur a loss of interest and/or principal which would otherwise be paid in accordance with the terms of the Notes.

Holders of the Notes should note however that the credit enhancement features provided for under the Programme Documents (Collateral Security, Specially Dedicated Bank Account, Hedging Strategy) have been structured to ensure that the risk of there ever being a shortfall be remote. However there is no assurance that there will not be a shortfall.

### ***No recourse***

By subscribing the Notes, the Noteholders will irrevocably waive all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which they may have against the Issuer.

### ***Authorised investments***

Any Issuer Available Funds standing to the credit of the Issuer Accounts (prior to their allocation and distribution) shall be invested by the Issuer Cash Manager in Authorised Investments. The value of the Authorised Investments may fluctuate depending on the financial markets and the Issuer may be exposed to a credit risk in relation to the issuers of such Authorised Investments. None of the Management Company or the Custodian or any other party to the Programme Documents guarantees the market value of the Authorised Investments. None of them shall be liable if the market value of any of the Authorised Investments fluctuates and decreases.

## **Risks related to the Borrower**

Neither the Issuer nor any other party to the Programme Documents (without prejudice to the Collateral Security granted by the Collateral Provider) does guarantee or warrant full and timely payment by the Borrower of any sums of principal or interest payable under the Borrower Loans.

In addition, should the Borrower be subjected to any applicable proceedings referred to in book VI of the French Commercial Code (pertaining to insolvency proceedings as a matter of French law), this would impair the ability of the Issuer to claim against such Borrower for obtaining timely payment of amounts of principal and interest due and payable under the Borrower Loan and the Issuer will not be entitled to accelerate the payment of such amounts.

However, pursuant to article L. 211-38-I of the French Monetary and Financial Code, the Collateral Security will be enforceable, even when the Collateral Provider is the subject of any such proceedings.

## **Risks related to the Collateral Security**

### ***No interpretation by French courts of rules applicable to Collateral Security***

The Collateral Security will be granted by the Collateral Provider, and, as the case may be, enforced by the Beneficiary, in accordance with the provisions of articles L. 211-38-I *et seq.* of the French Monetary and Financial Code, being the applicable rules of French law implementing directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements (the *Directive*).

It should be noted that French courts have not yet had the opportunity to interpret articles L. 211-38-I *et seq.* of the French Monetary and Financial Code.

### ***Impact of the hardening period on the Collateral Security***

Article L. 211-40 of the French Monetary and Financial Code states that the provisions of book VI of the French Commercial Code (pertaining to insolvency proceedings as a matter of French law) shall not impede (“*ne font pas obstacle*”) the application of articles L. 211-36 *et seq.* of the French Monetary and Financial Code. This provision should lead to the conclusion that the rules pertaining to the nullity of acts concluded during the hardening period (*période suspecte*) (as provided for in articles L. 632-1 and L. 632-2 of the French Commercial Code) will not apply in respect of guarantees governed by article L. 211-38-I of the French Monetary and Financial Code.

The hardening period (*période suspecte*) is a period of time the duration of which is determined by the bankruptcy judge upon the judgement recognising that the cessation of payments (*cessation des paiements*) of the insolvent company has occurred. The hardening period commences on the date of such judgement and extends for up to eighteen (18) months previous to the date of such judgement.

Given the provisions of the Directive, it is reasonable to consider that article L. 211-40 of the French Monetary and Financial Code will exclude application of article L. 632-1-6° of French Commercial Code, which provides for an automatic nullity of security interest granted during the hardening period to secure past obligations of a debtor and, therefore, that the Collateral Security, which is governed by articles L. 211-38-I *et seq.* of the French Monetary and Financial Code, would not be avoided on the basis of said article L. 632-1-6° of French Commercial Code.

However, it cannot be excluded that article L. 211-40 of the French Monetary and Financial Code does not intend to overrule article L. 632-2 of the French Commercial Code, which provides for a potential nullity of acts which are onerous (*actes à titre onéreux*) if the counterparty of the debtor was aware, at the time of conclusion of such acts, that the debtor was unable to pay its debts due with its available funds (*en état de cessation des paiements*). Should article L. 632-2 of the French Commercial Code be deemed applicable, nullity of the Collateral Security could be sought, if the Lender was aware, at the time where the Collateral Security was granted (or the subject of an addition or a substitution), that the Collateral Provider was unable to pay its debt due with its available funds (*en état de cessation des paiements*).

To mitigate such uncertainty, the Collateral Provider will be required to make a representation that it is not subject to an Insolvency Event (which defined term includes *état de cessation des paiements*), each time it grants, or adds to, or makes a substitution in respect of, its Collateral Security, as applicable.

For the purpose hereof ***Insolvency Event*** means, in relation to any entity, any of the following events:

- (a) the relevant entity is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
- (b) the relevant entity is in a state of *cessation des paiements* within the meaning of article L. 631-1 of the French Commercial Code, or becomes insolvent for the purpose of any insolvency law;
- (c) a moratorium is declared in respect of any indebtedness of the relevant entity;
- (d) any corporate action, legal proceedings or other procedure or step is taken in relation to:
  - (aa) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the relevant entity;
  - (bb) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the relevant entity or all or part of its respective assets;
- (e) any analogous procedure or step is taken in any jurisdiction in respect of the relevant entity; or
- (f) a judgement for *sauvegarde, redressement judiciaire, liquidation judiciaire* or *cession totale de l'entreprise* is entered in relation to the relevant entity under articles L. 620-1 to L. 670-8 of the French Commercial Code.

#### ***Disproportionate guarantee***

Pursuant to article L. 650-1 of the French Commercial Code, a creditor may be held liable towards a bankrupt debtor if the credit granted by it to such debtor entailed a damage and the security interest securing such credit is disproportionate (*disproportionné*) compared to that credit. In such case, such security interest will be null and void.

#### ***No prior notification to debtors under the Home Loans granted as Collateral Security***

The Collateral Agreement will provide that the relevant Home Loans and Home Loan Guarantee will be granted as Collateral Security without notification or information of the Home Loan Debtors under such Home Loans. Such Home Loan Debtors will only be notified if and when the Collateral Security is enforced following a Loan Event of Default. As long as no such notification has taken place, any payments made by the Home Loan Debtors under the relevant Home Loans will continue to be validly made by such Home Loan Debtors to the Collateral Provider.

Each Home Loan Debtor may further raise defences (which may include, as applicable, any set-off right) against the Issuer arising from such Home Loan Debtor's relationship with the Collateral Provider to the extent that such defences (i) are existing prior to the notification of the transfer of the relevant Home Loan or (ii) arise out of mutual claims (*compensation de créances connexes*) between the Home Loan Debtor and the Collateral Provider which are closely connected with that Home Loan (irrespective of whether such notification has been made before or after such claims have arisen).

There is no guarantee that the notification to the Home Loan Debtors will be made at the times required and there can be no guarantee or assurance as to the ability of the Issuer to obtain effective direct payment from the Home Loan Debtors in a sufficient timely manner, which may affect payments under the Notes. In this situation, a shortfall in distributions of interest to Noteholders may result.

Until notification to the Home Loan Debtors has been made and provided that, at such time, an Insolvency Event has occurred in respect of the Collateral Provider, French insolvency law will prevent the Issuer from recovering from the Collateral Provider any collections received by the Collateral Provider under the relevant Home Loans which are commingled with other funds of the Collateral Provider.

However, this commingling risk is mitigated by the Specially Dedicated Bank Account and the obligation of the Collateral Security Servicer to:



- (a) on the Closing Date, (i) credit the Specially Dedicated Bank Account with such amount of Collections as is necessary to ensure that the credit standing to the Specially Dedicated Bank Account be at least equal to the applicable First Level Specially Dedicated Bank Account Required Credit and (ii) on each Notes Payment Date, credit the Specially Dedicated Bank Account with such amount of Collections as is necessary to ensure that the credit standing to the Specially Dedicated Bank Account be at least equal to the First Level Specially Dedicated Bank Account Required Credit applicable on that date (taking into account any and all amounts already standing to the credit of the Specially Dedicated Bank Account); and
- (b) (i) within ten (10) Business Days from the occurrence of the Collection Loss Trigger Event, credit the Specially Dedicated Bank Account with such amount of Collections as is necessary to ensure that the credit standing to the Specially Dedicated Bank Account be at least equal to the applicable Second Level Specially Dedicated Bank Account Required Credit (taking into account any and all amounts already standing to the credit of the Specially Dedicated Bank Account) and (ii) on each Asset Cover test Date on which the Collection Loss Trigger Event has been continuing for more than ten (10) Business Days, credit the Specially Dedicated Bank Account with such amount of Collections as is necessary to ensure that the credit standing to the Specially Dedicated Bank Account be at least equal to the Second Level Specially Dedicated Bank Account Required Credit applicable on that date (taking into account any and all amounts already standing to the credit of the Specially Dedicated Bank Account).

Without prejudice to the rights of the Issuer under the Specially Dedicated Bank Account Agreement, until the Management Company notifies the Collection Account Bank of the enforcement of the Collateral, the Collateral Provider shall be entitled to debit the Specially Dedicated Bank Account, provided however that such debit shall only occur if following that debit the credit standing to the Specially Dedicated Bank Account remains at least equal to the Specially Dedicated Bank Account Required Credit applicable on the date of that debit.

After the Management Company notifies the Collection Account Bank of the enforcement of the Collateral Security, the Management Company will instruct the Collection Account Bank to transfer the credit standing to the Specially Dedicated Bank Account to the Issuer Operating Account (see section “Specially Dedicated Bank Account” on page 123).

***Maintenance of value of the Collateral Security prior to or following enforcement thereof***

If the collateral value of the Home Loans and the Substitution Assets granted as Collateral Security in favour of the Issuer pursuant to the Collateral Agreement has not been maintained in accordance with the terms of the Asset Cover Test or the Amortisation Test or the other provisions of the Programme Documents, then that may affect the value of the Collateral Security or any part thereof (both before and after the occurrence of a Loan Event of Default) or the price or value of such Home Loans and Substitution Assets upon the sale or refinancing thereof by the Issuer.

***Sale or refinancing of Home Loans and Substitution Assets by the Issuer following enforcement of the Collateral Security***

After title to Home Loans and Substitution Assets has been definitively transferred to the Issuer upon enforcement of the Collateral Security following the occurrence of a Loan Event of Default (the ***Transferred Assets***), the Management Company will sell or refinance Home Loans and Substitution Assets in accordance with the provisions of the Issuer Regulations (see section “Operation of the Issuer - Operations of the Issuer after the occurrence of a Loan Event of Default” on page 101), which provides that the Management Company will ensure that the Home Loans and Substitution Assets which are proposed for sale or refinancing (the ***Selected Assets***) at any relevant date (the ***Relevant Date***) will be selected on a random basis and that no more Selected Assets will be selected than are necessary for the estimated sale or refinancing proceeds to equal the Adjusted Required Redemption Amount, where:

**Adjusted Required Redemption Amount** means an amount equal to:

- (a) as long as no Issuer Enforcement Notice has been served: the outstanding principal amount of all Series of Notes the Final Maturity Date of which falls on the Notes Payment Date immediately following the Relevant Date (together with all Note Interest Amounts accrued thereon) plus the outstanding principal amount of all Series of Notes the Final Maturity Date of which has been extended in accordance with Condition 4.3 (together with all Note Interest Amounts accrued thereon), less amounts standing to the credit of the Issuer Accounts (including amounts which the Issuer expects will be credited to the Issuer Accounts on or before that Notes Payment Date and excluding the aggregate of all amounts payable in priority to all Notes Principal Amounts pursuant to the Controlled Post-Enforcement Priority of Payment Order);
- (b) after the service of an Issuer Enforcement Notice: the outstanding principal amount of all Series of Notes (together with all Note Interest Amounts accrued thereon), less amounts standing to the credit of the Issuer Accounts (including amounts which the Issuer expects will be credited to the Issuer Accounts on or before the next date on which the Issuer will make payments pursuant to Accelerated Priority of Payment Order and excluding the aggregate of all amounts payable in priority to all Notes Principal Amounts pursuant to the Accelerated Priority of Payment Order).

The Management Company will (i) offer the Selected Assets for sale for the best price reasonably available or (ii) seek to refinance the Selected Assets on the best terms reasonably available, notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

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

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

There is no guarantee that a buyer will be found to acquire the Transferred Assets at the times required and there can be no guarantee or assurance as to the price which may be able to be obtained, which may affect the ability of the Issuer to make payments when due under the Notes.

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

#### ***Increase in Eligible Assets granted by the Collateral Provider as Collateral Security***

The Collateral Provider may, as the need may be, increase the amount of Eligible Assets granted by it as Collateral Security, in accordance with articles L. 211-38-I *et seq.* of the French Monetary and Financial Code and the provisions of the Collateral Agreement. Consequently, Noteholders should be aware that there is no guarantee that any Eligible Assets added as Collateral Security will perform in a similar manner to those Eligible Assets granted as Collateral Security in the first hand.

#### ***Early liquidation of the Issuer***

The Issuer Regulations set out limited circumstances in which the Management Company is entitled to liquidate the Issuer. These circumstances may occur prior to the maturity date of the Notes, in which case the Notes may be prepaid in accordance with the mandatory redemption provisions of the terms and conditions of the Notes. It is possible that the funds available to the Issuer following its early liquidation may be insufficient to redeem the Notes in full after payment of amounts ranking higher in the applicable Priority of Payment Order. The liquidation events applicable to the Issuer and the procedures that apply in such circumstances are described in section "Liquidation of the Issuer" on page 149.

## **Risk related to the Home Loans and related Home Loan Guarantees**

### ***Home Loan Debtors' ability to pay under the Home Loans***

The Home Loans Debtors are individuals having borrowed under the Home Loans in order to finance the acquisition of a real estate property.

If following enforcement of the Collateral Security, the Issuer does not receive the full amount due from the Home Loan Debtors in respect of such Home Loans, this may affect the ability of the Issuer to make payments under the Notes.

The Issuer may therefore be exposed to the occurrence of credit risk in relation to the Home Loan Debtors.

None of the Borrower, the Collateral Provider, the Issuer, the Management Company, the Custodian or any other party to the Programme Documents does guarantee or warrant full and timely payment by the Home Loan Debtors of any sums payable under such Home Loans.

The ability of the Home Loan Debtors to make timely payment of amounts due under such Home Loans will mainly depend on their assets and its liabilities as well as their ability to generate sufficient income to make payments under the relevant Home Loans. Their ability to generate income may be adversely affected by a large number of factors, some of which (i) relate specifically to the Home Loan Debtor itself (including but not limited to their age and health, employment situation, family situation, creditworthiness or expropriation) or (ii) are more general in nature (such as changes in governmental regulations, fiscal policy, etc.).

Furthermore, Home Loan Debtors may benefit from the favourable legal and statutory provisions of the French Consumer Code, pursuant to which any individual may, under certain circumstances, and subject to certain conditions, request and obtain from the competent court a grace period, a reduction of the amount of all and any of its indebtedness and any interest relating thereto and, as the case may be, (pursuant to (i) law no. 98-657 dated 29 July 1998, as amended, and (ii) law no. 2003-710 dated 1<sup>st</sup> August 2003) a full or partial extinguishment of its indebtedness against a credit institution (*établissement de crédit*).

### ***No independent investigation - representations and warranties***

None of the Issuer, the Management Company, the Custodian or any other party to any Programme Document has undertaken or will undertake any investigations, searches or other due diligence regarding the Home Loans or as to the status and/or the creditworthiness of the Home Loans Debtors. Each of them has relied solely on the representations and warranties given by the Collateral Provider under the Collateral Agreement.

If any Home Loan or Substitution Assets collateralised under the Collateral Agreement is not or cease to be an Eligible Asset, the Borrower, acting in its capacity as Collateral Provider, shall be required under the Collateral Agreement to provide sufficient eligible Home Loans or Substitution Assets in order to maintain compliance with the Asset Cover Test.

### ***Limited description of the Home Loans***

The holders of the Notes will not receive detailed statistics or information in relation to the Home Loans or to the Collateral Security, because it is expected that the constitution of the Collateral Security may change due to, for instance, the Collateral Provider granting security over additional and/or new Eligible Assets. However, each Eligible Asset will be required to meet the applicable Home Loan Eligibility Criteria.

### ***Prepayment***

The rate of prepayment of Home Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws (including but not limited to amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in borrower's behaviour (including but not limited to home-owner mobility). No guarantee can be given as to the level of prepayment that the Home Loans may experience, and variation in the rate of prepayments of principal on the Home Loans may affect the ability of the Issuer to realise sufficient funds to make payments under the Notes upon the service of a Loan Enforcement Notice and then transfer of title of the Home Loans in favour of the Issuer.

### ***Changes to the lending criteria of the Originator***

Each of the Home Loans originated by the Originator is originated in accordance with its lending criteria at the time of origination. It is expected that the Originator's lending criteria will generally consider type of financed property, debt-to-income ratio, term of loan, age of applicant, the loan-to-value ratio, status of applicants and credit history. One of the Home Loan Eligibility Criteria requires that, prior to the date upon which the Home Loan has been made available to the borrower thereof, all lending criteria and preconditions as applied by the Originator pursuant to its customary lending procedures were satisfied. The Originator retains the right to revise its lending criteria from time to time. If the lending criteria change in a manner that affects the creditworthiness of the Home Loans, that may lead to increased defaults by borrowers thereof and may affect the realisable value of the Collateral Security or part thereof, and the ability of the Issuer to make payments under the Notes upon the service of a Loan Enforcement Notice and then transfer of title to the Home Loans in favour of the Issuer.

### ***Enforcement of Home Loan Guarantees***

If following enforcement of the Collateral Security in favour of the Issuer and then notification of the Home Loan Debtors and then enforcement of its rights by the Issuer under the relevant Home Loan Guarantee against the Home Loan Guarantor, the later does not pay in whole or in part any amounts due under the relevant Home Loan Guarantee for whatever reason or does not pay such amounts in a timely manner, this may affect the ability of the Issuer to make payments under the Notes.

### **Risks relating to hedging**

#### ***Hedging Strategy***

The Loan Receivables are secured by the Collateral Security, a part of which bears interest at a fixed rate, while the Notes bear interest at a floating rate plus a margin. In addition, part of the Collateral Security bears interest at a floating rate that can be based on an index different from the index on which the floating rate of the Notes is based. In order to hedge the Issuer against these two interest rate risks that would arise in case of enforcement of the Collateral Security, the Issuer Regulations provides that the Issuer shall, within thirty (30) calendar days of the occurrence of the Swap Implementation Trigger Event, enter into interest rate Swap Transactions with an Eligible Entity acting as Swap Counterparty, pursuant to a Swap Agreement, in the form to be attached to the Swap Undertaking Letter.

There can be no assurance, however, that (i) the Management Company will be able to find any such Eligible Entity within the indicated period of time and (ii) the Swap Transactions will adequately address unforeseen interest rate hedging risks.

In certain circumstances, the Swap Transactions may be terminated and as a result the Issuer may be unhedged if a replacement interest rate swap transaction cannot be entered into. In particular, the holders of the Notes may suffer a loss if, as a result of a default by the Issuer, any Swap Transaction is terminated and the Issuer is, as a result of such termination, required to pay amounts to the Swap Counterparty. Certain of such amounts payable on an early termination rank senior to any payments to be made to the holders of the Notes.

### **Risks related to Notes generally**

#### ***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the relevant Notes and the information contained in this Base Prospectus or any applicable supplement to this Base Prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact the relevant Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency of the potential investor is not Euro;

- (d) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets;
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (f) ensure that, in terms of any legislation or regulatory regime applicable to such investor, what restrictions (if any) there are on its ability to invest in Notes generally and in any particular type of Notes.

### ***Modification of the Conditions***

The Noteholders will, in respect of each Series, be grouped automatically for the defence of their common interest in a Masse. In case of Noteholders' Meeting, the Conditions permit to defined majorities to, *inter alia*, modify the Conditions and bind all holders of Notes of the relevant Series, including those who did not attend and vote at the relevant Noteholders' Meeting and those who voted in a manner contrary to the majority, provided however that Noteholders' Meetings may not increase the obligations of any holder of Note (of the relevant Series or of any other Series), nor establish unequal treatment between the holders of Notes (of the relevant Series or of any other Series) and may not modify the Condition of any Series other than the relevant Series.

### ***Discretion of the Management Company***

Although it is understood that the Noteholders may decide, in accordance with and subject to the decision process set out in the Terms and Conditions of the Notes, to give a written notice to the Management Company (whether at their own initiative or at the initiative of the Management Company), whereby the Noteholders inform the Management Company that making a decision (or refraining from making the same) or performing an action or a specific procedure (or refraining from performing the same) (including, but not limited to, in relation to the liquidation of the Issuer) would be in their best interests, and that the Management Company will be entitled, *vis-à-vis* the Noteholders, to act in accordance with their interests as expressed by them under such notice, any such notice shall not constitute a decision binding on the Management Company, but a mere recommendation, as the Management Company is free to act or to refrain from acting if it deems that the interest of the Noteholders and of the Residual Unitholders so requires (as provided for by the French Monetary and Financial Code and the other applicable laws and regulations), provided however that the Residual Units shall always be subordinated to the Notes, in accordance with and subject to the Priority of Payment Orders.

### ***Change of law***

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to French law or administrative practice after the date of this Base Prospectus.

### ***Yield and prepayment considerations***

The Notes may be subject to an early redemption in full or in part, following the occurrence of a Notes Full Amortisation Event, a Notes Partial Amortisation Event or an Issuer Event of Default, which may also affect the yield to maturity of the Notes.

### ***Certain decisions of holders of Notes taken at Programme level***

Any resolution to direct the Representative to serve an Issuer Enforcement Notice, and any direction to the Representative to take any action as provided under this Base Prospectus must be passed at a single meeting of the holders of the Notes of a single Series then outstanding and can not be decided upon at a meeting of the holders of the Notes of all Series. Any resolution to direct the Representative to serve an Issuer Enforcement Notice will be effective for all the holders of the Notes, including the holders of the Notes who did not attend and vote at the relevant meeting and the holders of the Notes who voted in a manner contrary.

### ***Ratings of the Notes and Rating Confirmation***

The ratings assigned to the Notes by the Rating Agencies are based on the Collateral Security, the Home Loans and the other relevant structural and credit enhancement features provided for under the Programme Documents, including, among other things, the short-term and/or long-term IDR (with respect to Fitch Ratings) or the short-term and/or long-term unsecured, unguaranteed and unsubordinated debt ratings (with respect to Moody's) of the parties to the Programme Documents, and reflect only the views of the Rating Agencies. The ratings address the likelihood of full and timely receipt by any of the relevant Noteholders of interest on the Notes and the likelihood of receipt by any relevant Noteholder of principal of the Notes by the relevant Final Maturity Date. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in or unavailability of information or if, in the judgement of the Rating Agencies, circumstances so warrant. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon both the value of the Notes or their marketability in secondary market transactions.

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

Where, after the Closing Date, a particular matter such as that referred to in the preceding paragraph or any other matter involves the Rating Agencies being requested a prior Rating Confirmation, the Rating Agencies, at their sole discretion, may or may not give such affirmation. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that the Rating Agencies cannot provide the relevant affirmation in the time available or at all and it will not be held responsible for the consequences thereof. Any affirmation received from the Rating Agencies, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the Notes form part since the Closing Date. Furthermore, in the event that a Rating Agency gives a Rating Confirmation, this will be on the basis of full and timely receipt by the relevant Noteholders of interest on the Notes and the likelihood of receipt of principal of the Notes by the relevant Final Maturity Date. There is no assurance that after any such affirmation, the then current ratings of the Notes will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by such Rating Agency for any of the reasons specified above in relation to the original ratings of the Notes. As such an affirmation of the ratings of the Notes by the Rating Agencies is not a representation or warranty that, as a result of a particular matter, the interest and principal due under the Notes will be paid or repaid in full and when due. Agencies other than the Rating Agencies could seek to rate the Notes and if such unsolicited ratings are lower than the comparable ratings assigned to the Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the value and the marketability of the Notes. For the avoidance of doubt and unless the context otherwise requires, any references to "ratings" or "rating" in this Base Prospectus are to ratings assigned by the Rating Agencies only.

### ***Implementation of Basel II Risk-Weighted Asset Framework***

In June 1999, the Basel Committee on Banking Supervision (the ***Basel Committee***) issued proposals for the reform of the 1988 Basel Capital Accord and proposed a new capital adequacy framework which would place enhanced emphasis on risk sensitivity and market discipline. On 26 June 2004, the Basel Committee published a new Capital Accord under the title "Basel II International Convergence of Capital Measurement and Capital Standards: a Revised Framework" (***Basel II***), an updated version of which was published in November 2005. Basel II has been implemented into the EU legislation through the directives no. 2006/48 of the European Parliament and of the Council relating to the taking up and pursuit of the business of credit institutions and no. 2006/49 on the capital adequacy of investment firms and credit institutions both dated 14 June 2006 as recently amended by the Directives 2009/27/EC, 2009/83/EC and 2009/111/EC (the ***Capital Requirements Directives***). In France, the provisions of the Capital Requirements Directives providing for a new solvency ratio have been implemented in particular through the *arrêté* dated 20 February 2007 relating to the capital requirements applicable to the credit institutions and the investment firms (as amended) and the *ordonnance* no. 2007-571 dated 19 April 2007 relating to the credit institutions, the investment firms and *sociétés de crédit foncier*. Please note also that the *arrêté* dated 25 August 2010 transposing the Capital Requirements Directives, which has entered into effect on 31 December 2010, has amended the French prudential control requirements applicable to credit institutions and investment firms.

This implementation has brought about many substantial changes to the current system of capital requirements, prudential oversight and risk-management systems. The implementation of Basel II could affect the risk weighting of the Notes in respect of certain investors if those investors are subject to the new guidelines resulting from the implementation of the Capital Requirements Directives. Accordingly, recipients of this Base Prospectus should consult their own advisers as to the consequences and effects the implementation of the Capital Requirements Directives could have on them.

#### ***Forecasts and estimates***

Estimates of the weighted average lives of the Notes contained in this Base Prospectus, together with any other projections, forecasts and estimates in this Base Prospectus are forward-looking statements. Such projections are speculative in nature and it can be expected that some or all of the assumptions underlying the projections will not prove to be wholly correct or will vary from actual results. Consequently, the actual results might differ from the projections and such differences might be significant.

#### **Risks related to the market generally**

##### ***The secondary market generally***

There is currently a limited market for the Notes and there can be no assurance that such a market will develop. In addition, there can be no assurance that any secondary market will provide the holders of Notes with liquidity of investment or will continue for the life of such Notes. In addition, such Notes are subject to certain transfer restrictions. Such restrictions on the transfer of such Notes may further limit their liquidity (see the Section entitled "Subscription of the Notes" on page 159). Consequently, a purchaser must be prepared to hold such Notes for an indefinite period of time and potentially until their Final Maturity Date. Furthermore, illiquidity may have an adverse effect on the market value of Notes.

##### ***Exchange rate risks and exchange controls***

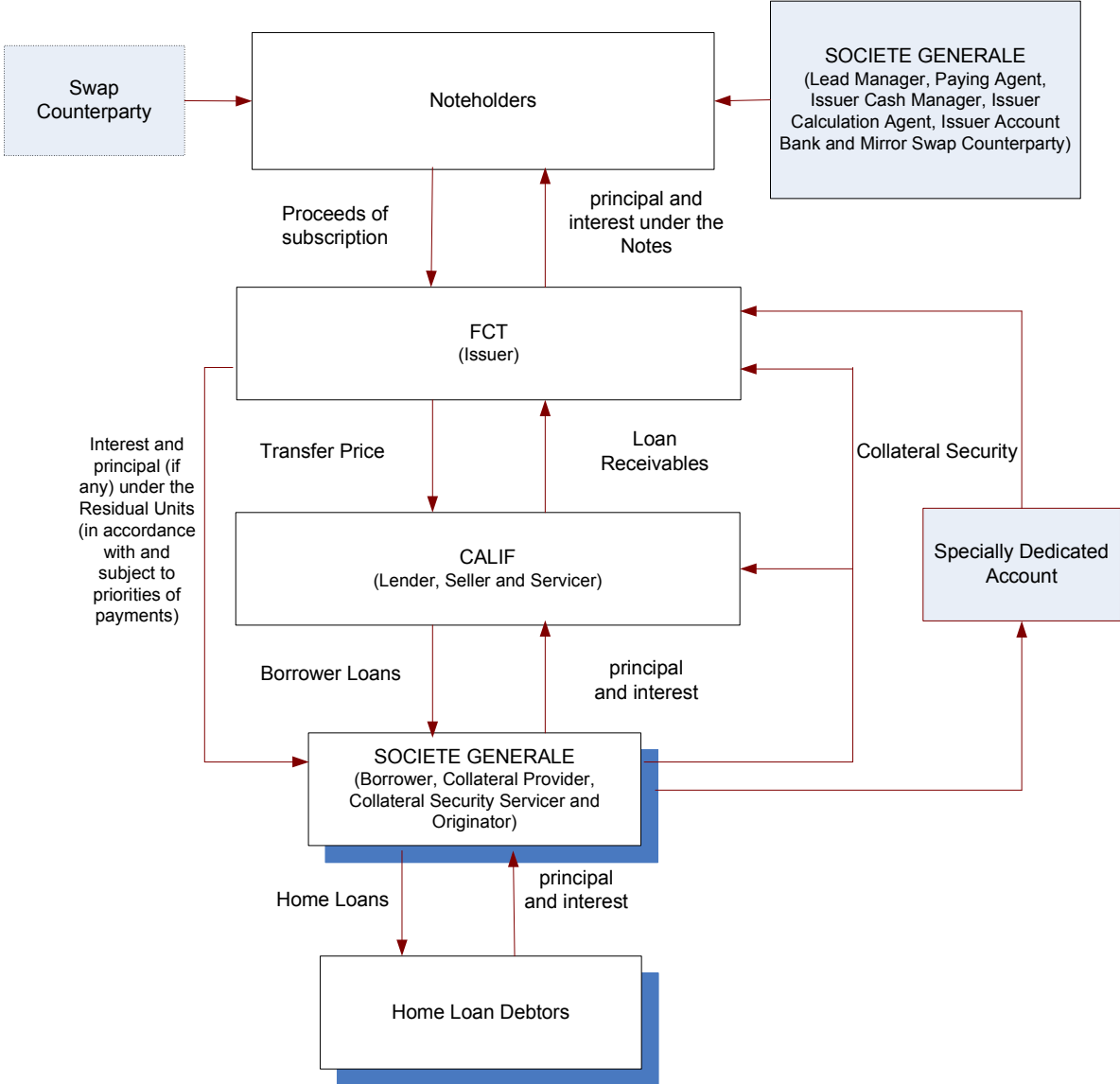
The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the ***Investor's Currency***). These include the risk that exchange rates may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

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

##### ***Legal investment considerations may restrict certain investments***

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

**STRUCTURE DIAGRAM**





## **SUPPLEMENT TO THE BASE PROSPECTUS**

If at any time during the duration of the Programme there is a significant change affecting any matter contained in this Base Prospectus, including any modification of the terms and conditions or generally any significant new factor, material mistake or inaccuracy relating to information, included in this Base Prospectus which is capable of affecting the assessment of any Notes, which inclusion would reasonably be required by investors, and would reasonably be expected by them to be found in this Base Prospectus, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to the Notes, the Issuer shall prepare a supplement to the Base Prospectus in accordance with article 16 of the Prospectus Directive or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes, submit such supplement to the Base Prospectus to the *Autorité des Marchés Financiers* for approval and supply the Paying Agent, with such number of copies of such supplement to the Base Prospectus as may reasonably be requested.

## DESCRIPTION OF THE NOTES

*Below is a summary of the key features of the Notes. The information in this section does not purport to be complete and is qualified in its entirety by reference to the provisions of the Issuer Regulations and the Terms and Conditions of the Notes.*

### General provisions

#### *Legal characteristics*

The Notes are:

- (a) transferable securities (*valeurs mobilières*) within the meaning of article L. 228.1 of the French Monetary and Financial Code;
- (b) financial securities (*titres financiers*) within the meaning of article L. 211-1-II of the French Monetary and Financial Code; and
- (c) bonds (*obligations*) within the meaning of articles L. 214-49-5 and R. 214-107-I of the French Monetary and Financial Code.

In accordance with the provisions of article L. 211-4 of the French Monetary and Financial Code the Notes are issued in dematerialised and bearer form (*au porteur*). No physical documents of title will be issued in respect of the Notes.

#### *Issue of the Notes*

In accordance with the Issuer Regulations, the terms and conditions applicable to each Series of Notes (the **Terms and Conditions**) will be:

- (i) the general terms and conditions set out in section “General Terms and Conditions of the Notes” on page 63 (the **Conditions**); as completed and detailed by
- (ii) the final terms and conditions to be set separately for that Series of Notes, in accordance with the procedure set out below and based on the template set out in section “Form of Final Terms” on page 75 (the **Final Terms**).

On each Issue Date, the Issuer will issue a Series of Notes in accordance with the following procedure:

- (a) upon receipt of a Utilisation Request issued by the Borrower pursuant to the Facility Agreement, the Issuer, shall elaborate the Final Terms of the Notes to be issued in order to fund the purchase of the corresponding Borrower Loan, taking into account the amount and the terms and conditions requested by the Borrower;
- (b) the Issuer Calculation Agent shall determine and indicate to the Issuer, the amount of Eligible Assets to be collateralised as Collateral Security by the Collateral Provider for the benefit of the Beneficiary, in order for the Asset Cover Test to be complied with on the Closing Date or the relevant Drawdown Date;
- (c) the Issuer shall indicate to the Lender, the said Final Terms of the Notes and the said amount of Eligible Assets;
- (d) on the basis of the Final Terms of the Notes, the Lender shall indicate in an information notice (the **Terms and Conditions Information Notice**), to the Borrower and to the Collateral Provider (i) the final terms of the relevant Borrower Loan (the **Final Terms of the Borrower Loan**), (ii) the date on which the funds will be made available to the Borrower (if different from the requested Drawdown Date) and (iii) the amount of Eligible Assets required as Collateral Security;
- (e) pursuant to the Facility Agreement, on the business day on which the Borrower receives the Terms and Conditions Information Notice, the Borrower shall indicate its acceptance of the Final Terms of the Borrower Loan;

- (f) subject to this acceptance, the Issuer shall, on the date on which the funds are to be made available to the Borrower, issue the relevant Series of Notes and purchase the relevant Loan Receivables, subject to the satisfaction of the conditions precedent set out in the Loan Receivables Transfer Agreement.

### ***Potential investors to consult advisers***

Each potential investor in the Notes should consult its advisers to determine whether and to what extent:

- (a) it is legally authorised to invest in the Notes;
- (b) Notes can be used as collateral for various types of borrowing and/or refinancing; and
- (c) other restrictions apply to its purchase of any Notes.

Financial institutions should consult their advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules including, but not limited to, with regard to article R. 214-96 of the French Monetary and Financial Code.

### ***Placement and listing***

The Notes will be privately placed and will only be offered and sold (i) in France to qualified investors (*investisseurs qualifiés*) provided that such investors are acting for their own account and/or to persons providing portfolio management financial services (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), as defined in, and in accordance with, article L. 411-2-II of the French Monetary and Financial Code and/or (ii) to non-resident investors (*investisseurs non-résidents*), provided that no action has been or will be taken to permit a public offering of the Notes in any jurisdiction.

Application has been made for the Notes to be listed on the Paris Stock Exchange (Euronext Paris).

In accordance with the provisions of article L. 214-44 of the French Monetary and Financial Code, the Notes may not be sold by way of brokerage (*démarchage*), except to qualified investors (*investisseurs qualifiés*) within the meaning of article L. 411-2 II of the French Monetary and Financial Code.

### ***Rating***

#### ***Rating of the Notes***

Notes issued under the Programme are expected on issue to be rated AAA by Fitch Ratings and Aaa by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the Rating Agencies.

#### ***Rating procedure***

The principles governing the rating procedure of the Notes are defined in Appendix 1 of this Base Prospectus. Documents in relation to the assessment of the Collateral Security and the Programme issued by the Rating Agencies will be attached in Appendix 2 and Appendix 3 of this Base Prospectus.

### ***Paying Agency Agreement***

According to the provisions of the Paying Agency Agreement, provision is made in view of, among other things, the payment of principal and interest in respect of the Notes by the Paying Agent.

### ***Clearing System***

The Notes will, upon issue, be registered in the books of Euroclear France (the ***Clearing System***), which shall credit the accounts of account holders affiliated with Euroclear France.

### ***Title and transfer of ownership***

Ownership title to the Notes will be established by book entry to the register of the relevant Noteholder, in accordance with article L. 211-4 of the French Monetary and Financial Code and the rules of the Paris Stock Exchange, together with those applicable to the Clearing System.

The Notes will be transferred from the transferor's account to the transferee's account in accordance with the rules of the Paris Stock Exchange, together with those applicable to the Clearing System.

### ***Placement and offering of the Notes***

#### ***Placement***

Subject to and in accordance with the terms and conditions set out in the Subscription Agreement, the Notes will be privately placed through the Lead Manager or subscribed for by the Lead Manager or any other entity within the consolidation perimeter of the Lead Manager on each Issue Date.

#### ***Selling Restrictions***

The Lead Manager has agreed to comply with any applicable laws and regulations in force in any jurisdictions in connection with the placement and offering of the Notes and, in particular but without limitation, it has agreed to comply with the selling restrictions set out in section "Subscription of the Notes" on page 159.

### ***Operational information relating to the Notes***

The ISIN (International Security Identification Number) Code and Common Code applicable to each Series of Notes shall be set out in the relevant Final Terms.

### **Rights and obligations of the Noteholders**

#### ***Creditor rights***

The holders of the Notes are bondholders (*obligataires*).

#### ***Issuer Regulations binding***

By subscribing or purchasing any Notes, a Noteholder will automatically and without any formalities be bound by the provisions of the Issuer Regulations.

#### ***Information***

The Noteholders will have the right to receive the information described in section "Information relating to the Issuer" on page 157. They may not participate in the management of the Issuer and, accordingly, will incur no liability therefor. All prospective investors of Notes should consult their own professional advisers concerning any possible legal, tax, accounting, capital adequacy or financial consequences of buying, holding or selling any Notes under French law and the applicable laws of their country of citizenship, residence or domicile.

An investment in the Notes involves certain risks. For certain significant factors to be considered in connection with an investment in the Notes, prospective investors should read the detailed information set out in section "Risk Factors" on page 44 and reach their own views prior to making any investment decision.

#### ***Limited recourse, no petition***

Without limiting the scope of the obligations and the possibility of recourse of the Issuer (represented by the Management Company), the Noteholders acknowledge that they will have no direct right of action or recourse, under any circumstances whatsoever, against the Borrower, the Collateral Provider, Collateral Security Servicer, the Seller or the Servicer. Moreover, the Noteholders irrevocably waive all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which they may have against the Issuer.

### ***Management Company to act in the best interest of the Noteholders***

The Management Company shall always act in the best interest of the Noteholders. Notwithstanding the foregoing, it is understood that:

- (a) if the Noteholders decides, in accordance with and subject to the decision process set out in the Terms and Conditions of the Notes, to give a written notice to the Management Company (whether at their own initiative or at the initiative of the Management Company), whereby the Noteholders inform the

Management Company that making a decision (or refraining from making the same) or performing an action or a specific procedure (or refraining from performing the same) (including, but not limited to, in relation to the liquidation of the Issuer) would be in their best interests, then the Management Company will be entitled, *vis-à-vis* the Noteholders, to act in accordance with their interests as expressed by them under such notice; and

- (b) in the event that the Management Company seeks from the Noteholders their views in relation to a specific situation and that the Noteholders do not express such views, the Management Company will nevertheless act in their best interests, as provided for by the French Monetary and Financial Code and the other applicable laws and regulations and will not construe the lack of action from the Noteholders as an expression of their interests, whether positive, negative or other.

The Noteholders are also informed that any such notice shall not constitute a decision binding on the Management Company, but a mere recommendation, as the Management Company is free to act or to refrain from acting if it deems that the interest of the Noteholders and of the Residual Unitholders so requires (as provided for by the French Monetary and Financial Code and the other applicable laws and regulations), provided however that the Residual Units shall always be subordinated to the Notes, in accordance with and subject to the Priority of Payment Orders.

### **Taxation**

The Savings Directive (as defined below) requires each Member State as from 1 July 2005 to provide to the tax authorities of another Member State details of payments of interest and other similar income within the meaning of the Savings Directive made by a paying agent within its jurisdiction to (or under circumstances to the benefit of) an individual resident in that other Member State, except that Belgium, Luxembourg and Austria will instead impose a withholding system for a transitional period unless the beneficiary of interest payment elects for the exchange of information.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

## SUMMARY OF THE CHARACTERISTICS OF THE NOTES AND THE RESIDUAL UNITS

	Notes	Residual Units
<b>Number Issued</b>	As set out in the relevant Final Terms	2
<b>Denomination</b>	€ 100,000	€ 150
<b>Issue price</b>	100.00%	100.00%
<b>Aggregate principal amount on issue</b>	As set out in the relevant Final Terms	€ 300
<b>Issue date</b>	As set out in the relevant Final Terms	Closing Date
<b>Interest rate</b>	A rate per annum equal to the sum of (i) 3 month EURIBOR in respect of each Notes Interest Period (or, if the length of the first Notes Interest Period (the <i>Length</i> ) is not equal to 3 months, the EURIBOR applicable on a period of that Length; provided in addition that if that Length does not correspond to an exact number of months or to 1 week, the EURIBOR for such period will be determined through the use of straight-line interpolation by reference to two EURIBOR rates for EUR, one of which shall be determined as if the Length were the period of time for which rates are available next shorter than the Length and the other of which shall be determined as if the Length were the period of time for which rates are available next longer than the Length) and (ii) the Relevant Margin set out in the relevant Final Terms.	Excess cash (if any)
<b>Frequency of interest payments</b>	Quarterly	When all Notes have been redeemed in full
<b>Interest payment dates</b>	On each Notes Payment Date	On the Notes Payment Date on which all Notes are redeemed in full
<b>Final maturity date</b>	The Final Maturity Date set out in the relevant Final Terms	When all Notes have been redeemed in full
<b>Fitch Ratings</b>	AAA	Not rated
<b>Moody's</b>	Aaa	Not rated
<b>Form</b>	Book entry form	Book entry form
<b>Placement</b>	Private	Private
<b>Application for Listing</b>	The Notes will be the subject of an application for listing to the Paris Stock Exchange (Euronext Paris)	Not listed
<b>Clearing System</b>	Euroclear France	N/A
<b>Common Code</b>	As set out in the relevant Final Terms	N/A
<b>ISIN</b>	As set out in the relevant Final Terms	N/A

## GENERAL TERMS AND CONDITIONS OF THE NOTES

*The following are the general terms and conditions of the Notes which include summaries of, and are subject to, the detailed provisions of, the Issuer Regulations, the Paying Agent Agreement and the other Programme Documents.*

The Notes of a Series issued on any Issue Date shall be subject to the terms and conditions set out below, as the same will be completed and detailed by the Final Terms relating to the relevant Series.

Under the Paying Agency Agreement dated on or before the Closing Date, the Management Company and the Custodian has appointed the Paying Agent to make, among other things, payments of principal, interest and other amounts (if any) in respect of the Notes and to liaise with Euronext Paris and the Clearing System, as relevant.

The Noteholders and all persons claiming through them or under the Notes are entitled to the benefit of, and are bound by, the Issuer Regulations.

### **1. Form, denomination and title**

- (a) The Notes will be issued by the Issuer in the denomination of € 100,000 each. In accordance with the provisions of article L. 211-4 of the French Monetary and Financial Code, the Notes are issued in dematerialised and bearer form (*au porteur*). No physical documents of title will be issued in respect of the Notes.
- (b) The Notes are *obligations* as referred to in articles L. 214-49-5 and R. 214-107-I of the French Monetary and Financial Code.
- (c) The Notes issued on any given Issue Date will constitute a *Series*.
- (d) As at the Issue Date of a given Series of Notes, the issue price of each Note of that Series shall be 100 per cent. of the nominal value of such Note.
- (e) The Notes will, upon issue, be admitted to the Clearing System, which will subsequently credit the accounts of account holders affiliated with them.
- (f) Title to the Notes will at all times be evidenced by entries in the books of the account holders affiliated with the Clearing System, and a transfer of Notes may only be effected through registration by the Clearing System of the transfer in the register of the account holders held by them.

### **2. Status of the Notes, relationship between the Notes and relationship between the Notes and the Residual Units**

#### **2.1 Status**

The Notes constitute direct and unconditional obligations of the Issuer.

The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other parties to the Programme Documents.

#### **2.2 Relationship between the Notes of a given Series and of several Series and relationship between the Notes and the Residual Units**

Payments of principal and interest in respect of the Notes of a given Series shall be made on a *pari passu* basis to each holder of a Note of that Series, pro rata to the number of Notes owned by them.

On any date on which payments of interest and/or principal have to be made in respect of the Notes of several Series, such payments shall be made on a *pari passu* basis to each holder of a Note of these Series, pro rata to the number of Notes owned by them.

Under any Priority of Payment Order applicable on any given date, payments of interest and/or principal to be made in respect of the Residual Units on that date are subordinated to payments of interest and/or principal to be made in respect of the Notes of any Series.

### 3. Interest

#### 3.1 General

Each Note accrues interest on its principal outstanding amount, from its Issue Date (inclusive) until the later of the date when the principal outstanding amount of such Note is reduced to zero and its Final Maturity Date.

#### 3.2 Notes Payment Dates and Notes Interest Periods

##### (a) Notes Payment Dates

Payment dates of any Series of Notes will fall on such day as determined in the Final Terms relating to the relevant Series of Notes (a *Notes Payment Date*). If any Notes Payment Date falls on a day which is not a Business Day, such Notes Payment Date shall be postponed to the next day which is a Business Day, provided that in case an Issuer Enforcement Notice (as defined below) by a Representative (as defined below), payments of principal and interest under the Notes may fall on a date which is not a scheduled Notes Payment Date.

For the purpose hereof, *Business Day* means a day, other than a Saturday or Sunday, on which banks are open to the public for general business to the public in Paris and on which Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or any successor thereto) is open for business.

##### (b) Notes Interest Period

Interest period in respect of the Notes shall be each period starting from (and including) a Notes Payment Date and ending on (but excluding) the next following Notes Payment Date (a *Notes Interest Period*), provided that the first Notes Interest Period in respect of each Series of Notes shall start from (and including) the Issue Date of that Series and end on (but excluding) the immediately following Notes Payment Date.

#### 3.3 Rate of Interest of the Notes

The interest rate payable in respect of the Notes of a given Series in respect of each Notes Interest Period relating thereto (the *Rate of Interest*) will be determined by the Issuer Calculation Agent two (2) Business Days before the relevant Notes Interest Period in accordance with the relevant terms and conditions of the Notes as the rate per annum equal to the aggregate of (i) EURIBOR for 3 month Euro deposits (or, if the length of the first Notes Interest Period (the *Length*) is not equal to 3 months, the EURIBOR applicable on a period of that Length; provided in addition that if that Length does not correspond to an exact number of months or to 1 week, the EURIBOR for such period will be determined through the use of straight-line interpolation by reference to two EURIBOR rates for EUR, one of which shall be determined as if the Length were the period of time for which rates are available next shorter than the Length and the other of which shall be determined as if the Length were the period of time for which rates are available next longer than the Length) and (ii) the margin indicated in the relevant Final Terms (the *Relevant Margin*).

For the purpose hereof *EURIBOR* means, in respect of a given period:

- (a) the European Interbank Offered Rate, i.e. the Euro-zone interbank rate applicable in the Euro-zone calculated by reference to the interbank rates provided by the credit institutions appointed for this purpose by the Banking Federation of the European Union. The EURIBOR rate for deposits over a given period is published on Reuters Screen EURIBOR01 Page (or such other page as may replace Reuters Screen EURIBOR01 Page on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such equivalent service) as of 11:00 a.m. (Paris time). The EURIBOR rate applicable to a period starting on a given date is determined two (2) Target Business Days prior to that date (a *Determination Date*); or
- (b) if, on any Determination Date, the rate referred to in paragraph (a) above is unavailable at such time on such date, the Lender will request the principal Paris office of each of the Reference Banks, to provide it with their quoted rates to premium banks in the Euro-zone interbank market for euro deposits over the relevant period in the Euro-zone at or about 11.00 a.m. (Paris time) in each case on the relevant Determination Date. The relevant EURIBOR shall be determined on the basis of the offered quotations of those Reference Banks. If, on any such Determination Date, at least two of the Reference Banks provide such offered quotations to the Lender, the relevant EURIBOR for the relevant period shall be the arithmetic means of such quotations. If, on any such Determination Date, one only or none of the Reference Banks provides the Lender with such an offered quotation, the Lender shall ask two banks (or,



where one only of the Reference Banks provides such a quotation, one additional bank) to provide such a quotation or quotations to the Lender and the relevant EURIBOR for the relevant period shall be the arithmetic means of such offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the relevant EURIBOR for the relevant period shall be the relevant EURIBOR in effect for the last preceding period to which paragraph (a) or the foregoing provisions of this paragraph (b) shall have applied.

### **3.4 Determination of the Rate of Interest and calculation of the Note Interest Amount**

For each Series of Notes, two (2) Business Days before each Notes Payment Date, the Issuer Calculation Agent will determine and notify to the Paying Agent and the Management Company the applicable Rate of Interest and the Note Interest Amounts due in respect of the Notes of that Series for the Notes Interest Period starting on that Notes Payment Date.

The amount of interest payable on each Notes Payment Date, in respect of each Note (the *Note Interest Amount*), is equal to the product of the applicable Rate of Interest applicable to that Note by the principal outstanding amount of such Note (as calculated by the Issuer Calculation Agent) at the commencement of the corresponding Notes Interest Period multiplied by the actual number of days elapsed in such Notes Interest Period and divided by 360, rounded down to the nearest Euro cent.

### **3.5 Hedging Strategy**

The Loan Receivables are secured by the Collateral Security, a part of which bears interest at a fixed rate, while the Notes bear interest at a floating rate plus a margin. In addition, part of the Collateral Security bears interest at a floating rate that can be based on an index different from the index on which the floating rate of the Notes is based. In order to hedge the Issuer against these two interest rate risks that would arise in case of enforcement of the Collateral Security, the Issuer Regulations provides that the Issuer shall, within thirty (30) calendar days of the occurrence of the Swap Implementation Trigger Event, enter into interest rate Swap Transactions with an Eligible Entity acting as Swap Counterparty, according to which each Swap Counterparty is obliged to pay on each applicable Notes Payment Date the relevant Swap Incoming Cashflow to the Issuer, and the Issuer is obliged to pay on each applicable Notes Payment Date the relevant Swap Outgoing Cashflow to the Swap Counterparty, subject to any netting between the Swap Incoming Cashflow and the Swap Outgoing Cashflow (see section “The Hedging Strategy – Swap Transactions” on page 141).

If, following the occurrence of the Swap Implementation Trigger Event, the Issuer enters into a Swap Transaction, and as long as the Swap Transaction is in place and no Loan Event of Default has occurred and is continuing, the Issuer shall, within thirty (30) calendar days of the occurrence of the Swap Implementation Trigger Event, enter into a corresponding interest rate Mirror Swap Transaction pursuant to a Mirror Swap Agreement, in the form to be attached to the Swap Undertaking Letter. The purpose of each Mirror Swap Transaction is to neutralise at the level of the Issuer the effect of the corresponding Swap Transaction (as the case may be), as long as no Loan Event of Default has occurred and is continuing (see section “The Hedging Strategy - Mirror Swap Agreement” on page 145).

## **4. Redemption, repurchase and cancellation**

### **4.1 Maturities**

The date on which the Notes of a given Series are scheduled to be redeemed (the *Final Maturity Date*) shall be set out in the relevant Final Terms.

### **4.2 Redemption at Final Maturity Date**

Notes will be redeemable in full on the Final Maturity Date stated in their Final Terms, subject to any extension of that Final Maturity Date pursuant to Condition 4.3. No payment of principal will occur under any Note prior to the Final Maturity Date applicable thereto, except in case of the issuance of an Issuer Enforcement Notice or the occurrence of a Notes Partial Amortisation Event or Notes Full Amortisation Event.

#### **4.3 Extension**

All Notes will have soft bullet maturities, it being noted that, if, on the initially scheduled Final Maturity Date of a given Series of Notes, the Issuer does not have sufficient Issuer Available Funds to redeem in full such Notes, that Final Maturity Date will be extended once, for a period of twelve (12) months, provided that:

- (a) the new Final Maturity Date (the **Extended Final Maturity Date**) of the relevant Notes following that extension may not be extended;
- (b) the relevant Notes can be redeemed in full or in part on any Notes Payment Date falling between their initial Final Maturity Date and that Extended Final Maturity Date; and
- (c) the relevant Notes shall be redeemed in full at the latest on that Extended Final Maturity Date.

#### **4.4 Issuer Enforcement Notice and acceleration**

In case any of the following events occurs (each, an **Issuer Event of Default**):

- (a) at any relevant time following the enforcement of the Collateral Security, a Breach of Amortisation Test (as defined in section "Asset Monitoring - Breach of Amortisation Test" on page 131) occurs; or
- (b) the Issuer is in default in the payment of principal of, or interest on, any Note 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 and subject to any applicable extension of the Final Maturity Date of the relevant Notes; or
- (c) the Issuer is in default in the performance or observance of any of its other material obligations under any Note (such default being materially prejudicial to the position of the Noteholders) and such default has not been cured within thirty (30) days after the receipt by 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 Notes of any other Series) becomes, or becomes capable of being declared, due and payable prior to its then applicable 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 **Notes Cross Acceleration Event**); or
- (e) upon the occurrence of a Swap Implementation Trigger Event, the Issuer fails to enter into any Swap Transaction with any relevant Eligible Entity within thirty (30) calendar days from the occurrence of such Swap Implementation Trigger Event.

the Representative may, at its discretion, and shall, if so directed by the majority of the Noteholders (as such majority is defined in Condition 7.4.3) or if such Issuer Event of Default is a Notes Cross Acceleration Event, upon written notice (an **Issuer Enforcement Notice**) to the Issuer (with copy to the Rating Agencies) given before all defaults shall have been cured, cause the principal amount of all Notes of such Series to become due and payable on the Notes Payment Date immediately following the receipt by the Management Company of that Issuer Enforcement Notice (but always subject to the relevant Priority of Payment Order (as defined in Condition 5.1)).

#### **4.5 Notes Partial Amortisation Event**

Notes of a Series issued in respect of a given Borrower Loan will be redeemable in part by the Issuer prior to their stated Final Maturity Date, in case a Borrower Loan Voluntary Redemption Event occurs in respect of that Borrower Loan and the Borrower decides to redeem the relevant Borrower Loan in part only (a **Notes Partial Amortisation Event**).

#### **4.6 Notes Full Amortisation Event**

Notes will be redeemable in full by the Issuer prior to their stated Final Maturity Date:

- (a) in case a Facility Mandatory Redemption Event occurs and the Borrower repays all Borrower Loans in full, in which case all Notes of all Series will be redeemable;
- (b) in case a Borrower Loan Mandatory Redemption Event occurs and the Borrower repays the relevant Borrower Loan in full, in which case all Notes of the Series issued in respect of the relevant Borrower Loan, and no other Notes, will be redeemable;
- (c) in case a Borrower Loan Voluntary Redemption Event occurs and the Borrower repays the relevant Borrower Loan in full, in which case all Notes of the Series issued in respect of the relevant Borrower Loan, and no other Notes, will be redeemable; or
- (d) in case of liquidation of the Issuer (as set out in section “Liquidation of the Issuer” on page 149).

(each, a *Notes Full Amortisation Event*)

#### **4.7 Determination of the Note Principal Amount**

On the date falling two (2) Business Days prior to each Notes Payment Date, the Issuer Calculation Agent will determine the principal amount to be redeemed on that Notes Payment Date in respect of each Note of the relevant Series (the *Note Principal Amount*).

The Note Principal Amounts payable on the Notes Payment Date to the Noteholders will be calculated by the Issuer Calculation Agent as follows:

- (a) on each Notes Payment Date falling prior to the service of a Loan Enforcement Notice or an Issuer Enforcement Notice:
  - (i) if the Final Maturity Date of that Series falls on that Notes Payment Date, the Note Principal Amount payable in respect of each Note of that Series shall be equal to the principal outstanding amount of that Note as of such Notes Payment Date;
  - (ii) if a Notes Partial Amortisation Event has occurred in respect of that Series of Notes between the immediately preceding Notes Payment Date (excluded) and that Notes Payment Date (included), the Note Principal Amount payable in respect of each Note of that Series shall be equal to the amount of principal repayable by the Borrower under the Borrower Loan corresponding to that Series in connection with the relevant Borrower Loan Voluntary Redemption Event, divided by the number of Notes in that Series (rounded to the nearest euro);
  - (iii) if a Notes Full Amortisation Event has occurred in respect of that Series of Notes between the immediately preceding Notes Payment Date (excluded) and that Notes Payment Date (included), the Note Principal Amount payable in respect of each Note of that Series on that Notes Payment Date shall be equal to the principal outstanding amount of that Note as of such Notes Payment Date;
- (b) on each Notes Payment Date falling on or after to the service of a Loan Enforcement Notice and as long as no Issuer Enforcement Notice has been served:
  - (i) if the Extended Final Maturity Date of that Series falls on that Notes Payment Date, the Note Principal Amount payable in respect of each Note of that Series shall be equal to the principal outstanding amount of that Note as of such Notes Payment Date;
  - (ii) if the Extended Final Maturity Date of that Series (the *Relevant Series*) falls after that Notes Payment Date (excluded), the Note Principal Amount payable in respect of each Note of the Relevant Series shall be equal to the minimum between: (A) the principal outstanding amount of that Note as of such Notes Payment Date and (B) the Issuer Available Funds as of such Notes Payment Date less (1) the aggregate of all amounts payable in priority to all Notes Principal Amounts pursuant to the Controlled Post-Enforcement Priority of Payment Order, (2) the aggregate Notes Principal Amounts payable pursuant to paragraph (b)(i) of this Condition

4.7 and (3) the principal outstanding amount of all Notes of all Series with an Extended Final Maturity Date closer to the Notes Payment Date than the Relevant Series, divided by the number of Notes in the Relevant Series (rounded to the nearest euro);

- (iii) if the Final Maturity Date of that Series (the **Relevant Series**) falls on that Notes Payment Date, the Note Principal Amount payable in respect of each Note of the Relevant Series shall be equal to the minimum between: (A) the principal outstanding amount of that Note as of such Notes Payment Date and (B) the Issuer Available Funds as of such Notes Payment Date less (1) the aggregate of all amounts payable in priority to all Notes Principal Amounts pursuant to the Controlled Post-Enforcement Priority of Payment Order and (2) the aggregate Notes Principal Amounts payable pursuant to paragraphs (b)(i) and (b)(ii) of this Condition 4.7, divided by the number of Notes in the Relevant Series (rounded to the nearest euro);
- (c) on each date falling on or after to the service of an Issuer Enforcement Notice and on which a payment is made by the Issuer, the Note Principal Amount payable in respect of each Note of that Series shall be equal to the principal outstanding amount of that Note as of such date.

## 5. Payments

### 5.1 Issuer Available Funds and Priority of Payment Order

Payments of principal and interest under the Notes will, on any Notes Payment Date, be made subject to the Issuer having sufficient Issuer Available Funds (as defined in section "Operation of the Issuer – Issuer Available Funds" on page 103) on that date, and always subject to the applicable following priority of payment (each a **Priority of Payment Order**).

#### 5.1.1 Pre-Enforcement Priority of Payment Order

As long as no Loan Enforcement Notice or Issuer Enforcement Notice has been served, on each Notes Payment Date, the Management Company shall give the appropriate instructions to the Issuer Account Bank and the Paying Agent to apply the then Issuer Available Funds of the Issuer to the following payments owed by the Issuer on such date, in the following priority (the **Pre-Enforcement Priority of Payment Order**):

- (i) **first**, in or towards payment or discharge *pari passu* and *pro rata* of the following amounts then due and payable by the Issuer:
  - (a) the Issuer's liability, if any, to taxation; and
  - (b) any costs, expenses, fees, remuneration and indemnity payments and any other amounts payable directly or, as the case may be, to be reimbursed by the Issuer to:
    - (A) the Management Company in respect of the amounts corresponding to the annual fees payable to the *Autorité des Marchés Financiers*, and, if any, in respect of the listing of the Notes on any stock exchange and the clearing of the Notes to any clearing systems; and
    - (B) the Management Company, the statutory auditor of the Issuer, the Custodian, the Servicer, the Issuer Calculation Agent, the Issuer Verification Agent, the Issuer Account Bank, the Issuer Cash Manager, the Paying Agent, the administrative agent of the Residual Units, the Representative and the Rating Agencies,

provided in addition that: (1) the Management Company will be entitled to retain as a provision an amount equal to the fees payable to any entity listed above in the course of the year following the relevant Notes Payment Date (together, the **Senior Administrative Costs** and the **Tax Costs**) and (2) the Senior Administrative Costs payable by the Issuer on such Notes Payment Date shall exclude any Senior Administrative Costs paid by the Management Company on any previous Quarterly Payment Date in accordance with the provisions of the Issuer Transaction Documents;

- (ii) **secondly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer, if any, under any Swap Agreement and Mirror Swap Agreement (other than Hedging Termination Costs) (together, the **Hedging Costs**);

- (iii) **thirdly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all Note Interest Amounts then due and payable by the Issuer under the relevant Series of Notes;
- (iv) **fourthly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all Note Principal Amounts then due and payable by the Issuer under the relevant Series of Notes;
- (v) **fifthly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer, if any, in respect of any payments to be made by the Issuer following an early termination of any (1) Mirror Swap Agreement (for whatever reason) or (2) Swap Agreement, as a result of an event of default under the same in respect of which the relevant Swap Counterparty of the Issuer is the defaulting party, or as a result of an illegality in respect of which the relevant Swap Counterparty of the Issuer is the affected party (together, the **Hedging Termination Costs**); and
- (vi) **sixthly**, in or towards payment of any remaining excess to the Residual Unitholder(s).

#### 5.1.2 *Controlled Post-Enforcement Priority of Payment Order*

After the service of a Loan Enforcement Notice following the occurrence of a Loan Event of Default and as long as no Issuer Enforcement Notice has been served, on each Notes Payment Date, the Management Company shall give the appropriate instructions to the Issuer Account Bank and the Paying Agent to apply the then applicable Issuer Available Funds to the following payments owed by the Issuer on such date, in the following priority (the **Controlled Post-Enforcement Priority of Payment Order**):

- (i) **first**, in or towards payment or discharge *pari passu* and *pro rata* of the Senior Administrative Costs (including, in particular but without limitation (a) any provision retained by the Management Company in order to pay the fees payable to any entity listed in paragraph (i) of the Pre-Enforcement Priority of Payment Order in the course of the year immediately following the relevant Notes Payment Date and (b) any costs or expenses supported by the Servicer in relation to the enforcement of the Collateral Security) and Tax Costs then due and payable by the Issuer and remaining unpaid at such date;
- (ii) **secondly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all Hedging Costs then due and payable by the Issuer, if any, under any Swap Agreement and Mirror Swap Agreement (other than Hedging Termination Costs);
- (iii) **thirdly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all Note Interest Amounts then due and payable by the Issuer under the relevant Series of Notes;
- (iv) **fourthly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all Note Principal Amounts then due and payable by the Issuer under the relevant Series of Notes;
- (v) **fifthly**, only after and subject to the full repayment of any outstanding Notes, in or towards payment or discharge *pari passu* and *pro rata* of any and all Hedging Termination Costs then due and payable by the Issuer, if any; and
- (vi) **sixthly**, only after and subject to the full repayment of any outstanding Notes, in or towards payment *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer to the Collateral Provider of any surplus (*soulte*) remaining after the enforcement of the Collateral Security (as the case may be) and the complete and definitive payment of all Secured Liabilities; and
- (vii) **seventhly**, only after and subject to the full repayment of any outstanding Notes, payment of any remaining excess to the Residual Unitholder(s).

#### 5.1.3 *Accelerated Priority of Payment Order*

After the service of an Issuer Enforcement Notice following the occurrence of an Issuer Event of Default (and whether or not a Loan Enforcement Notice has been served), the Management Company shall give the appropriate instructions to the Issuer Account Bank and the Paying Agent to apply the then applicable Issuer Available Funds to the following payments at the latest on the third (3<sup>rd</sup>) Business Day following the receipt of such Issuer Enforcement Notice, in the following priority (the **Accelerated Priority of Payment Order**):

- (i) **first**, in or towards payment or discharge *pari passu, pro rata* and in full of all Senior Administrative Costs (including, in particular but without limitation (a) any provision retained by the Management Company in order to pay the fees payable to any entity listed in paragraph (i) of the Pre-Enforcement Priority of Payment Order in the course of the year immediately following the relevant date and (b) any costs or expenses supported by the Servicer in relation to the enforcement of the Collateral Security) and Tax Costs then due and payable by the Issuer and remaining unpaid at such date;
- (ii) **secondly**, after and subject to the full payment of any and all sums referred to in (i) above, in or towards payment or discharge *pari passu, pro rata* and in full of any and all sums then due and payable by the Issuer, if any, under any Swap Agreement and Mirror Swap Agreement (other than Hedging Termination Costs) and remaining unpaid at such date;
- (iii) **thirdly**, after and subject to the full payment of any and all sums referred to in (i) and (ii) above, in or towards payment or discharge *pari passu, pro rata* and in full of any and all Note Interest Amounts then due and payable by the Issuer under the relevant Series of Notes and remaining unpaid at such date;
- (iv) **fourthly**, after and subject to the full payment of any and all sums referred to in (i) to (iii) above, in or towards payment or discharge *pari passu, pro rata* and in full of any and all Note Principal Amounts then due and payable by the Issuer under the relevant Series of Notes and remaining unpaid at such date;
- (v) **fifthly**, after and subject to the full payment of any and all sums referred to in (i) to (iv) above, in or towards payment or discharge *pari passu* and *pro rata* and in full of any and all Hedging Termination Costs then due and payable by the Issuer and remaining unpaid at such date;
- (vi) **sixthly**, after and subject to the full payment of any and all sums referred to in (i) to (v) above, (a) as applicable, in or towards payment *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer, and provided that the Notes have been redeemed in full, payment to the Collateral Provider of any surplus (*soulte*) remaining after the enforcement of the Collateral Security (as the case may be) and the complete and definitive payment of all Secured Liabilities; and
- (vii) **seventhly**, only after and subject to the full repayment of any outstanding Notes, payment of any remaining excess to the Residual Unitholder(s).

## 5.2 *Method of payment*

Any payment of interest and/or principal due on any Note in accordance with the relevant Priority of Payment Order shall be paid in euro on the corresponding Notes Payment Date to the extent of the Issuer Available Funds, by debiting the Issuer Operating Account. Such payments shall be paid by the relevant affiliates account holders of Euroclear France to the person in whose name such Note is registered in the registers of the Clearing System. Any payment of interest shall be made in accordance with the rules of the Clearing System.

## 5.3 *Tax*

All payments of interest or principal in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatever nature unless such withholding or deduction is required by law. In such event, the Issuer or the Paying Agent (as the case may be) will make such payment after such withholding or deduction has been made and will be under no obligation to make any increased payment to the benefit of the Noteholders in respect of any such withholding or deduction.

## 5.4 *Initial Paying Agent*

The name of the initial Paying Agent and its initial specified office are:

Société Générale  
29, boulevard Haussmann  
75009 Paris  
France

Pursuant to the Paying Agent Agreement, the Management Company may at any time, subject to one (1) month's prior notice, vary or terminate the appointment of the Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office of the Paying Agent, provided that:

- (a) there will at all times be a paying agent;
- (b) so long as any of the Notes are listed on the Paris Stock Exchange, there will at all times be a Paying Agent with a specified office in France;
- (c) notice of any such variation, termination, appointment or change will be given to the Noteholders promptly by the Management Company in accordance with these Notes Conditions;
- (d) the Management Company undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (e) the Rating Agencies shall have been given prior notice of such variation, termination, appointment or change and such variation, termination, appointment or change shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any Notes being placed on credit watch with negative implication.

## **6. No purchase of Notes by the Issuer**

No Noteholder will be entitled to ask the Issuer to repurchase its Notes.

## **7. Representation of the Noteholders**

### **7.1 *The Masse***

The holders of Notes of each Series will be automatically grouped for the defence of their respective common interests in a *masse* (a *Masse*).

If, and to the extent that, all Notes of a given Series are held by a single Noteholder, the rights, powers and authority of the relevant *Masse* will be vested in such Noteholder.

Each *Masse* shall be governed by:

- (a) articles L. 228-46 *et seq.* and articles R. 228-60 *et seq.* of the French Commercial Code, as amended, to the extent such provisions are applicable, given that the Issuer has no legal personality, and is subject to the provisions of the Issuer Regulations;
- (b) articles L. 214-43 *et seq.* of the French Monetary and Financial Code; and
- (c) the laws and regulations governing the Issuer.

Notices for calling for a general meeting (*assemblée générale*) of the Noteholders belonging to a given *Masse* (a *Noteholders' Meeting*) and resolutions passed at any such Noteholders' Meeting and any other decision to be published pursuant to French laws and regulations will be published as provided under Condition 8.

### **7.2 *Status of the Masse***

Each *Masse* will be a separate legal entity (*personnalité civile*) pursuant to the provisions of article L. 228-46 of the French Commercial Code represented by one representative (a *Noteholders' Representative*). The relevant *Masse* alone, to the exclusion of any Noteholder belonging to that *Masse*, shall exercise the common rights, actions and benefits which may accrue now or in the future with respect to the Notes of the corresponding Series.

### **7.3 *Noteholders' Representative***

#### **7.3.1 Appointment**

A representative of the Noteholders will be appointed in respect of each Series of Notes (a *Representative*). Any person of French nationality or any citizen of any EU Member State resident in France may be appointed as Representative, provided that the following persons may not be chosen as Representative:

- (a) the Management Company or the Custodian;

- (b) companies holding at least 10 per cent. of the share capital of the Management Company and/or the Custodian or in respect of which the Management Company and/or the Custodian holds at least 10 per cent. of the share capital;
- (c) companies guaranteeing all or part of the obligations of the Issuer;
- (d) the Seller or the Borrower;
- (e) the respective managers (gérants), general managers (directeurs généraux), members of the board of directors (conseil d'administration) or executive board (directoire) or supervisory board (conseil de surveillance), statutory auditors (commissaires aux comptes) or employees of the above mentioned entities, and their ascendants, descendants and spouses; and
- (f) the persons to whom the practice of banker is forbidden or who have been deprived of the rights of directing, administering or managing a business in whatever capacity.

The initial Representative of the holders of the Notes of each Series will be:

<b>Name of Representative</b>	<b>Address of Representative</b>
M. Jean-Bernard MAS	8, rue Meissonnier 75017 Paris

In the event of death, resignation, retirement or revocation of a Representative, a substitute Representative will be appointed by the relevant Noteholders' Meeting.

Any interested party will have the right to obtain the name and address of any Representative at the office of the Management Company.

#### 7.3.2 Powers of the Representative

The Representative appointed in respect of a given Series will, in the absence of any decision to the contrary of the relevant Noteholders' Meeting, have the power to make all decisions of management in order to defend the common interests of the holders of Notes of that Series. All legal proceedings against the Noteholders or initiated by them must be brought against their Representative or by it. Any legal proceedings that are not brought in accordance with this provision shall not be legally valid. Neither the Noteholders nor any Representative will be entitled to interfere in the management of the affairs of the Issuer.

### 7.4 Meeting of the Noteholders

#### 7.4.1 Convocation of Noteholders' Meetings

Noteholders' Meetings will be held in France and at any time, upon convocation by the relevant Representative. One or more Noteholders holding at least one-thirtieth of the outstanding Notes of a given Series may address to the relevant Representative, with a copy to the Management Company, a demand for convocation of a Noteholders' Meeting for that Series. If such Noteholders' Meeting has not been convened within two (2) months from such demand, the relevant Noteholders may commission one of them to petition the competent court in Paris to appoint an agent (*mandataire*) who will call that Noteholders' Meeting.

Notice of the date, hour, place, agenda and quorum requirements of any Noteholders' Meeting will be notified as provided in Condition 8 not less than fifteen (15) calendar days prior to the date of the Noteholders' Meeting for the first convocation and not less than ten (10) calendar days in the case of a second convocation prior to the date of the reconvened Noteholders' Meeting.

Each holder of one or more Note of a given Series will have the right to participate in any Noteholders' Meeting for that Series, in person or by proxy. Each Note carries the right to one vote.

#### 7.4.2 Powers of Noteholders' Meetings

Noteholders' Meetings held in respect of a given Series of Notes are entitled to deliberate on the dismissal and replacement of the relevant Representative, all measures intended to ensure the defence of the holders of Notes of that Series, any other common matter relating to the said Notes and the Conditions and on any proposal aimed



at amending the Conditions, it being specified that Noteholders' Meetings may not increase the obligations of any holder of Note (of the relevant Series or of any other Series), nor establish unequal treatment between the holders of Notes (of the relevant Series or of any other Series) and may not modify the Condition of any Series other than the relevant Series.

#### 7.4.3 Quorum and majority rules

Noteholders' Meetings may deliberate validly on first convocation only if the holders of Notes of the relevant Series present or represented hold at least one quarter of the principal outstanding amount of the Notes. On second convocation, no quorum shall be required.

Decisions at Noteholders' Meetings shall be taken at a two-third majority of votes cast by the Noteholders attending such Noteholders' Meeting or represented.

#### 7.4.4 Notices of decisions and information of the Noteholders

Decisions of any Noteholders' Meeting must be published in accordance with Condition 8 (*Notices*) not later than ninety (90) calendar days from the date of such Noteholders' Meeting.

Each holder of one or more Note of a given Series or the relevant Representative shall have the right, during the fifteen (15) calendar day period preceding the holding of Noteholders' Meeting for that Series, 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 that Noteholders' Meeting which will be available for inspection at the head office of the Management Company and at the specified office of the Paying Agent and at any other place as specified in the notice for that Noteholders' Meeting.

#### 7.4.5 Fees and expenses

Upon the accomplishment of any act by the Representative in accordance with paragraphs 7.3, the Issuer will pay an annual fee to the Representative which equals, on the Closing Date, to € 2,000 (exclusive of VAT, if applicable). Such annual fee shall be apportioned in equal amounts and paid accordingly on each Quarterly Payment Date. The Issuer will pay all reasonable expenses incurred in the operation of the Masse, including reasonable expenses relating to the calling and holding of each Noteholders' Meetings, and all reasonable administrative expenses resolved upon by a Noteholders' Meeting. No expense may be imputed against interest payable on the Notes.

### 8. Notices to Noteholders

Notices may be given to Noteholders in any manner deemed acceptable by the Management Company provided that for so long as the relevant Notes are listed on the Paris Stock Exchange, such notice shall be in accordance with the rules of the Paris Stock Exchange.

All notices regarding the Notes will be deemed to be validly given if published in a leading French language daily newspaper of general circulation in Paris. Any such notice will be deemed to have been given on the date of the first publication or, if published in more than one newspaper, on the date of the first publication in all required newspapers.

For so long as any Note is held on behalf of Euroclear France, notices to holders of Notes may be given by delivery of the relevant notice to Euroclear France (as the case may be) for communication to the relevant accountholders rather than by publication as required above. Any notice delivered to Euroclear France be deemed to have been given to the relevant Noteholders on the date on which such notice is delivered to Euroclear France (as the case may be).

Such notices shall be notified to the Rating Agencies and the *Autorité des Marchés Financiers* prior to their publication.

### 9. Notification to be final

All notifications, determinations, calculations and decisions given, expressed or made by the Issuer Calculation Agent or the Management Company (in the absence of willful misconduct, bad faith or manifest error) are binding as against the Paying Agent and the Noteholders.

**10. Governing law and submission to jurisdiction**

***10.1 Governing law***

The Notes are governed by and shall be construed in accordance with French law.

***10.2 Submission to jurisdiction***

All claims and disputes in connection with the Notes, these Notes Conditions and the Issuer Regulations shall be subject to the exclusive jurisdiction of the Tribunal de Commerce of Paris.

## FORM OF FINAL TERMS

Final Terms dated [●]

### FCT RED & BLACK - GUARANTEED HOME LOANS

Notes issue of [Aggregate Nominal Amount of Tranche]

under the € 25,000,000,000 Notes Programme

Issue Price: 100 % per cent.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 April 2011 which received visa FCT no. 11-04 from the *Autorité des marchés financiers* on 20 April 2011 [and the supplement to the Base Prospectus dated [●]] and which [together] constitute[s] a base prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the *Prospectus Directive*).

This document constitutes the Final Terms of the [●]<sup>[st / nd / rd / th]</sup> Series of Notes issued under the Programme and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing on the website of Euronext Paris (www.euronext.com) and during normal business hours at the registered office of the Management Company and at the specified office of the Paying Agent where copies may be obtained. [In addition<sup>1</sup>, the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [on/at] [●].

#### Final Terms

- |    |  |   |
|----|--|---|
| 1. | <b>Issuer:</b>                                   | FCT Red & Black - Guaranteed Home Loans   |
| 2. | <b>Series Number:</b>                            | [●]   |
| 3. | <b>Issue Date:</b>                               | [●]   |
| 4. | <b>Aggregate nominal amount of Notes issued:</b> | EUR [●]   |
| 5. | <b>Final Maturity Date:</b>                      | [●]   |
| 6. | <b>Relevant Margin:</b>                          | [●]%  |
| 7. | <b>ISIN:</b>                                     | [●]   |
| 8. | <b>Common Code:</b>                              | [●]   |
| 9. | <b>Business Day:</b>                             | A day, other than a Saturday or Sunday, on which banks are open to the public for general business to the public in Paris and on which Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or any successor thereto) is open for business |

**10. Notes Payment Date:**

The [●]<sup>[st / nd / rd / th]</sup> day of [*insert reference to 4 relevant months with a Quarterly frequency as from the relevant Issue Date*] in each year. If any Notes Payment Date falls on a day which is not a Business Day, such Notes Payment Date shall be postponed to the next day which is a Business Day, provided that in case an Issuer Enforcement Notice (as defined below) by a Representative, payments of principal and interest under the Notes may fall on a date which is not a scheduled Notes Payment Date.

**11. Rate of interest**

The interest rate payable in respect of the Notes of a given Series in respect of each Notes Interest Period relating thereto (the **Rate of Interest**) will be determined by the Issuer Calculation Agent two (2) Business Days before the relevant Notes Interest Period in accordance with the relevant terms and conditions of the Notes as the rate per annum equal to the aggregate of (i) EURIBOR for 3 month Euro deposits (or, if the length of the first Notes Interest Period (the **Length**) is not equal to 3 months, the EURIBOR applicable on a period of that Length; provided in addition that if that Length does not correspond to an exact number of months or to 1 week, the EURIBOR for such period will be determined through the use of straight-line interpolation by reference to two EURIBOR rates for EUR, one of which shall be determined as if the Length were the period of time for which rates are available next shorter than the Length and the other of which shall be determined as if the Length were the period of time for which rates are available next longer than the Length) and (ii) the margin indicated in the relevant Final Terms (the **Relevant Margin**).

There shall be no minimum or maximum interest rate for the Notes.

For the purpose hereof **EURIBOR** means, in respect of a given period:

- (a) the European Interbank Offered Rate, ie the Euro-zone interbank rate applicable in the Euro-zone calculated by reference to the interbank rates provided by the credit institutions appointed for this purpose by the Banking Federation of the European Union. The EURIBOR rate for deposits over a given period is published on Reuters Screen EURIBOR01 Page (or such other page as may replace Reuters Screen EURIBOR01 Page on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such equivalent service) as of 11:00 a.m. (Paris time). The EURIBOR rate applicable to a period starting on a given date is determined two (2) Target Business Days prior to that date (a **Determination Date**); or

- (b) if, on any Determination Date, the rate referred to in paragraph (a) above is unavailable at such time on such date, the Lender will request the principal Paris office of each of the Reference Banks, to provide it with their quoted rates to premium banks in the Euro-zone interbank market for euro deposits over the relevant period in the Euro-zone at or about 11.00 a.m. (Paris time) in each case on the relevant Determination Date. The relevant EURIBOR shall be determined on the basis of the offered quotations of those Reference Banks. If, on any such Determination Date, at least two of the Reference Banks provide such offered quotations to the Lender, the relevant EURIBOR for the relevant period shall be the arithmetic means of such quotations. If, on any such Determination Date, one only or none of the Reference Banks provides the Lender with such an offered quotation, the Lender shall ask two banks (or, where one only of the Reference Banks provides such a quotation, one additional bank) to provide such a quotation or quotations to the Lender and the relevant EURIBOR for the relevant period shall be the arithmetic means of such offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the relevant EURIBOR for the relevant period shall be the relevant EURIBOR in effect for the last preceding period to which paragraph (a) or the foregoing provisions of this paragraph (b) shall have applied.

For the purpose hereof, **Reference Bank** means each of BNP Paribas, Crédit Agricole CIB, HSBC and Natixis.

## **LISTING AND ADMISSION TO TRADING APPLICATION**

Application has been made by the Management Company to the *Autorité des Marchés Financiers* for approval of these Final Terms and for the purpose of listing the Notes under these Final Terms on the Paris Stock Exchange (Euronext Paris). For this purpose, the Management Company has provided the *Autorité des Marchés Financiers* with the rating document complying with the provisions of article L. 214-44 of the French Monetary and Financial Code as prepared by each Rating Agency.

## **RESPONSIBILITY**

To our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Final Terms is in accordance with the facts and contains no omission likely to affect its import.

In Paris, on [●]

**Paris Titrisation**  
Management Company  
17, cours Valmy  
92972 Paris La Défense  
France

**By :**

**Société Générale**  
Custodian  
29, boulevard Haussmann  
75009 Paris  
France

**By :**

### **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be applied by the Management Company (i) to finance the purchase of the Loan Receivable arising under the Borrower Loan made available by the Seller (acting in its capacity as Lender) to the Borrower on the Closing Date, and on each Transfer Date thereafter to finance the purchase of the Loan Receivable arising under the Borrower Loan made available by the Seller (acting in its capacity as Lender) to the Borrower on that Transfer Date, pursuant to the provisions of the Loan Receivables Transfer Agreement and (ii) to the creation of assets of the Issuer.

## **GENERAL INFORMATION RELATING TO THE LENDER, SELLER AND SERVICER**

CALIF – Société Anonyme de Crédit à l'Industrie Française is a société anonyme with equity of EUR 247,894,080, whose business address is located at 17, cours Valmy, 92800 Puteaux, France, registered with the Trade and Companies Register of Nanterre (France) under number 552 034 837 and licensed as a bank in France by the *Comité des Établissements de Crédit et des Entreprises d'Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010).

A 100% owned subsidiary of the Société Générale group, CALIF has no employees.

CALIF was created in 1928 and is a part of the corporate and investment banking division. Its different activities are focused on Société Générale intra-group financing and in particular financial leasing and real estate financing.



## GENERAL INFORMATION RELATING TO THE BORROWER, THE COLLATERAL PROVIDER AND THE COLLATERAL SECURITY SERVICER

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the *Autorité des Marchés Financiers* shall be incorporated in, and to form part of, this Base Prospectus:

- The English version of the 2010 *Document de référence* of Société Générale submitted to the *Autorité des Marchés Financiers* on 4 November 2010 under No. D 10-0087-A03, except for the inside cover page containing the *Autorité des Marchés Financiers* visa and related textbox, the statement of the person responsible for the registration document at page 44 and chapter 13 containing the cross reference table on pages 46 and 47 (the **2010 Third Update Excluded Sections**, and the third update to the 2010 registration document without the 2010 First Update Excluded Sections, the **Third Update Update to the 2010 Registration Document**). To the extent that the Third Update to the 2010 Registration Document itself incorporates documents by reference, such documents shall not be deemed incorporated by reference herein. Any reference to the Third Update to the 2010 Registration Document shall be deemed to exclude the 2010 Third Update Excluded Sections.
- The English version of the second update to the 2010 registration document of Société Générale submitted to the *Autorité des Marchés Financiers* on 5<sup>th</sup> August 2010 under No. D 10-0087-A02, except for the inside cover page containing the *Autorité des Marchés Financiers* visa and related textbox, the statement of the person responsible for the update to the registration document at page 162 and chapter 13 containing the cross reference table on pages 164 to 166 (the **2010 Second Update Excluded Sections**, and the second update to the 2010 registration document without the 2010 Second Update Excluded Sections, the **Second Update to the 2010 Registration Document**). To the extent that the Second Update to the 2010 Registration Document itself incorporates documents by reference, such documents shall not be deemed incorporated by reference herein. Any reference to the Second Update to the 2010 Registration Document shall be deemed to exclude the 2010 Second Update Excluded Sections.
- The English version of the first update to the 2010 registration document of Société Générale submitted to the *Autorité des Marchés Financiers* on 6<sup>th</sup> May 2010 under No. D 10-0087-A01, except for the inside cover page containing the *Autorité des Marchés Financiers* visa and related textbox, the statement of the person responsible for the update to the registration document at page 45 and chapter 13 containing the cross reference table on pages 47 and 48 (the **2010 First Update Excluded Sections**, and the first update to the 2010 registration document without the 2010 First Update Excluded Sections, the **First Update to the 2010 Registration Document**). To the extent that the First Update to the 2010 Registration Document itself incorporates documents by reference, such documents shall not be deemed incorporated by reference herein. Any reference to the First Update to the 2010 Registration Document shall be deemed to exclude the 2010 First Update Excluded Sections.
- The English version of the 2009 *Document de référence* of Société Générale submitted to the *Autorité des Marchés Financiers* on 4 March 2009 under No. D. 09-0095 except for the inside cover page containing the *Autorité des Marchés Financiers* visa and related textbox, the statement of the person responsible for the registration document and the annual report made by M. Oudéa of Société Générale at page 408 and chapter 13, pages 411 and 412, containing the cross reference table (the **2009 Excluded Sections**, and the English version of the 2009 *Document de référence* without the 2009 Excluded Sections, the **2009 Registration Document**). The 2009 Registration Document contains, among other things, the audited annual consolidated financial statements of Société Générale for the financial year ended 31 December 2008 and the related notes (at pages 202-309) and a free English language translation of the audit report (at pages 310-311). To the extent that the 2009 Registration Document itself incorporates documents by reference, such documents shall not be deemed incorporated by reference herein. Any reference to the 2009 Registration Document shall be deemed to exclude the 2009 Excluded Sections.
- The English version of the amendment of the 2009 registration document filed with the *Autorité des Marchés Financiers* on 8 April 2009 under No. D. 09-0095-R01 except for the inside cover page containing the *Autorité des Marchés Financiers* visa and related textbox, the statement of the person responsible made by M. Oudéa at page 13 (the **2009 Amendment Excluded Sections**, and the English version of the amendment of the 2009 registration document without the 2009 Amendment Excluded Sections, the **2009 Amendment Document**). The 2009 Amendment Document contains, among other things, amended information relating to corporate governance, risk management, financial information

and legal information. To the extent that the 2009 Amendment Document itself incorporates documents by reference, such documents shall not be deemed incorporated by reference herein. Any reference to the 2009 Amendment Document shall be deemed to exclude the 2009 Amendment Excluded Sections.

Any information not specifically referred to in the cross reference lists below but contained in a document incorporated by reference herein is incorporated by reference for information purposes only.

Pursuant to the Subscription Agreement, Société Générale has represented that the 2010 Excluded Sections, the 2010 First Update Excluded Sections, the 2009 Excluded Sections and the 2009 Amendment Excluded Sections are not relevant for a person intending to invest in the Notes.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the office of Société Générale and the specified office of the Paying Agent (as defined below), in each case at the address given at the end of this Base Prospectus. The documents incorporated by reference are available on the *Autorité des Marchés Financiers* website at [www.amf-france.org](http://www.amf-france.org).

### **CROSS-REFERENCE LIST FOR SOCIÉTÉ GÉNÉRALE**

<b>I. SELECTED FINANCIAL INFORMATION</b>	
Selected historical financial information regarding Société Générale.	2010 Registration Document, pages 16 to 17
<b><u>SOCIÉTÉ GÉNÉRALE'S FIRST QUARTER 2010 UNAUDITED INTERIM AND OTHER FINANCIAL INFORMATION FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2010 TO 31<sup>ST</sup> MARCH 2010</u></b>	
Group Consolidated Results and related explanations	Pages 23 to 44 of the First Update to the 2010 Registration Document
Consolidated Income Statement	Page 24 of the First Update to the 2010 Registration Document
<b><u>OTHER INFORMATION</u></b>	
General Management and Board of Directors	Page 6 of the First Update to the 2010 Registration Document
<b><u>SOCIÉTÉ GÉNÉRALE'S UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS RELATING TO THE FIRST SEMESTER (PERIOD FROM 1<sup>ST</sup> JANUARY TO 30 JUNE 2010)</u></b>	
Consolidated Balance Sheet relating to the first semester	Pages 78 and 79 of the Second Update to the 2010 Registration Document
Consolidated Income Statement relating to the first semester	Page 80 of the Second Update to the 2010 Registration Document
Changes in shareholders' equity	Pages 82 and 83 of the Second Update to the 2010 Registration Document
Cash-flow Statement relating to the first semester	Page 84 of the Second Update to the 2010 Registration Document
Notes relating to the first semester	Pages 85 to 125 of the Second Update to the 2010 Registration Document
Accounting Principles relating to the first semester	Pages 85 to 87 of the Second Update to the 2010 Registration Document

Free English language translation of the statutory auditors' review report on the first half-yearly financial information for 2010	Pages 126 and 127 of the Second Update to the 2010 Registration Document
<b><u>OTHER INFORMATION</u></b>	
Société Générale's second quarter 2010 results and explanation	Pages 128 to 151 of the Second Update to the 2010 Registration Document
<b><u>SOCIÉTÉ GÉNÉRALE'S THIRD QUARTER 2010 UNAUDITED INTERIM AND OTHER FINANCIAL INFORMATION FOR THE PERIOD FROM 1st JULY 2010 TO 30TH SEPTEMBER 2010</u></b>	
Group Consolidated Results and related explanations	Pages 20 to 43 of the Third Update to the 2010 Registration Document
Consolidated Income Statement	Page 22 of the Third Update to the 2010 Registration Document
<b>II. INFORMATION ABOUT SOCIÉTÉ GÉNÉRALE</b>	
<b><u>HISTORY AND DEVELOPMENT OF SOCIÉTÉ GÉNÉRALE</u></b>	
The legal and commercial name of Société Générale;	2010 Registration Document, page 408
The place of registration of Société Générale and its registration number;	2010 Registration Document, page 408
The date of incorporation and the length of life of Société Générale;	2010 Registration Document, page 408
The domicile and legal form of Société Générale, the legislation under which Société Générale operates, its country of incorporation, and the address and telephone number of its registered office;	2010 Registration Document, page 408
Any recent events particular to Société Générale which are to a material extent relevant to the evaluation of Société Générale's solvency.	2010 Registration Document, page 330
Dependence of Société Générale on patents, licenses, industrial, commercial or financing contracts or new manufacturing processes.	2010 Registration Document, pages 202-204
<b><u>ADDITIONAL INFORMATION ON SOCIÉTÉ GÉNÉRALE</u></b>	
General Information on Société Générale	2010 Registration Document, pages 28-30
<b><u>INVESTMENTS</u></b>	
A description of the principal investments made since the date of the last published financial statements.	2010 Registration Document, pages 58 to 59
Information concerning Société Générale's principal future investments, on which its management bodies have already made firm commitments.	2010 Registration Document, page 60

<b>III. BUSINESS OVERVIEW</b>	
<b><u>PRINCIPAL ACTIVITIES</u></b>	
A description of Société Générale's principal activities stating the main categories of products sold and/or services performed; and	2010 Registration Document, pages 4 to 14 and 56 to 57
An indication of any significant new products and/or activities.	2010 Registration Document, pages 56 to 57
Information concerning real estate held by Société Générale.	2010 Registration Document, page 65
<b><u>PRINCIPAL MARKETS</u></b>	
A brief description of the principal markets in which Société Générale competes.	2010 Registration Document, pages 327 to 330
The basis for any statements made by Société Générale regarding its competitive position.	2010 Registration Document, pages 6 to 14 and 34 to 36
<b>IV. ORGANISATIONAL STRUCTURE</b>	
If Société Générale is part of a group, a brief description of the group and of Société Générale's position within it.	2010 Registration Document, pages 32 to 33
<b>V. TREND INFORMATION</b>	
Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on Société Générale's prospects for at least the current financial year.	2010 Registration Document, pages 60 and 61
<b>VI. RISK FACTORS</b>	
Prominent disclosure of risk factors that may affect the Issuer's ability to fulfil its obligations under the securities to investors.	2010 Registration Document pages 160 and 162 and 166 to 208
<b>VII. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES</b>	
Names, business addresses and functions in Société Générale of the members of the administrative, management, and supervisory bodies, and an indication of the principal activities performed by them outside Société Générale where these are significant with respect to that Issuer:	2010 Registration Document, pages 68 to 110
<b><u>CONFLICTS OF INTEREST</u></b>	
Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, make a statement to that effect.	2010 Registration Document, page 78
<b>VIII. BOARD PRACTICES</b>	
Details relating to Société Générale's audit committee, including the names of committee members and a summary of the terms of reference under which the committee operates.	2010 Registration Document, pages 83 to 86
A statement as to whether or not Société Générale complies with its country's of incorporation corporate governance regime(s). In the event that Société Générale does not comply	2010 Registration Document, page 81

<p>with such a regime, a statement to that effect must be included together with an explanation regarding why Société Générale does not comply with such a regime.</p>	
<p><b>IX. MAJOR SHAREHOLDERS</b></p>	
<p>To the extent known to Société Générale, state whether Société Générale is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.</p>	<p>2010 Registration Document, pages 22 to 30</p>
<p>A description of any arrangements, known to Société Générale, the operation of which may at a subsequent date result in a change in control of Société Générale.</p>	<p>Not applicable</p>

## ORIGINATION OF THE HOME LOANS

Since 2006, home loans originated by Société Générale's network (excluding Crédit du Nord, which loans are not included in the Programme) are all processed through a dedicated system named IPPI (*Instruction des Prêts Personnels Immobiliers*).

The purpose of this system was to rationalize, streamline and control the origination process.

### Origination process

The home loans origination process can be broken down as follows:

#### ***Step 1: Demand establishment***

Relevant parties for the transaction are identified and information is collected from the French *Fichier des Incidents de Remboursement des Crédits aux Particuliers* (FICP - central administration for consumer loans) and the French *Fichier Central des Chèques* (FCC - central administration for checks). Should any incident be reported from any of these two entities, the application is immediately declined.

All loans characteristics are entered in the system (purpose of the funding, amount, maturity, financial conditions potential insurance or guarantor etc...)

In case of new constructions or major works, verifications are performed with the Verifimmo organism.

#### ***Step 2: Defining a proposition***

Once all the above information has been collected, IPPI transfers them in real time and simultaneously to:

- Société Générale Système Expert, which determines the best funding solution for the client. This system allows for a more qualitative analysis of the project and is not a scoring model. It is used to support the analyst on the transaction and covers four areas:
  - Client Risk Profile: based on the client personal and professional status, savings and banking behaviour
  - Project Risk Profile: based on the loan amount, its purpose and the initial down payment.
  - Client ability to repay: based on the client income, other debt known etc...
  - Quality of the guaranteed given to the project.
- Crédit Logement, to request their acceptance of the project.

IPPI will produce a synthetic analysis, including Crédit Logement answer to the request, which will be the basis of the proposition made by Société Générale's agent.

#### ***Step 3: Acceptance of the project by the bank***

Should the client be interested by the offer, the file then needs to be approved by the appropriate risk person.

Société Générale's network is organized in *Directions d'Exploitation Commerciales* (DEC), which are responsible, inter alia from a risk standpoint, of several local bank branches (agencies). Depending on the delegated responsibilities, the decision will be taken either at the local branch's level (with a usual maximum transaction amount of EUR 500 000), at an intermediate level between the branch and the DEC (up to EUR 700 000) or directly at the DEC's level (up to EUR 2 millions).

Projects of a higher amount are seldom, not included in the Programme and submitted at a higher level of hierarchy within the group.

In order to assist in the decision process, various indicators are at the disposal of the risk analyst, and in particular an internal rating system, which has been recognized IRBA compliant by the French *Commission Bancaire* in 2007.

Such rating process takes into account various criteria such as data related to the bank account, assets and revenues of the client, existing indebtedness, age and profession etc....

#### **Step 4: Funding of the loan**

Once accepted, the funding proposal is transmitted to a *Pôle Service Client* (PSC – dedicated administrative unit), which is in charge of:

- checking the completeness of the file (all documents necessary and requested have been provided)
- checking the proper printing of the loan contract, in particular the exactitude of the terms
- liaising with relevant third parties (such as *Crédit Logement* and *Verifimmo*) to follow-up on any necessary procedure.

The home loan offer will only be issued and presented to the client once all conditions precedents have been met. Funding will only be released once the offer has been duly signed and all internal checks have been satisfactory performed.

#### **Servicing**

The servicing is performed through standing orders on a pre determined client account. They include any principal, interest and insurance amounts, as the case may be, following the pre agreed amortization profile of the loan.

The agent in the branch who initiated the loan remains the contact point for the client for all actions that the latter would need to undertake (full or partial repayment, renegotiation of the rate, substitution of guarantor, waiver etc...)

Any action that would modify the risk profile of the underlying transaction will need to be re-approved internally following the same process than the one described above.

#### **Arrears Management**

As soon as a default (*impayé*) on the loan occurs or one of the several internal client credit quality indicators becomes critic, a specialized advisor (*conseiller de recouvrement amiable*) steps in and examines all possible solutions to avoid any future default.

All loans being guaranteed by *Crédit Logement*, as from the third month of non-payment and should the loan comply with all pre agreed criteria, the latter will take over the file and the loan servicing. Once *Crédit Logement* has performed its own analysis of the situation, it will do its best efforts to rework the loan with the client in order to help him to meet its obligations (past and future).

If successful, the loan is serviced backed by *Société Générale* with the possibility to call *Crédit Logement* on the same basis than initially done. Otherwise, and in any case after a maximum period of 24 months, *Credit Logement* reimburses *Société Générale* of all guaranteed amounts.

#### **Information security**

All information exchanges are highly secured using sophisticated connection standards depending of the external counterparty.

A back-up equipment and system is in place and is updated daily.

## DESCRIPTION OF THE ASSETS OF THE ISSUER

### Nature of the assets

Pursuant to the Issuer Regulations, the assets of the Issuer will include:

- (a) the Transferred Receivables (and the Ancillary Rights attached thereto) which will be purchased by the Issuer from the Seller from time to time;
- (b) all available moneys pending allocation and standing from time to time to the credit of the Issuer Accounts (the *Issuer Available Cash*);
- (c) any and all Eligible Assets which have been transferred by way of security or, following the enforcement of the Collateral Security, definitively, to the Issuer pursuant to the Collateral Agreement;
- (d) where applicable, assets transferred to the Issuer further to its commitments under the Swap Agreement and the Mirror Swap Agreement (as the case may be); and
- (e) any other sums or other assets from which the Issuer might benefit in any way whatsoever, in accordance with the Issuer Regulations and the other Programme Documents.

### Pledge or retransfer of Transferred Receivables

#### *No pledge or retransfer*

Subject to paragraph "Exception" below, the Issuer will not be entitled to assign the Transferred Receivables nor to pledge them.

#### *Exception*

Notwithstanding the paragraph entitled "No pledge or retransfer" above, and pursuant to articles L. 214-43, L. 214-49-I and L. 214-49-7 of the French Monetary and Financial Code, the Issuer will be entitled to assign the Transferred Receivables:

- (a) which has started to amortise, in accordance with the terms and conditions of the Loan Receivables Transfer Agreement; and/or
- (b) before it becomes due or accelerated, following the occurrence of any of the Issuer Liquidation Events pursuant to section "Liquidation of the Issuer – Issuer Liquidation Events" on page 149.

### Purchase of the Loan Receivables

#### *Loan Receivables Transfer Agreement*

Pursuant to the Loan Receivables Transfer Agreement, the Seller has undertaken to sell to the Issuer, from time to time, all titles to and rights in the Loan Receivables arising from the Borrower Loans made available to the Borrower by the Seller (in its capacity as Lender) under the Facility Agreement as well as its corresponding interest in the Ancillary Rights, subject to the terms and conditions of the Loan Receivables Transfer Agreement.

Subject to the terms and conditions of the Loan Receivables Transfer Agreement, the Issuer has accepted the undertaking of the Seller and has agreed to accept each offer for sale of the Loan Receivables together with the corresponding Ancillary Rights, made by the Seller.

The Loan Receivables Transfer Agreement sets out the conditions of sale of the Loan Receivables to the Issuer, including a description of the Loan Receivables, their characteristics and the Ancillary Rights attached thereto.

The Loan Receivables Transfer Agreement is governed by, and will be construed and enforced in accordance with, the laws of France. The *Tribunal de Commerce de Paris* will have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Loan Receivables Transfer Agreement.



### ***Legal nature of the Loan Receivables***

The Loan Receivables to be assigned to the Issuer on the Closing Date and on each Transfer Date thereafter correspond to the rights of the Seller (acting in its capacity as Lender) to receive from the Borrower payments of interest and repayments of principal together with all ancillary rights relating thereto under the Borrower Loans made available by the Seller (acting in its capacity as Lender) under the Facility Agreement.

The benefit of the Collateral Security, which consists in the collateralisation (*remise en pleine propriété à titre de garantie*) of Eligible Assets by the Collateral Provider in favour of the Beneficiary pursuant to the Collateral Agreement, is attached as Ancillary Right to the Loan Receivables.

### ***Transfer of Ancillary Rights***

On the Closing Date and on each Transfer Date thereafter, the Ancillary Rights attached to the Loan Receivables (including the Collateral Security) will be automatically transferred to the Issuer and such transfer will be enforceable against third parties without any further formalities (other than the execution and the delivery by the Seller of the Transfer Document).

### ***Representations and warranties***

#### ***Representations, warranties in respect of each Loan Receivable***

Pursuant to the provisions of the Loan Receivables Transfer Agreement, the Seller will represent and warrant in respect of each Loan Receivable offered for sale to the Issuer, that, on the Closing Date and on each Transfer Date thereafter:

- (a) the Loan Receivable exists and the Seller is the legal owner of the Loan Receivable;
- (b) the Loan Receivable is denominated and payable in Euro;
- (c) the Loan Receivable is not subject to any claim for payment or any contentious proceedings (other than those rights permitted by the Facility Agreement);
- (d) the Loan Receivable is not subject, in whole or in part, of any assignment, subrogation, delegation, pledge, seizure, adverse claim or any other encumbrance and is freely and validly transferable to the Issuer;
- (e) no security interest whatsoever has been created or permitted by the Seller over the Loan Receivable;
- (f) subject to the qualifications set out in the legal opinion delivered in connection therewith, the Loan Receivable arises out of a legal, valid and binding Facility Agreement, enforceable in accordance with its terms against the Borrower, which does not contravene in any respect any relevant applicable laws, rules or regulations applicable to the Seller or the Borrower and in respect of which all required consents, approvals and authorisations have been obtained; and
- (g) the Loan Receivable is in full force and effect, is not subject to rescission or subject to termination by law and is not subject to prescription due to a prescription period that has begun to run.

#### ***Representations and warranties in respect of the Seller***

Pursuant to the provisions of the Loan Receivables Transfer Agreement, the Seller will represent and warrant to the Management Company and the Custodian, on the Closing Date, that:

- (a) it is a French *société anonyme*, duly incorporated and validly existing under the law of France and licensed in France by the *Comité des Établissements de Crédit et des Entreprises d'Investissement* (now replaced by the *Autorité de Contrôle Prudentiel* pursuant to and in accordance with the provisions of ordinance No. 2010-76 dated 21 January 2010) as a credit institution (*établissement de crédit*);
- (b) all corporate actions, approvals, consents, notice to or filing with any person have been taken, fulfilled and done in order to ensure the execution, delivery and performance by it of the Programme Documents to which it is a party;

- (c) subject to the qualifications set out in the legal opinion delivered in connection therewith, its obligations arising under the Programme Documents constitute legal, valid and binding obligations enforceable against it in accordance with their respective terms;
- (d) the execution and delivery of the Programme Documents to which it is a party, and the performance of its obligations thereunder and of any of the transactions contemplated in any of them do not and will not contravene, breach or constitute a default under or conflict or be inconsistent with:
  - (i) any law or regulation applicable to it in a way which would materially and adversely affect or impede its ability to perform its obligations under the terms of the Programme Documents; or
  - (ii) its constitutional documents; or
  - (iii) any obligation owed by it to any third party in a way which would materially and adversely affect or impede its ability to perform its obligations under the terms of the Programme Documents;
- (e) it has obtained and maintained in full force and effect all authorisations, approvals, consents, agreements, licences, exemptions and registrations and has made all filings, notarisations, payments of any duty or tax and obtained all documents needed for the purposes of:
  - (i) the execution and delivery of the Programme Documents to which it is a party, and the performance of its obligations thereunder and of any of the transactions contemplated in any of them; and
  - (ii) carrying on its activities (to the extent that such authorisations, approvals, consents, agreements, licences, exemptions, registrations, filings or documents are necessary for it to observe or to perform its obligations under the Programme Documents);
- (f) there is no litigation, arbitration or proceedings or administrative request, claim or action before any jurisdiction, court, administration, public body or governmental authority (unless contested in good faith by the Seller) which are currently in progress or pending or, to its knowledge, imminent against it or against any of its assets, income or revenues that, if the outcome was unfavourable, would affect or impede its ability to perform its obligations under the terms of the Programme Documents to which it is a party or would affect, impede or prohibit its ability to assign or to collect the Transferred Receivables;
- (g) it is not subject to an Insolvency Event; and
- (h) the information contained in the Transfer Document does not contain any statement which is untrue, misleading or inaccurate in any material respect or omit to state any fact or information the omission of which makes the statements therein untrue, misleading or inaccurate in any material respect.

Each representation and each warranty listed above will be expressly repeated on each Transfer Date.

For the purpose hereof ***Insolvency Event*** means, in relation to any entity, any of the following events:

- (a) the relevant entity is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
- (b) the relevant entity is in a state of *cessation des paiements* within the meaning of article L. 631-1 of the French Commercial Code, or becomes insolvent for the purpose of any insolvency law;
- (c) a moratorium is declared in respect of any indebtedness of the relevant entity;
- (d) any corporate action, legal proceedings or other procedure or step is taken in relation to:
  - (aa) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the relevant entity;

- (bb) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the relevant entity or all or part of its respective assets;
- (e) any analogous procedure or step is taken in any jurisdiction in respect of the relevant entity; or
- (f) a judgement for *sauvegarde*, *redressement judiciaire*, *liquidation judiciaire* or *cession totale de l'entreprise* is entered in relation to the relevant entity under articles L. 620-1 to L. 670-8 of the French Commercial Code.

### ***Undertakings of the Seller***

Pursuant to the provisions of the Loan Receivables Transfer Agreement, the Seller has undertaken to the Management Company and the Custodian:

- (a) to obtain and maintain all authorisations, approvals, consents, agreements, licences, exemptions and registrations and to make all filings, notarisations, payments of any duty or tax and obtain all documents needed at any time for the purposes of:
  - (i) the execution and delivery of the Programme Documents, and the performance of its obligations thereunder and of any of the transactions contemplated in the Programme Documents; and
  - (ii) carrying on its activities (to the extent that such authorisations, approvals, consents, agreements, licences, exemptions, registrations, filings or documents are necessary for it to observe or to perform its obligations under the Programme Documents);
- (b) to fully comply in all respects, in good faith and in a timely manner, with the terms of the Programme Documents to which it is a party;
- (c) not to create and not to allow for the creation or continuation of any right whatsoever (including any right resulting from a seizure or enforcement) encumbering all or part of the Transferred Receivables, except if and where expressly permitted by the Programme Documents;
- (d) not to sell, assign, transfer, subrogate in any way, dispose of or encumber any of the Transferred Receivables or to attempt to carry out any such action in any way whatsoever, except if and where expressly permitted pursuant to the Programme Documents;
- (e) not to take any initiative or action in respect of the Transferred Receivables which would affect, impede or prohibit the ability to assign the Transferred Receivables in whole or in part, or which could harm, in any way, the rights of the Management Company in the Transferred Receivables, except if and where expressly permitted pursuant to the Programme Documents;
- (f)
  - (i) to indemnify the Management Company or ensure that the Management Company is indemnified for any costs, damages, losses, expenses or liabilities (including, but not limited to, legal and out of pocket expenses) that are direct, reasonable and justified and suffered by the Management Company as a result of any non-performance by the Seller of any of its obligations or breach or non compliance of any of its representations or warranties made under the Loan Receivables Transfer Agreement; and
  - (ii) to pay to the Management Company, at the latter's written request, without delay, set-off, deduction or withholding of any nature, the entire amount of such costs, damages, losses, expenses or liabilities,

provided however, that the Seller shall not be liable for any costs, damages, losses, expenses or liabilities that result from the gross negligence (*faute grave*) or wilful misconduct (*dol*) of the Management Company;

- (g)
  - (i) not to engage any action which may give rise to a right of the Borrower (or any third party) to set-off, counter claim, refund, retention or any similar right which could give rise to any deduction whatsoever or could result in any other reason for not paying any amount due under the Transferred Receivables, without the Management Company's prior written consent, save as provided in the Programme Documents; and

- (ii) to pay to the Management Company, at the latter's written request, without any set-off, deduction or withholding, the entire amount of any costs, damages, losses, expenses or liabilities or damage that are direct, reasonable and justified and suffered by the Management Company as a result of any action contemplated in the above Sub-clause (i).

Each undertaking listed above shall be complied with at all times from the Closing Date until the liabilities of the Seller under the Loan Receivables Transfer Agreement and any of the Programme Documents to which it is a party have been fully discharged.

### **Condition Precedent**

The Issuer will, on the Closing Date and on each Transfer Date, purchase the Loan Receivables from the Seller, subject to the terms and conditions of the Loan Receivables Transfer Agreement and, in particular, subject to the condition precedent that:

- (a) no Loan Event of Default has occurred and is continuing or would result from the proposed Borrower Loan;
- (b) no Facility Mandatory Redemption Event has occurred and is continuing;
- (c) no Issuer Event of Default has occurred and is continuing;
- (d) no Non-Compliance with the Asset Cover Test has occurred and is continuing;
- (e) the representations and warranties made by the Borrower remain true and accurate in all material respects given the current facts and circumstances on the Closing Date or on the relevant Transfer Date;
- (f) the representations and warranties made by the Seller remain true and accurate in all material respects given the current facts and circumstances on the Closing Date or on the relevant Transfer Date;
- (g) the Seller has remitted to the Management Company a solvency certificate (in a form satisfactory for the Management Company), up to date as of the Closing Date or on the relevant Transfer Date;
- (h) the Collateral Provider has remitted the Collateral Security Statement required on the Closing Date or on the relevant Transfer Date under the Collateral Agreement; and
- (i) the Issuer has been able to issue the corresponding Notes and has obtained such funds as are necessary to pay the amount of the Transfer Price for the relevant Loan Receivable.

### **No independent investigation**

Without prejudice to the statutory requirements of the Management Company under all applicable laws and regulations, the parties to the Loan Receivables Transfer Agreement have agreed that before the purchase of the Loan Receivables by the Issuer, neither the Management Company nor the Custodian will make any independent investigation in relation to the Seller, the Loan Receivables (including any Ancillary Right), the Borrower, the Collateral Provider or the Collateral Security. The purchase will be made by the Issuer on the assumption that each of the representations and warranties given by the Seller in the Loan Receivables Transfer Agreement is true and accurate in all material respects when rendered or deemed to be repeated and that each of the undertakings given by the Seller in the Loan Receivables Transfer Agreement will be complied with at all relevant times.

### **Assignment of the Loan Receivables**

#### ***Transfer Document***

Pursuant to the provisions of the Loan Receivables Transfer Agreement, the transfer of each Loan Receivable together with any Ancillary Right relating thereto from the Seller to the Issuer will be performed by way of a transfer document (the ***Transfer Document***) known as an *acte de cession de créances* complying with articles L. 214-43 *et seq.* and D. 214-102 of the French Monetary and Financial Code.

Pursuant to the provisions of the Loan Receivables Transfer Agreement, the Seller will deliver to the Management Company (with a copy to the Custodian) on the Closing Date and on each Transfer Date thereafter,

the relevant Transfer Document duly executed and dated by the Seller, in which the relevant Loan Receivable will be designated and identified (*désignée et individualisée*). The Transfer Document will also be executed by the Management Company, the Custodian and the Debtor. The Management Company will, on the Closing Date and on each Transfer Date thereafter, deliver the Transfer Document to the Custodian, who will keep it under its own responsibility in accordance with the Issuer Regulations.

### ***Effect - General***

Pursuant to the provisions of article L. 214-43 of the French Monetary and Financial Code and the provisions of the Loan Receivables Transfer Agreement, each Loan Receivable, together with any Ancillary Rights relating thereto, will be transferred to the Issuer by delivery to the Management Company of the relevant Transfer Document. Such transfer will be valid between the Issuer and the Seller and enforceable against third parties without any further formalities as at the date affixed on the relevant Transfer Document upon its delivery by the Seller to the Management Company. The delivery to the Management Company by the Seller of the Transfer Document will automatically transfer to the Issuer all the Ancillary Rights (including without limitation the Collateral Security) attached to that Loan Receivable and such transfer shall be enforceable against third parties without any further formalities.

### ***Effects vis-à-vis the Debtor***

#### ***Acknowledgement by the Debtor***

Pursuant to the Loan Receivables Transfer Agreement, upon the transfer of each Loan Receivable (together with any Ancillary Right) to the Issuer, all the rights benefiting to the Seller by virtue of that Loan Receivable and the Ancillary Rights will be vested in the Issuer, and the Issuer shall be entitled to exercise such rights directly against the Borrower and the Collateral Provider, as relevant, in accordance with the provisions of the Facility Agreement and the Collateral Agreement (as relevant).

#### ***Undertaking to pay the Issuer directly***

Pursuant to the Loan Receivables Transfer Agreement, the Debtor has undertaken to pay any and all amounts due by it under the Facility Agreement directly to the Issuer, and has waived any and all rights to waive any defences or right of set-off (including but without limitation in respect of connected claims (*créances connexes*), irrespective as to whether such rights have arisen before or after the assignment of the Loan Receivables.

#### ***Notification to Home Loan Debtors***

The transfer of the Collateral Security to the Lender and to the Issuer will only be notified to the Home Loan Debtors in case of Loan Event of Default, in accordance with the provisions of the Master Servicing Agreement and the Collateral Agreement.

### **Transfer Price**

#### ***Determination of the Transfer Price***

Pursuant to the provisions of the Loan Receivables Transfer Agreement, the Transfer Price for the Loan Receivables shall be equal to the principal amount of the Loan Receivables as set out in such Transfer Document.

#### ***Payment of the Transfer Price***

Pursuant to the provisions of the Loan Receivables Transfer Agreement, the Transfer Price payable in respect of the Loan Receivables assigned by the Seller to the Issuer on the Closing Date and on each Transfer Date shall be paid by the Issuer on the Closing Date and on each Issuer Payment Date, by debiting the Issuer Operating Account and crediting the account designated by the Seller.

#### ***Acceptation of third party's right (stipulation pour autrui)***

Pursuant to the provisions of the Loan Receivables Transfer Agreement, and in accordance with article 1121 of the French Civil Code, the Management Company and the Custodian, acting on behalf of the Issuer, have expressly accepted the benefit of all existing and future representations, warranties and undertakings given or

made by the Debtor (in any capacity whatsoever) for the benefit of the Issuer pursuant to any and all Finance Documents, which the Debtor has acknowledged and accepted.

### **Servicing of the Transferred Receivables**

#### ***Appointment of the Servicer***

Pursuant to the provisions of article L. 214-46 of the French Monetary and Financial Code, the Seller, acting in its capacity as Servicer, will continue to perform the management, servicing and collection of the Transferred Receivables.

To this end and pursuant to the provisions of the Master Servicing Agreement, the Management Company has appointed the Servicer, with effect from the Closing Date, to act on behalf of the Issuer in connection with the management, collection and servicing of the Transferred Receivables, which will include:

- (a) providing services in relation to the management of the Transferred Receivables and the Ancillary Rights;
- (b) providing services in relation to the collection and the servicing of the Transferred Receivables and the Ancillary Rights;
- (c) carrying out (or procuring that any entity duly appointed by the Servicer will carry out) all necessary or useful activities in order to cause the Borrower to perform its obligations and duties in connection with the Transferred Receivables and the Ancillary Rights;
- (d) subject to obtaining the appropriate specific mandate (*mandat spécial*), where necessary, taking (or procuring that any entity duly appointed by the Servicer will take) all reasonably necessary steps to preserve, to exercise and to enforce (*exécution forcée*) the Transferred Receivables or the Ancillary Rights, (*mandat spécial*), and more generally exercising the rights, powers and discretions of the Issuer in accordance with and subject to the terms of the Finance Documents and the other Programme Documents; and
- (e) performing those other functions as specifically provided for in the Master Servicing Agreement,

in all such cases on behalf of the Issuer and in accordance with and subject to the terms of the Facility Agreement.

#### ***Authority of the Servicer***

During its term of its appointment under the Master Servicing Agreement, the Servicer, in performing its obligations under the Master Servicing Agreement, will act at all times in accordance with the following requirements (applying such requirements in the following order of priority):

- (a) any and all applicable laws;
- (b) the requirements of the Facility Agreement;
- (c) the requirements of the Collateral Agreement;
- (d) the requirements of the other Finance Documents;
- (e) the express instructions of the Management Company, if any; and
- (f) the express terms of the Master Servicing Agreement.

Furthermore, the Servicer will ensure that there is devoted to the performance of its obligations under the Master Servicing Agreement (including but not limited to, doing what is necessary to collect all amounts owed by the Borrower in connection with the Transferred Receivables) at least the same amount of time, attention, level of skill, care and diligence, as would be devoted if it were acting solely for its own entire benefit.

The Servicer will only provide the Issuer with the limited duties and services set out in the Master Servicing Agreement. The Servicer will have no authority whatsoever in determining operation and financial policies in respect of the Issuer and the Servicer acknowledges that all powers to determine such policies are, and shall at all

times remain, vested in the Issuer. The Servicer will not be conferred any powers to enter into contracts in the name of the Issuer.

Without prejudice to the above:

- if a Servicing Rating Trigger Event occurs, the Servicer will in particular be in charge of exercising the right of the Issuer by: within thirty (30) Business Days of such occurrence, or otherwise as soon as possible, using reasonable endeavours to appoint a substitute collateral security servicer (the ***Substitute Collateral Security Servicer***) (whose IDR (if any) is at least BBB (long-term) and F3 (short-term) by Fitch Ratings and whose unsecured and unsubordinated debt obligations (if rated) are rated at least Baa2 (long-term) and P-3 (short-term) by Moody's) for the servicing of the Eligible Assets granted by the Collateral Provider, it being expressly understood that the Servicing Rating Trigger Event shall not result in the notification of the Home Loan Debtors, in accordance with the provisions of the Collateral Agreement; and
- in case of Loan Event of Default under the Borrower Loan, the Servicer will in particular be in charge of exercising the right of the Issuer by: (i) delivering to the Collateral Provider a Loan Enforcement Notice, (ii) appointing a substitute servicer (with the prior consent of the Management Company) and (iii) notifying, or instructing any substitute servicer to notify, all Home Loan Debtors, in accordance with the provisions of the Collateral Agreement.

Pursuant to the Issuer Regulations, if the Servicer fails to exercise the rights set out above, the Management Company shall itself deliver that Loan Enforcement Notice, appoint that substitute servicer and notify all Home Loan Debtors (or organise the notification of all Home Loan Debtors by that substitute servicer).

#### ***Sub-contracts***

Subject to the provisions of the Master Servicing Agreement, the Servicer may sub-contract or delegate any part of the administrative services to be provided by it under the Master Servicing Agreement to any third party provided that:

- (a) notwithstanding any provisions to the contrary, including without limitation in the contractual arrangements between the Servicer and such appointed third party, the appointment of such third party will not in any way release or discharge the Servicer from its obligations under the Master Servicing Agreement and exempt the Servicer from any liabilities under the Master Servicing Agreement;
- (b) the Issuer will have no liability to the appointed third party in relation to any fee, cost, claim, charge, loss, liability, damage or expense suffered or incurred by such third party;
- (c) such third party accepts in substance the rights and obligations of the Servicer in respect of the management and of the servicing of the Transferred Receivables, to the extent of any such part which has been sub-contracted or delegated to it;
- (d) such third party irrevocably waives all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground, which it may have against the Issuer;
- (e) the Rating Agencies shall have been given prior notice of such delegation and such delegation shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any of the Notes being placed under credit watch with negative implication;
- (f) the appointment of such third party complies with all applicable laws and regulations; and
- (g) the appointment of any such third party is subject to the prior written consent of the Management Company and the Custodian, which consent shall not be unreasonably withheld.

On the Closing Date, the Servicer has appointed and delegated to the Collateral Security Servicer all its servicing duties with respect to the Eligible Assets granted as Collateral Security in accordance with and subject to the terms of the Collateral Agreement, it being understood that the appointment of the Collateral Security Servicer will not in any way release or discharge the Servicer from its obligations under the Master Servicing Agreement nor exempt the Servicer from any liabilities under the Master Servicing Agreement.

## ***Management of the Transferred Receivables***

### *General*

Pursuant to the provisions of the Master Servicing Agreement, the Servicer will ensure the daily management and implementation of the Transferred Receivables, together with the Ancillary Rights, which will include without limitation:

- (a) the monitoring of the Ancillary Rights and, as the case may be, their enforcement; and
- (b) the compliance of the Borrower with its obligations (including the representations, warranties and undertakings made by the Borrower) under the Borrower Loans;

in accordance with the Facility Agreement, the Collateral Agreement and the other Finance Documents, subject to the terms of the Master Servicing Agreement.

### *Payments under the Transferred Receivables*

Pursuant to the provisions of the Collateral Agreement, on each date on which the Borrower or the Collateral Provider is required to make a payment to the Lender or the Beneficiary under the Finance Documents, the Borrower or the Collateral Provider will make the same available directly to the Issuer by crediting the relevant Issuer Account, in accordance with and subject to the terms of the Finance Documents and the Programme Documents.

### *Modifications and waivers*

The Servicer will not be permitted at any time during its appointment to consent to any material change, modification, waiver or amendment relating to the Transferred Receivables, the Ancillary Rights or the Finance Documents without the consent of the Issuer (such consent not to be unreasonably withheld), save for amendments and waivers made in relation to the Collateral Security pursuant to the Servicing Procedures, in respect of which the consent of the Issuer shall not be required.

### ***Contractual documents and files***

Pursuant to the provisions of the Master Servicing Agreement, the Custodian is in charge of the custody of the assets of the Issuer. Nevertheless, in accordance with the provisions of article D. 214-104 of the French Monetary and Financial Code, the Servicer will act as custodian of the Transferred Receivables, in compliance with the following conditions:

- (a) the Custodian will ensure, under its own liability, the custody of the Transfer Documents evidencing the sale of such Transferred Receivables to the Issuer; and
- (b) the Servicer will ensure, under its own liability, the custody of the files and other agreements and instruments relating to such Transferred Receivables, will implement to that effect custody procedures and will procure that a regular and independent internal supervision of such procedures is carried out annually.

Consequently, the Servicer will keep the contractual documents and files with respect to the Transferred Receivables, in a form which is adequate to enforce the Transferred Receivables and the Ancillary Rights related thereto promptly and to identify such contractual documents and files from the records and other documents which relate to other receivables or agreements maintained by or on behalf of the Servicer or any other person, provided however that the Management Company and the Custodian will agree that the Asset Records (as defined in section "Description of the Collateral Agreement" on page 114) relating to the Collateral Security may be kept by the Collateral Security Servicer, in accordance with the provisions of the Collateral Agreement; it being understood that this will not in any way release or discharge the Servicer from its liability under the Master Servicing Agreement in relation to the custody of such Asset Records.

The Servicer will ensure that all such contractual documents and files are kept in safe custody and in a place under its control or to which it can have access at any time and that they are not, and will not be destroyed, otherwise than with the prior written consent of the Custodian (save for Asset Records relating to Collateral Security which are extinguished (*éteints*)).



The Servicer will (1) deliver to the Management Company or to the Custodian, as soon as practically possible after having received a written or oral request to this effect and to the location specified in such request, the originals of (i) all or part of the contractual documents or files in relation to the Transferred Receivables and (ii) the Asset Records which are in its possession and (2) ensure that any Asset Records in possession of the Collateral Security Servicer will be delivered to it, as soon as practically possible after the occurrence of a Loan Event of Default.

### ***Communications and information***

Pursuant to the provisions of the Master Servicing Agreement, the Servicer will conduct all communications and dealings with the Borrower or the Collateral Provider, as the case may be, in relation to all matters concerning the Transferred Receivables or the Ancillary Rights. The Servicer will, in relation to the Transferred Receivables, the Ancillary Rights and related matters, make it clear to the Borrower or the Collateral Provider at all times that it is acting as servicer of the Transferred Receivables, the Ancillary Rights and related matters as agent for and on behalf of the Issuer.

The Servicer will promptly provide notice to the Management Company of:

- (a) the occurrence of any Borrower Loan Voluntary Redemption Event, any Borrower Loan Mandatory Redemption Event or any Facility Mandatory Redemption Event under the Facility Agreement;
- (b) any information relating to any matter or thing which become known to the Servicer which is a breach of any of the obligations or duties of the Borrower in connection with the Transferred Receivables and the Ancillary Rights;
- (c) any proposed waiver or amendment in connection with the Transferred Receivables and the Ancillary Rights (except where such waiver or amendment is made pursuant to the Servicing Procedures);
- (d) the occurrence of any Loan Event of Default and the nature of such Loan Event of Default; and
- (e) any proposed action to be taken to enforce the Ancillary Rights in accordance with the relevant Programme Document (except where such action is taken pursuant to the Servicing Procedures).

The Servicer will, upon receipt of a prior written or oral request to that effect, provide the Management Company or the Custodian, as soon as practically possible, with any available information that it may from time to time reasonably require in order to:

- (a) provide information to the Noteholders and for the Management Company or the Custodian to be able to perform its undertakings, each in accordance with the terms of the Programme Documents and applicable laws and regulations in so far as this is within its capacity as Servicer; and
- (b) safeguard and establish the rights of the Issuer in relation to the Transferred Receivables and the Ancillary Rights attached thereto,

subject to applicable laws and regulations.

### ***Servicing Fee***

In consideration for the management of the Loan Receivables pursuant to the Master Servicing Agreement, the Issuer will pay to the Servicer a fee of EUR 25,000 per annum, payable quarterly in arrears on each Quarterly Payment Date and in accordance with the applicable Priority of Payment Order. Any fees or expenses related to recovering activities which the Servicer may perform, as applicable, under the Master Servicing Agreement and any costs and expenses incurred by the Servicer in respect of the enforcement of the Collateral Security, as the case may be, will be invoiced separately by the Servicer to the Issuer.

### ***Termination of appointment***

#### ***Voluntary termination***

Pursuant to the provisions of the Master Servicing Agreement, the Servicer may terminate its appointment under the Master Servicing Agreement upon not less than three (3) months' written notice to the Management Company (with a copy to the Custodian), provided that:

- (a) a substitute servicer is appointed by the Management Company and the Custodian, such appointment to be effective on the date of termination of the Master Servicing Agreement;
- (b) the substitute servicer accepts in substance the rights and obligations of the Servicer in respect of the management and of the servicing of the Transferred Receivables and the Ancillary Rights, pursuant to an agreement entered into between the Management Company, the Custodian and the substitute servicer substantially similar to the terms of the Master Servicing Agreement;
- (c) the substitute servicer irrevocably waives all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which it may have against the Issuer;
- (d) the Rating Agencies shall have been given prior notice of such substitution and such substitution shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any of the Notes being placed under credit watch with negative implication;
- (e) the Custodian has given its prior consent to such a substitution, such consent not to be unreasonably withheld;
- (f) in accordance with article L. 214-46 of the French Monetary and Financial Code, the Management Company (or any other person appointed by the Management Company) shall have given notice of such substitution to the Borrower; and
- (g) such substitution complies with all applicable laws and regulations.

*Mandatory termination*

Pursuant to the provisions of the Master Servicing Agreement, the Management Company (i) in the cases mentioned in paragraphs (a) to (e) (included) below, will be entitled to terminate the appointment of the Servicer and to appoint any substitute servicer to manage, service and collect the Transferred Receivables and the Ancillary Rights and (ii) in the cases mentioned in paragraphs (f) and (g) below, will terminate the appointment of the Servicer and make its best efforts to appoint any substitute servicer to manage, service and collect the Transferred Receivables and the Ancillary Rights, within fifteen (15) days, or otherwise as soon as possible (each, a **Servicer Event of Default**):

- (a) any material representation or warranty made by the Servicer is or proves to have been incorrect or misleading in any material respect when made, and the same is not remedied (if capable of remedy) within sixty (60) Business Days after the Issuer has given notice thereof to the Servicer or (if sooner) the Servicer has knowledge of the same;
- (c) the Servicer has not complied with any provision of the Master Servicing Agreement and such default continues unremedied for a period of thirty (30) days after receipt by the Servicer of written notice from the Management Company requiring the same to be remedied; or
- (d) it becomes unlawful for the Servicer to perform any of its duties under the Master Servicing Agreement; or
- (e) an event having a material adverse effect on the Servicer's ability to perform its obligations under the Master Servicing Agreement has occurred; or
- (f) an Insolvency Event occurs in respect of the Servicer; or
- (g) the IDR of the Servicer falls below BBB (long-term) or F3 (short-term) by Fitch Ratings or the unsecured and unsubordinated debt obligations of the Servicer become rated below Baa2 (long-term) or P-3 (short-term) by Moody's,

provided however that no such termination will take effect prior to the appointment of a substitute servicer, in accordance with, and subject to, the following requirements:

- (i) the substitute servicer accepts in substance the rights and obligations of the Servicer in respect of its duties under the Master Servicing Agreement, pursuant to an agreement entered into between the

Management Company, the Custodian and the substitute servicer substantially similar to the terms of the Master Servicing Agreement;

- (ii) the substitute servicer irrevocably waives all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which it may have against the Issuer;
- (iii) the Custodian has given its prior consent to such a substitution, such consent not to be unreasonably withheld;
- (iv) the Rating Agencies shall have been given prior notice of such substitution and such substitution shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any of the Notes being placed under credit watch with negative implication;
- (v) in accordance with article L. 214-46 of the French Monetary and Financial Code, the Management Company (or any other person appointed by the Management Company) shall have given prior notice of such substitution to the Borrower; and
- (vi) such substitution complies with all applicable laws and regulations.

#### *Redelivery of records*

Upon the termination of appointment of the Servicer, the Servicer will:

- (a) as soon as possible, and in accordance with applicable laws and regulations, deliver and make available to the Management Company or the Custodian (or any person appointed by them) the files, records and documents in its possession or under its control relating to the Transferred Receivables and the Ancillary Rights attached thereto and any funds or other assets then held by the Servicer on behalf of the Management Company or the Custodian; and
- (b) provide the necessary assistance so that the substitute servicer may properly perform its duties under the new servicing agreement to be entered into between the Issuer and the substitute servicer.

#### *Fees upon termination*

Upon termination of appointment of the Servicer, the Servicer will be entitled to receive the part of the servicing fee referred to above accrued up to the date on which such termination occurred but will not be entitled to any other or further compensation. Such fees will be paid by the Management Company on the date payable under the Master Servicing Agreement if no termination had occurred, subject always to the provisions of the Master Servicing Agreement and of any other Programme Document.

#### ***Law governing the Master Servicing Agreement***

The Master Servicing Agreement will be governed by, and shall be construed and enforced in accordance with the laws of France. The *Tribunal de Commerce de Paris* will have exclusive jurisdiction to settle any disputes, which may arise out of or in connection with the Master Servicing Agreement.

## OPERATION OF THE ISSUER

### **Operation of the Issuer in the absence of any Loan Event of Default, Issuer Event of Default or Facility Mandatory Redemption Event**

As long as no Loan Event of Default, Issuer Event of Default or Facility Mandatory Redemption Event, the Issuer operates as follows:

- (a) on the Closing Date, the Issuer will issue the first Series of Notes and the Residual Units and purchase from the Seller the Loan Receivable arising from the Borrower Loan made available by the Seller (in its capacity as Lender) under the Facility Agreement on the Closing Date (together with the Ancillary Rights attached thereto including all Eligible Assets collateralised by the Collateral Provider on the Closing Date) and pay to the Seller the relevant Transfer Price, in accordance with and subject to the terms and conditions of the Loan Receivables Transfer Agreement, and in particular, but without limitation, subject to the conditions precedent set out therein (see section “Description of the Assets of the Issuer - Purchase of the Loan Receivables” on page 88);
- (b) on each Drawdown Date (as defined in section in section “Description of the Facility Agreement” on page 107), the Issuer will issue a further Series of Notes and purchase from the Seller the Loan Receivable arising from the Borrower Loan made available by the Seller (in its capacity as Lender) under the Facility Agreement on that Drawdown Date (together with the Ancillary Rights attached thereto including all Eligible Assets collateralised by the Collateral Provider on that date pursuant to the Collateral Agreement) and pay to the Seller the relevant Transfer Price, in accordance with and subject to the terms and conditions of the Loan Receivables Transfer Agreement, and in particular, but without limitation, subject to the conditions precedent set out therein (see section “Description of the Assets of the Issuer - Purchase of the Loan Receivables” on page 88);
- (c) where necessary, the Collateral Provider will collateralise from time to time further Eligible Assets in favour of the Beneficiary pursuant to the Collateral Agreement so that the Asset Cover Test be complied with on each Asset Cover Test Date;
- (d) as long as no Loan Enforcement Notice or Issuer Enforcement Notice has been served:
  - (i) on each date on which a payment of interest and/or principal is due under any Series of Notes, the relevant Noteholders will be entitled to receive that payments of interest and/or principal, in accordance with and subject to the relevant Terms and Conditions of the Notes and the Pre-Enforcement Priority of Payment Order set out in “Operation of the Issuer - Priority of Payment Order - Pre-Enforcement Priority of Payment Order” on page 104;
  - (ii) if on any date, a Notes Partial Amortisation Event or Notes Full Amortisation Event (other than a Facility Mandatory Redemption Event) occurs (as the case may be), payment of principal under each relevant Series of Note shall be made in accordance with and subject to the relevant Terms and Conditions of the Notes and the Pre-Enforcement Priority of Payment Order set out in section “Operation of the Issuer - Priority of Payment Order - Pre-Enforcement Priority of Payment Order” on page 104;

### **Operation of the Issuer after the occurrence of a Facility Mandatory Redemption Event and in the absence of any Loan Event of Default or Issuer Event of Default**

After the occurrence of a Facility Mandatory Redemption Event and as long as no Loan Event of Default or Issuer Event of Default has occurred, the Issuer operates as follows:

- (a) the Issuer will no longer issue any Note nor purchase any Loan Receivable under the Loan Receivables Transfer Agreement and the Lender will no longer make any Borrower Loan available under the Facility Agreement;
- (b) the Collateral Provider will no longer collateralise further Eligible Assets in favour of the Beneficiary pursuant to the Collateral Agreement;
- (c) all Borrower Loans shall become due and payable and be repaid by the Borrower in accordance with the provisions of the Facility Agreement;

- (d) to the extent where no Loan Enforcement Notice or Issuer Enforcement Notice has been served, on the Notes Payment Date immediately following the occurrence of that Facility Mandatory Redemption Event, the Noteholders will be entitled to receive payments of interest and of all amounts of principal outstanding under any and all Series of Notes, in accordance with and subject to the relevant Terms and Conditions of the Notes and the Pre-Enforcement Priority of Payment Order set out in section "Operation of the Issuer - Priority of Payment Orders - Pre-Enforcement Priority of Payment Order" on page 104.

#### **Operation of the Issuer after the occurrence of a Loan Event of Default**

After the occurrence of a Loan Event of Default, the Issuer operates as follows:

- (a) the Issuer will no longer issue any Note nor purchase any Loan Receivable under the Loan Receivables Transfer Agreement and the Lender will no longer make any Borrower Loan available under the Facility Agreement;
- (b) the Collateral Provider will no longer collateralise further Eligible Assets in favour of the Beneficiary pursuant to the Collateral Agreement;
- (c) the Lender (or the Issuer or any agent of the Issuer) will be entitled to declare that all Borrower Loans shall immediately become due and payable;
- (d) the Beneficiary (or any agent of the Beneficiary) will be entitled to enforce its rights under the Collateral Security and give a notice to the Home Loan Debtors in accordance with the provisions of the Collateral Agreement;
- (e) after title to Home Loans and Substitution Assets has been definitively transferred to the Issuer upon enforcement of the Collateral Security following the occurrence of a Loan Event of Default (the **Transferred Assets**), the Management Company will sell or refinance Home Loans and Substitution Assets in accordance with the provisions of the Issuer Regulations (see section "Operation of the Issuer - Operations of the Issuer after the occurrence of a Loan Event of Default" on page 101), which provides that the Management Company will ensure that the Home Loans and Substitution Assets which are proposed for sale or refinancing (the **Selected Assets**) at any relevant date (the **Relevant Date**) will be selected on a random basis, provided that no more Selected Assets will be selected than are necessary for the estimated sale or refinancing proceeds to equal the Adjusted Required Redemption Amount, where:

**Adjusted Required Redemption Amount** means an amount equal to:

- (a) as long as no Issuer Enforcement Notice has been served: the outstanding principal amount of all Series of Notes the Final Maturity Date of which falls on the Notes Payment Date immediately following the Relevant Date (together with all Note Interest Amounts accrued thereon) plus the outstanding principal amount of all Series of Notes the Final Maturity Date of which has been extended in accordance with Condition 4.3 (together with all Note Interest Amounts accrued thereon), less amounts standing to the credit of the Issuer Accounts (including amounts which the Issuer expects will be credited to the Issuer Accounts on or before that Notes Payment Date and excluding the aggregate of all amounts payable in priority to all Notes Principal Amounts pursuant to the Controlled Post-Enforcement Priority of Payment Order);
- (b) after the service of an Issuer Enforcement Notice: the outstanding principal amount of all Series of Notes (together with all Note Interest Amounts accrued thereon), less amounts standing to the credit of the Issuer Accounts (including amounts which the Issuer expects will be credited to the Issuer Accounts on or before the next date on which the Issuer will make payments pursuant to Accelerated Priority of Payment Order and excluding the aggregate of all amounts payable in priority to all Notes Principal Amounts pursuant to the Accelerated Priority of Payment Order).

The Management Company will (i) offer the Selected Assets for sale for the best price reasonably available or (ii) seek to refinance the Selected Assets on the best terms reasonably available, notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

For the purpose hereof, the Management Company may, through a tender process, appoint a portfolio manager of recognised standing on a basis intended to incite the portfolio manager to achieve the best price for the sale or refinancing of the relevant Home Loans and Substitution Assets (if such terms are

commercially available in the market) and to advise it in relation to the sale or refinancing of the same to potential buyers.

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

A Loan Event of Default will not per se trigger the right for the Representative or the Management Company to declare any Series of Note immediately due and payable (subject to the occurrence of an Issuer Event of Default).

After the service of a Loan Enforcement Notice following the occurrence of a Loan Event of Default and as long as no Issuer Enforcement Notice has been served, on each Notes Payment Date after the occurrence of a Loan Event of Default and as long as no Issuer Event of Default has occurred, the relevant Noteholders will be entitled to receive payments of interest and/or principal, in accordance with and subject to the relevant Terms and Conditions of the Notes and the Controlled Post-Enforcement Priority of Payment Order set out in section "Operation of the Issuer - Priority of Payment Order - Controlled Post-Enforcement Priority of Payment Order" on page 104.

### **Operation of the Issuer after the occurrence of an Issuer Event of Default**

After the occurrence of an Issuer Event of Default, the Issuer operates as follows:

- (a) the Issuer will no longer issue any Note nor purchase any Loan Receivable under the Loan Receivables Transfer Agreement and the Lender will no longer make any Borrower Loan available under the Facility Agreement;
- (b) the Collateral Provider will no longer collateralise further Eligible Assets in favour of the Beneficiary pursuant to the Collateral Agreement; and
- (c) the Representative may, at its discretion, and shall, if so directed by the majority of the Noteholders (as such majority is defined in Condition 7.4.3) or if such Issuer Event of Default is a Notes Cross Acceleration Event, upon written notice (an *Issuer Enforcement Notice*) to the Issuer (with copy to the Rating Agencies) given before all defaults shall have been cured, cause the principal amount of all Notes of such Series to become due and payable (but subject to the relevant Priority of Payment Order).

An Issuer Event of Default will not per se entitle the Lender to declare that all Borrower Loans shall immediately become due and payable nor the Issuer to enforce its rights under the Collateral Security and give a notice to the Home Loan Debtors in accordance with the provisions of the Collateral Agreement. However, if, in addition to the Issuer Event of Default, a Loan Event of Default occurs, the provisions set out in section "Operation of the Issuer after the occurrence of a Loan Event of Default" above will apply.

After the service of an Issuer Enforcement Notice following the occurrence of an Issuer Event of Default (and whether or not a Loan Enforcement Notice has been served), the Noteholders will be entitled to receive payments of interest and/or principal, in accordance with and subject to the relevant Terms and Conditions of the Notes and the Accelerated Priority of Payment Order set out in section "Operation of the Issuer - Priority of Payment Order- Accelerated Priority of Payment Order" on page 105.

### **Information – Collateral Security Report**

Pursuant to the Collateral Agreement, the Collateral Security Servicer will, on each Asset Cover Test Date and Amortisation Test Date, provide the Lender and the Issuer (with a copy to the Issuer Calculation Agent) with a Collateral Security Report (as defined in section "Description of the Collateral Agreement – Servicing of the Collateral Security – Collateral Security Report" on page 118).

### **Calculations, Determinations and Communications – Duties of the Issuer Calculation Agent**

Pursuant to the provisions of the Calculation Agency Agreement, the Issuer Calculation Agent shall carry out on behalf of the Issuer (i) all calculations and tests necessary for ensuring that the amount of Collateral Security required under the Collateral Agreement is at all times in place, such as the Asset Cover Test or the Amortisation

Test and (ii) more generally all determinations or calculations necessary for the purpose of the Programme (see section “Calculation Agency Agreement” on page 125).

Pursuant to the Calculation Agency Agreement, the Issuer Calculation Agent shall, on each Asset Cover Test Date and each Amortisation Test Date, provide the Management Company and the Custodian with the Issuer Calculation Agent’s Report (as defined in section in section “Asset Monitoring” on page 128).

### **Issuer Available Funds**

Issuer Available Funds of the Issuer will be, from time to time, credited to and debited from, the Issuer Accounts opened in the books of the Account Bank, upon instructions of the Management Company, provided that no amount will be withdrawn from any Issuer Account if the relevant Issuer Account would have a debit balance as a result thereof (see section “Description of the Issuer Accounts” on page 135).

Any excess cash collateral paid by any Swap Counterparty or the Mirror Swap Counterparty under any Collateral Annex to the Issuer shall not constitute any part of the Issuer Available Funds and therefore shall not be subject to any Priority of Payment Order.

For the purposes hereof:

**Issuer Available Funds** means:

- (a) in the absence of service of a Loan Enforcement Notice:
  - (i) payment proceeds from the Borrower under the Loan Receivables;
  - (ii) cash from Authorised Investments (if any); and
  - (iii) payment proceeds from any Swap Agreement and Mirror Swap Agreement (as applicable);
- (b) following the service of a Loan Enforcement Notice:
  - (i) payment proceeds, whether in interest, principal or otherwise, received by the Issuer following service of a notice to any or all borrowers under the Home Loans in respect of the new payment instructions to be observed by such borrowers in respect of the payment of sums due under the Home Loans;
  - (ii) insurance proceeds and other proceeds (other than those proceeds mentioned in (i) above) received from any entities by the Issuer under the Home Loans;
  - (iii) payment proceeds, whether in interest, principal or otherwise, received by the Issuer from the debtors under the Substitution Assets;
  - (iv) any amount transferred from the Specially Dedicated Bank Account to the Issuer Operating Account pursuant to the Specially Dedicated Bank Account Agreement;
  - (v) proceeds from disposal, transfer, sale or refinancing (by way of securitisation or otherwise) of the Home Loans and Substitution Assets received by the Issuer;
  - (vi) proceeds from the enforcement of any Home Loan Guarantee (if any) received by the Issuer;
  - (vii) cash from Authorised Investments (if any); and
  - (viii) payment proceeds from any Swap Agreement and Mirror Swap Agreement (as applicable).

## Priority of Payment Order

### *Pre-Enforcement Priority of Payment Order*

As long as no Loan Enforcement Notice or Issuer Enforcement Notice has been served, on each Notes Payment Date, the Management Company shall give the appropriate instructions to the Issuer Account Bank and the Paying Agent to apply the then Issuer Available Funds of the Issuer to the following payments owed by the Issuer on such date, in the following priority (the ***Pre-Enforcement Priority of Payment Order***):

- (i) **first**, in or towards payment or discharge *pari passu* and *pro rata* of the following amounts then due and payable by the Issuer (a) the Issuer's liability, if any, to taxation and (b) any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable or redeemable by the Issuer to any stock exchange and other listing entities where the Notes are listed, any clearing systems entities where the Notes are cleared, the Management Company, the Custodian, the Servicer, the Issuer Calculation Agent, the Issuer Verification Agent, the Issuer Account Bank, the Issuer Cash Manager, the Paying Agent, the administrative agent of the Residual Units, the statutory auditors of the Issuer, the Representative and the Rating Agencies in respect of the monitoring fees, provided in addition that: (1) the Management Company will be entitled to retain as a provision an amount equal to the fees payable to any entity listed above in the course of the year following the relevant Notes Payment Date (together, the ***Senior Administrative Costs*** and the ***Tax Costs***) and (2) the Senior Administrative Costs payable by the Issuer on such Notes Payment Date shall exclude any Senior Administrative Costs paid by the Management Company on any previous Quarterly Payment Date in accordance with the provisions of the Issuer Transaction Documents;
- (ii) **secondly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer, if any, under any Swap Agreement and Mirror Swap Agreement (other than Hedging Termination Costs) (together, the ***Hedging Costs***);
- (iii) **thirdly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all Note Interest Amounts then due and payable by the Issuer under the relevant Series of Notes;
- (iv) **fourthly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all Note Principal Amounts then due and payable by the Issuer under the relevant Series of Notes;
- (v) **fifthly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer, if any, in respect of any payments to be made by the Issuer following an early termination of any (1) Mirror Swap Agreement (for whatever reason) or (2) Swap Agreement, as a result of an event of default under the same in respect of which the relevant Swap Counterparty of the Issuer is the defaulting party, or as a result of an illegality in respect of which the relevant Swap Counterparty of the Issuer is the affected party (together, the ***Hedging Termination Costs***); and
- (vi) **sixthly**, in or towards payment of any remaining excess to the Residual Unitholder(s).

### *Controlled Post-Enforcement Priority of Payment Order*

After the service of a Loan Enforcement Notice following the occurrence of a Loan Event of Default and as long as no Issuer Enforcement Notice has been served, on each Notes Payment Date, the Management Company shall give the appropriate instructions to the Issuer Account Bank and the Paying Agent to apply the then applicable Issuer Available Funds to the following payments owed by the Issuer on such date, in the following priority (the ***Controlled Post-Enforcement Priority of Payment Order***):

- (i) **first**, in or towards payment or discharge *pari passu* and *pro rata* of the Senior Administrative Costs (including, in particular but without limitation (a) any provision retained by the Management Company in order to pay the fees payable to any entity listed in paragraph (i) of the Pre-Enforcement Priority of Payment Order in the course of the year immediately following the relevant Notes Payment Date and (b) any costs or expenses supported by the Servicer in relation to the enforcement of the Collateral Security) and Tax Costs then due and payable by the Issuer and remaining unpaid at such date;
- (ii) **secondly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all Hedging Costs then due and payable by the Issuer, if any, under any Swap Agreement and Mirror Swap Agreement (other than Hedging Termination Costs);



- (iii) **thirdly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all Note Interest Amounts then due and payable by the Issuer under the relevant Series of Notes;
- (iv) **fourthly**, in or towards payment or discharge *pari passu* and *pro rata* of any and all Note Principal Amounts then due and payable by the Issuer under the relevant Series of Notes;
- (v) **fifthly**, only after and subject to the full repayment of any outstanding Notes, in or towards payment or discharge *pari passu* and *pro rata* of any and all Hedging Termination Costs then due and payable by the Issuer, if any; and
- (vi) **sixthly**, only after and subject to the full repayment of any outstanding Notes, in or towards payment *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer to the Collateral Provider of any surplus (*soulte*) remaining after the enforcement of the Collateral Security (as the case may be) and the complete and definitive payment of all Secured Liabilities; and
- (vii) **seventhly**, only after and subject to the full repayment of any outstanding Notes, payment of any remaining excess to the Residual Unitholder(s).

#### ***Accelerated Priority of Payment Order***

After the service of an Issuer Enforcement Notice following the occurrence of an Issuer Event of Default (and whether or not a Loan Enforcement Notice has been served), the Management Company shall give the appropriate instructions to the Issuer Account Bank and the Paying Agent to apply the then applicable Issuer Available Funds to the following payments at the latest on the third (3<sup>rd</sup>) Business Day following the receipt of such Issuer Enforcement Notice, in the following priority (the ***Accelerated Priority of Payment Order***):

- (i) **first**, in or towards payment or discharge *pari passu*, *pro rata* and in full of all Senior Administrative Costs (including, in particular but without limitation (a) any provision retained by the Management Company in order to pay the fees payable to any entity listed in paragraph (i) of the Pre-Enforcement Priority of Payment Order in the course of the year immediately following the relevant date and (b) any costs or expenses supported by the Servicer in relation to the enforcement of the Collateral Security) and Tax Costs then due and payable by the Issuer and remaining unpaid at such date;
- (ii) **secondly**, after and subject to the full payment of any and all sums referred to in (i) above, in or towards payment or discharge *pari passu*, *pro rata* and in full of any and all sums then due and payable by the Issuer, if any, under any Swap Agreement and Mirror Swap Agreement (other than Hedging Termination Costs) and remaining unpaid at such date;
- (iii) **thirdly**, after and subject to the full payment of any and all sums referred to in (i) and (ii) above, in or towards payment or discharge *pari passu*, *pro rata* and in full of any and all Note Interest Amounts then due and payable by the Issuer under the relevant Series of Notes and remaining unpaid at such date;
- (iv) **fourthly**, after and subject to the full payment of any and all sums referred to in (i) to (iii) above, in or towards payment or discharge *pari passu*, *pro rata* and in full of any and all Note Principal Amounts then due and payable by the Issuer under the relevant Series of Notes and remaining unpaid at such date;
- (v) **fifthly**, after and subject to the full payment of any and all sums referred to in (i) to (iv) above, in or towards payment or discharge *pari passu* and *pro rata* and in full of any and all Hedging Termination Costs then due and payable by the Issuer and remaining unpaid at such date;
- (vi) **sixthly**, after and subject to the full payment of any and all sums referred to in (i) to (v) above, (a) as applicable, in or towards payment *pari passu* and *pro rata* of any and all amounts then due and payable by the Issuer, and provided that the Notes have been redeemed in full, payment to the Collateral Provider of any surplus (*soulte*) remaining after the enforcement of the Collateral Security (as the case may be) and the complete and definitive payment of all Secured Liabilities; and
- (vii) **seventhly**, only after and subject to the full repayment of any outstanding Notes, payment of any remaining excess to the Residual Unitholder(s).

**Instructions of the Management Company**

In order to ensure that all allocations, distributions and payments are made in a timely manner in accordance with the relevant Priority of Payment Order, the Management Company will give the relevant instructions to the Custodian, the Issuer Account Bank, the Servicer, the Issuer Cash Manager, the Issuer Calculation Agent, the Issuer Verification Agent and the Paying Agent.

## DESCRIPTION OF THE FACILITY AGREEMENT

### Background

Pursuant to the Facility Agreement, the Lender has agreed to make available advances (each, a *Borrower Loan*) to the Borrower in a maximum aggregate amount of €21,000,000,000 (the *Borrower Facility Commitment*). The Facility Agreement is drafted in the French language and is governed by French law. Each date on which a Borrower Loan is made available to Borrower by the Lender under the Facility Agreement shall be referred to as a *Drawdown Date*.

The Borrower has agreed to apply all amounts borrowed by it under the Facility Agreement towards funding its general financial requirements.

The Lender is not bound to monitor or to verify the application of any amount borrowed by the Borrower pursuant to the Facility Agreement.

### Conditions Precedent

The obligation of the Lender to make the Borrower Loans available under the Facility Agreement is subject to the conditions precedent that certain customary documents in form and substance satisfactory to the Lender be remitted to it.

In addition, the Lender will only be obliged to make a Borrower Loan available if on the Closing Date or on the relevant Drawdown Date:

- (a) no Loan Event of Default has occurred and is continuing or would result from the proposed Borrower Loan;
- (b) no Facility Mandatory Redemption Event has occurred and is continuing;
- (c) no Issuer Event of Default has occurred and is continuing;
- (d) no Non-Compliance with the Asset Cover Test has occurred and is continuing;
- (e) the representations and warranties made by the Borrower remain true and accurate in all material respects given the current facts and circumstances on the Closing Date or on the relevant Drawdown Date;
- (f) the Borrower has remitted to the Lender a solvency certificate (in a form satisfactory for the Lender), up to date as of the Closing Date or on the relevant Drawdown Date;
- (g) the Collateral Provider has remitted the Collateral Security Statement required on the Closing Date or on the relevant Drawdown Date under the Collateral Agreement; and
- (h) the Management Company has confirmed to the Lender that the Issuer has the funds necessary to the payment of the Transfer Price of the corresponding Loan Receivable.

### Utilisation

#### *The Utilisation Request*

Pursuant to the terms of the Facility Agreement, the Borrower has the right, on any date, to make a drawdown under the Facility Agreement, by issuing an utilisation request (the *Utilisation Request*) indicating the terms and conditions requested by the Borrower for the relevant Borrower Loan.

The Utilisation Request will be irrevocable and will only be regarded as duly established if:

- (a) the Utilisation Request is remitted to the Lender no later than (i) in respect of the drawdowns to be made on the Closing Date: four (4) Business Days prior to the Closing Date or (ii) in respect of any further drawdown: seven (7) Business Days prior to the relevant Drawdown Date;
- (b) the amount requested is denominated in Euro; and

- (c) the amount requested will not cause the aggregate amount of the Borrower Loans to exceed the Borrower Facility Commitment.

Each Utilisation Request issued shall be sent by the Borrower to the Lender (with a copy to the Management Company and the Issuer Calculation Agent).

#### ***Determination of the final terms and conditions of the Notes and of the Borrower Loans***

Upon receipt of an Utilisation Request:

- (a) the Issuer shall elaborate the Final Terms of the Notes to be issued in order to fund the purchase of the corresponding Borrower Loan, taking into account the amount and the terms and conditions requested by the Borrower;
- (b) the Issuer Calculation Agent shall determine and indicate to the Issuer, the amount of Eligible Assets to be collateralised as Collateral Security by the Collateral Provider for the benefit of the Beneficiary, in order for the Asset Cover Test to be complied with on the Closing Date or the relevant Drawdown Date;
- (c) the Issuer shall indicate to the Lender, the said Final Terms of the Notes and the said amount of Eligible Assets;
- (d) on the basis of the Final Terms of the Notes, the Lender shall indicate in an information notice (the ***Terms and Conditions Information Notice***), to the Borrower and to the Collateral Provider (i) the final terms of the relevant Borrower Loan (the ***Final Terms of the Borrower Loan***), (ii) the date on which the funds will be made available to the Borrower (if different from the requested Drawdown Date) and (iii) the amount of Eligible Assets required as Collateral Security.

#### ***Acceptance***

No later than on the Business Day on which the Borrower receives the Terms and Conditions Information Notice, the Borrower shall indicate its acceptance of the Final Terms of the Borrower Loan, by countersigning the Terms and Conditions Information Notice, or its refusal, by delivering to the Lender a notice of refusal. The Borrower shall have the right to accept or refuse the Final Terms of the Borrower Loan.

#### **Payments of principal and interest under the Borrower Loans**

The calculation and the payment of principal and interest under a Borrower Loan shall be made in accordance with the general terms and conditions of Borrower Loans and the corresponding Final Terms of the Borrower Loans (which shall mirror the corresponding Terms and Conditions of the Notes). As a general matter, the interest to be paid by the Borrower under a Borrower Loan shall be equal to the related funding costs of the Lender increased by a margin.

This margin aims at covering the costs and expenses of the Lender (in any capacity whatsoever under the Programme) and the Issuer during the Programme.

#### **Borrower Loan Voluntary Redemption Event**

Pursuant to the provisions of the Facility Agreement, the Borrower shall be entitled to redeem any or all Borrower Loans in advance (in full or in part) provided that, if at that time the principal outstanding amount of all Borrower Loans is lower than 10% of the maximum principal outstanding amount of the Loan Receivables since the Closing Date, the Borrower may only decide to redeem in full (but not in part) all Borrower Loans.

If the Borrower decides to proceed with an early redemption of the Borrower Loan in accordance with the conditions set out above (such event constituting a ***Borrower Loan Voluntary Redemption Event*** for the purpose of the Facility Agreement), it shall give not less than six (6) Business Days' prior notice of that early redemption to the Lender (or a shorter period if the Lender so accepts).

### **Borrower Loan Mandatory Redemption Events**

Each event set out in this paragraph shall constitute a *Borrower Loan Mandatory Redemption Event* for the purpose of the Facility Agreement.

#### ***Mandatory prepayment in case of illegality in respect of the Lender***

Pursuant to the provisions of the Facility Agreement, if (i) it becomes unlawful in any applicable jurisdiction for the Lender to perform any of its obligations as contemplated by the Facility Agreement or to fund or maintain the Borrower Loan, (ii) it is not possible to remedy that invalidity or illegality or it is not remedied within two months (or before the last day of any grace period provided for by any applicable law) and (iii) that invalidity or illegality, because of its effects or of the importance of the relevant provision, has a negative impact the level of security of the Noteholders:

- (a) the Lender will promptly notify the Borrower upon becoming aware of that event; and
- (b) the Borrower will repay the relevant Borrower Loan at the earliest of: (i) the date indicated by the Lender in the notification sent to the Borrower (which cannot be earlier than the last day of any grace period provided for by any applicable law) and (ii) the last day of the interest period during which the Lender has notified the Borrower.

#### ***Mandatory prepayment in case of illegality in respect of the Borrower***

Pursuant to the provisions of the Facility Agreement, if it becomes unlawful in any applicable jurisdiction for the Borrower to perform any of its obligations pursuant to the gross up provision or any equivalent provision of the Finance Documents:

- (a) the Borrower will promptly notify the Lender upon becoming aware of that event; and
- (b) the Borrower will repay to the Lender the Borrower Loan at the earliest of: (i) the date which will be indicated by the Lender to the Borrower (which cannot be earlier than the last day of any grace period provided for by any applicable law) and (ii) the last day of the Loan Interest Period during which the Lender has notified the Borrower.

### **Facility Mandatory Redemption Events**

Each event set out in this paragraph shall constitute a *Facility Mandatory Redemption Event* for the purpose of the Facility Agreement.

#### ***Mandatory prepayment in case of a Borrower Loan Mandatory Redemption Events affecting all Borrower Loans***

If a Borrower Loan Mandatory Redemption Event affects all Borrower Loans, the facility granted under the Facility Agreement will be cancelled and the provisions of section "Borrower Loan Mandatory Redemption Events" shall apply *mutatis mutandis* to all outstanding Borrower Loans.

#### ***Mandatory prepayment in case of Breach of the Asset Cover Test***

If a Breach of the Asset Cover Test occurs, the facility granted under the Facility Agreement will be cancelled and the Borrower will repay to the Lender all Borrower Loans at the earliest of the date which will be indicated by the Lender to the Borrower and the immediately following Notes Payment Date.

#### ***Mandatory prepayment in respect of the Hedging Strategy***

If, upon the occurrence of a Swap Implementation Trigger Event, the Issuer fails to enter into any Swap Transaction with any relevant Eligible Entity within thirty (30) calendar days from the occurrence of such Swap Implementation Trigger Event, the facility granted under the Facility Agreement will be cancelled and the Borrower will repay to the Lender all Borrower Loans at the earliest of the date which will be indicated by the Lender to the Borrower and the immediately following Notes Payment Date.

### **Mandatory repayment in case of Loan Event of Default**

At any time after the occurrence of a Loan Event of Default, the Lender may, without *mise en demeure*, by notification to the Debtor, but subject to the provisions of articles L. 620-1 à L. 670-8 of the French Commercial Code, declare all or part of the Borrower Loan immediately due and payable and, in such case, the Borrower shall pay the sums and other amounts so due and payable to the Lender on the Business Day following the date of that notification at the latest.

### **Accrued interest and Broken Funding Indemnities**

Any repayment or prepayment made by the Borrower in the cases set out above shall be accompanied by: (i) any accrued interest on the repaid or prepaid amount; and (ii) as applicable, the following Broken Funding Indemnity (the **Broken Funding Indemnity**):

- (i) if, following the occurrence of a Borrower Loan Voluntary Redemption Event, Borrower Loan Mandatory Redemption Event, Facility Mandatory Redemption Event or Loan Event of Default the Lender receives or recovers all or part of a Borrower Loan on a date other than a Notes Payment Date, the Borrower shall pay to the Lender on demand an amount equal to the amount (if any) of the difference (if positive) between (x) the additional interest which would have been payable on the amount so received or recovered, had that amount been paid on the Notes Payment Date immediately following that date, and (y) the amount of interest which the Lender reasonably determines would be payable to the Lender under a deposit equal to the amount so received or recovered placed by it with a leading Eligible Bank for a period starting on the Business Day following the date of such receipt or recovery and ending on that Notes Payment Date;
- (ii) if, following the occurrence of a Loan Event of Default, the Lender receives or recovers all or part of a Borrower Loan before the maturity date scheduled under the relevant Final Terms of the Borrower Loan, in addition to the amount payable under (i) above, the Borrower shall pay on demand to the Lender, on each Notes Payment Date falling between the Notes Payment Date immediately following the date of that receipt or recovery (excluded) and the relevant maturity date (included), an amount equal to the amount (if any) of the difference (if positive) between (x) the interest which would have accrued on the amount so received or recovered during the Notes Interest Period ending on each such Notes Payment Date at the rate that would have been applicable to that Borrower Loan during that Notes Interest Period and (y) the amount of interest which the Lender reasonably determines would be payable to the Lender under a deposit equal to the amount so received or recovered placed by it with a leading Eligible Bank during such Notes Interest Period; and
- (iii) if the Lender does not receives or recovers all or part of a Borrower Loan on the maturity date scheduled under the relevant Final Terms of the Borrower Loan, and due to the fact that in such case the Issuer may be obliged to extend the Final Maturity Date of the Series of Notes issued in relation to that Borrower Loan for a period of twelve (12) months, the Borrower shall pay on demand to the Lender, on each Notes Payment Date falling between the maturity date scheduled under the relevant Final Terms of the Borrower Loan and the date falling twelve (12) months after the date (included), an amount equal to the amount (if any) of the difference (if positive) between (x) the interest which would have accrued during the Notes Interest Period ending on each such Notes Payment Date, on an amount equal to the principal outstanding amount of the Notes of that Series as of the first day of that Notes Interest Period, at the rate that would have been applicable to that Borrower Loan during that Notes Interest Period and (y) the amount of interest which the Lender reasonably determines would be payable to the Lender under a deposit equal to any amount received or recovered in respect of that Borrower Loan during that Notes Interest Period, placed by it with a leading Eligible Bank for a period starting on the Business Day following the date of such receipt or recovery and ending on the last day of that Notes Interest Period.

### **Recourse**

The recourse of the Lender under any payment obligations of the Borrower under the Loan Agreement will not be limited in any way to the sums received in respect of the Collateral Security.

## **Representations, warranties and covenants**

### ***Representations of the Debtor***

Under the Facility Agreement, the Debtor has made certain representations and warranties customary for a loan of this nature, including, but not limited to, representations and warranties as to its existence and incorporation, its capacity, the Collateral Security being a valid, first ranking, binding and enforceable guarantee, the lawfulness of its obligations (subject to the qualifications set out in the legal opinion delivered in connection therewith), the deduction of tax, the absence of misleading information, the absence of litigation and insolvency proceedings, the accuracy of the financial statements.

### ***Covenants***

The Facility Agreement also provides for general financial information covenants and other customary covenants of the Debtor.

### **Loan Events of Default**

Each of the following events shall constitute a *Loan Event of Default* for the purposes of the Facility Agreement:

- (a) the Debtor fails to pay any sum due under the Finance Documents when due, in the currency and in the manner specified therein; provided, however, that where (i) such non-payment is due to an administrative error or a technical failure and (ii) such payment is made by the Debtor or within five (5) Business Days of such non-payment, such non-payment shall not constitute a Loan Event of Default;
- (b) the Debtor fails to comply with any of its material obligations under the Finance Documents (other than a financial obligation) and the same is not remedied (if capable of remedy) within sixty (60) Business Days after the Issuer or the Lender has given notice thereof to the Debtor or (if sooner) after the Debtor has knowledge of the same; provided however that (i) a Non-Compliance with the Asset Cover Test shall not constitute a Loan Event of Default and (ii) a Breach of Asset Cover Test shall not constitute a Loan Event of Default but a Facility Mandatory Redemption Event;
- (c) any material representation or warranty made by the Debtor under the Finance Document or in any notice or other document, certificate or statement delivered by it pursuant thereto or in connection therewith is or proves to have been incorrect or misleading in any material respect when made, and the same is not remedied (if capable of remedy) within sixty (60) Business Days after the Lender or the Issuer has given notice thereof to the Debtor or (if sooner) after the Debtor has knowledge of the same;
- (d) the Collateral Security Servicer fails to comply with its obligations to credit the Specially Dedicated Bank Account within the timeframe and for such amount as are required pursuant to the Specially Dedicated Bank Account Agreement; provided, however, that where (i) such failure is due to an administrative error or a technical failure and (ii) the required credit is made by the Collateral Security Servicer within five (5) Business Days of the date required under the Specially Dedicated Bank Account Agreement, such failure shall not constitute a Loan Event of Default;
- (e) an Insolvency Event occurs in respect of the Debtor;
- (f) except for the events mentioned in section “Mandatory prepayment in case of illegality in respect of the Borrower” on page 109, it is or it becomes unlawful for the Debtor to perform any of its obligations under the Finance Documents; or
- (g) upon the occurrence of a Swap Implementation Trigger Event, the Issuer has entered into a Swap Transaction and no Loan Event of Default has occurred and is continuing, and the Issuer or Société Générale fails to enter into the corresponding Mirror Swap Transaction within thirty (30) calendar days from the occurrence of such Swap Implementation Trigger Event.

## Consequences of a Loan Event of Default

Upon the occurrence of a Loan Event of Default:

- (a) the Lender (or the Management Company) will be entitled, without any *mise en demeure*, but subject to the provisions of Articles L. 620-1 à L. 670-8 of the French Commerce Code, by written notice to the Debtor (with a copy to the Issuer and the Rating Agencies), to declare that:
  - (i) all Borrower Loans will be cancelled;
  - (ii) no further Utilisation Request may be issued; and
  - (iii) all Borrower Loans are immediately due and payable; in such case, the Borrower shall pay the sums and other amounts so due and payable to the Lender on the Business Day following the date of that notification at the latest, together with the applicable Broken Funding Indemnities (as defined below); and
- (a) the Beneficiary (or any agent of the Beneficiary) shall be entitled to enforce its rights under the Collateral Security.

Pursuant to the Master Servicing Agreement, in case of Loan Event of Default under the Borrower Loan, the Servicer will in particular be in charge of exercising the right of the Issuer by: (i) delivering to the Collateral Provider a Loan Enforcement Notice, (ii) appointing a substitute servicer (with the prior consent of the Management Company) and (iii) notifying, or instructing any substitute servicer to notify, all Home Loan Debtors, in accordance with the provisions of the Collateral Agreement.

Pursuant to the Issuer Regulations, if the Servicer fails to exercise the rights set out above, the Management Company shall itself deliver that Loan Enforcement Notice, appoint that substitute servicer and notify all Home Loan Debtors (or organise the notification of all Home Loan Debtors by that substitute servicer).

## Payment mechanics

### *Payments to the Lender*

On each date on which the Debtor is required to make a payment under a Finance Document, the Debtor will make the same available to the Lender (unless otherwise provided in any Finance Document) by crediting the Issuer Operating Account.

### *Partial payments*

- (a) If the Lender receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under the Finance Documents, the Lender will apply that payment towards the obligations of the Borrower under the Finance Documents in the following order:
  - (i) **first**, in or towards payment pro rata of any unpaid costs and expenses of the Lender under the Facility Agreement;
  - (ii) **secondly**, in or towards payment pro rata of any accrued but unpaid interest under the Facility Agreement;
  - (iii) **thirdly**, in or towards payment pro rata of any principal due but unpaid under the Facility Agreement; and
  - (iv) **fourthly**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.
- (b) The Lender will be entitled to change the order set out in paragraphs (i) to (iv) above by so notifying the Borrower.
- (c) Paragraphs (a) and (b) above will prevail on any payment allocation made by the Debtor.



***No set-off by the Debtor***

Unless otherwise provided for in the Finance Documents, all payments to be made by the Debtor to the Lender and by the Lender to the Debtor under the Finance Documents will be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

**Amendment**

For the avoidance of doubt, the Facility Agreement may be amended, modified, altered or supplemented without prior Rating Confirmation:

- (a) to cure any ambiguity, omission, defect or inconsistency;
- (b) to evidence or effect the transition of any party to the Facility Agreement to any successor;
- (c) to add to the undertakings and other obligations of the Debtor under the Facility Agreement; or
- (d) to comply with any mandatory requirements of applicable laws and regulations.

**Main other terms**

The Facility Agreement also provides for:

- (a) customary tax gross-up provisions relating to payments to be made by the Borrower to the Lender, under Facility Agreement;
- (b) customary tax indemnity provisions relating to any payment to be made by the Lender, on account of tax on or in relation to any sum received or receivable under the Facility Agreement by the Lender, from the Borrower or any liability in respect of any such payment is asserted, imposed, levied or assessed against the Lender;
- (c) customary “increased costs” provisions; and
- (d) general financial information covenants and other customary covenants of the Borrower.

**Governing law and jurisdiction**

The Facility Agreement is governed by French law. The *Tribunal de Commerce de Paris* will have exclusive jurisdiction to settle any dispute arising out of or in connection with the Facility Agreement (including any dispute regarding the existence, validity or termination of the Facility Agreement). This choice of jurisdiction is for the sole benefit of the Lender. The Lender will be entitled to bring any proceeding relating to any such dispute in front of any other competent jurisdiction.

## DESCRIPTION OF THE COLLATERAL AGREEMENT

### Undertaking to collateralise

On or before the Closing Date, the Lender and the Management Company entered into the Collateral Agreement with the Collateral Provider and the Collateral Security Servicer, pursuant to which the Collateral Provider has irrevocably and unconditionally undertaken to (i) collateralise (*remettre en pleine propriété à titre de garantie*) for the benefit of the Beneficiary certain Eligible Assets as Collateral Security in order to secure the full and timely payment of the Secured Liabilities and (ii) as the need may be, increase the amount of Eligible Assets collateralised by the Collateral Provider, in accordance with articles L. 211-38-I *et seq.* of the French Monetary and Financial Code and the provisions of the Facility Agreement. The Collateral Agreement has been drafted in the French language and is governed by French law.

The creation, perfection and enforcement of the Collateral Security shall be governed by articles L. 211-38-I *et seq.* of the French Monetary and Financial Code.

### Secured Liabilities

The Eligible Assets collateralised by the Collateral Provider to the Beneficiary in accordance with the Collateral Agreement will secure the full and timely payment of any and all Secured Liabilities, being all present and future financial obligations of the Borrower under the Facility Agreement, in respect of (i) any amount of interest expressed to be payable under the Borrower Loans, (ii) any amount of principal expressed to be payable under the Borrower Loans and (iii) any additional amounts owed under the Facility Agreement, such as without limitation, payment obligations arising from the tax gross-up, tax indemnities and increased costs provisions.

The benefit of the Collateral Security will be automatically transferred to the Issuer, as Ancillary Right attached to the Loan Receivables, and that any Eligible Asset collateralised by the Collateral Provider under the Collateral Agreement will therefore benefit to the Issuer as creditor of the Secured Liabilities.

### Substitution

On any Asset Cover Test Date, the Collateral Provider may make a substitution of Eligible Assets, provided always that, as at such Asset Cover Test Date, no Loan Event of Default has occurred and the Asset Cover Test is complied with (taking into account all other Eligible Assets (as defined below)).

### Eligible Assets

Under the Collateral Agreement, the Collateral Provider has undertaken that (i) each asset selected by it to be part of the Collateral Security shall be an Eligible Asset as of the date on which such assets is selected to be granted as Collateral Security (any such date being referred to as a **Selection Date**, with the first Selection Date falling on 26 January 2009) and (ii) the ratio between the amount of Substitution Assets (as defined below) and the Adjusted Aggregate Asset Amount (as defined in section "Asset Monitoring" on page 128) shall not exceed 20% (the **Substitution Asset Limit**).

For the purposes of the Collateral Agreement:

**Eligible Asset** means (i) any Home Loan Receivable that complies with the Home Loan Eligibility Criteria (as defined below) and (ii) any Substitution Asset, subject to the Substitution Asset Limit.

**Home Loan** means, a loan granted by the Originator to an individual (the **Home Loan Debtor**) under a loan agreement (the **Home Loan Agreement**), for the purpose of financing a property located in France.

**Home Loan Receivables** means, the payment obligations of the Home Loan Debtors arising under the Home Loans.

**Substitution Assets** means:

- (i) Euro denominated government and public securities, provided that such investments have a remaining maturity of one (1) year or less and are rated at least AAA (long-term) by Fitch Ratings and Aaa (long-term) by Moody's ; or

- (ii) Euro residential mortgage backed securities, provided that such investments have a remaining maturity of one (1) year or less and are rated at least AA- (long-term) and F1+ (short-term) by Fitch Ratings and P-1 (short-term) by Moody's; or
- (iii) Euro, certificates of deposit, long-term debt obligations and short-term debt obligations (including commercial paper) provided that in all cases such investments have a remaining period to maturity of one (1) year or less and are rated AA- (long-term) and F1+ (short-term) by Fitch Ratings and P-1 (short-term) by Moody's.

Each Home Loan Receivable (or, as the case may be, the Home Loan from which such Home Loan Receivable arises) which is due to be collateralised (*remis en pleine propriété à titre de garantie*) on any date in accordance with the provisions of the Collateral Agreement, must comply with all of the following criteria (the **Home Loan Eligibility Criteria**) on the relevant Selection Date:

- (a) the Home Loan is denominated in Euros;
- (b) the Home Loan is governed by French law;
- (c) the underlying property is located in France;
- (d) as of the relevant Selection Date, the current principal balance of such Home Loan is no more than or equal to Euro 1,000,000;
- (e) where the value of the corresponding financed property in respect of a given Home Loan is registered in the systems of the Collateral Provider the loan-to-value of the Home Loan is no more than or equal to one hundred per cent. (100%);
- (f) as of the relevant Selection Date, the remaining term for the Home Loan is no more than thirty (30) years;
- (g) as of the relevant Selection Date, the borrower under the Home Loan has paid at least one (1) instalment in respect of the Home Loan;
- (h) the Home Loan is current (i.e. does not present any arrears) as of the relevant Selection Date;
- (i) the borrower under the Home Loan is not an employee of the originator of such Home Loan;
- (j) the Home Loan is secured by a joint and several guarantee (*cautionnement solidaire*) (the **Home Loan Guarantee**) of Crédit Logement acting as loan guarantor (the **Home Loan Guarantor**);
- (k) the Home Loan is either monthly, quarterly or bi-yearly amortising as of the relevant Selection Date;
- (l) the borrower under the Home Loan does not benefit from a contractual right of set-off;
- (m) the lender under the Home Loan has managed and serviced the Home Loan between the date upon which the Home Loan has been made available to the borrower and the Selection Date (i) in a consistent manner pursuant to its Servicing Procedures and (ii) in compliance with all legal and regulatory provisions applicable to the Home Loan;
- (n) prior to the date upon which the Home Loan had been made available to the borrower thereof, all lending criteria and preconditions as applied by the originator of the Home Loan pursuant to its customary lending procedures were satisfied;
- (o) the opening by the borrower under the Home Loan of a bank account dedicated to payments due under the Home Loan is not provided in the relevant contractual arrangements as a condition precedent to the originator of the Home Loan making the Home Loan available to the borrower under the Home Loan; and
- (p) except where prior Rating Confirmation has been obtained, no amount drawn under the Home Loan is capable of being redrawn by the relevant Home Loan Debtor (i.e. the Home Loan is not flexible).

Where the value of the financed property in respect of a given Home Loan is not registered in the systems of the Collateral Provider, but the relevant Home Loan complies with each of the Home Loan Eligibility Criteria listed from (a) to (d) (included) and from (f) to (p), the relevant Home Loan will constitute an Eligible Asset, provided that such Home Loan shall only be valued to 94% of its principal amount outstanding for the purpose of the Asset Cover Test and the Amortisation Test.

The Home Loan Eligibility Criteria may be amended from time to time subject to prior Rating Confirmation.

**Rating Confirmation** means, with respect to any specified action, determination or appointment and following prior written notification from the Issuer, receipt by the Issuer (and sent to each Representative) of confirmation (whether by email, letter or otherwise) from the Rating Agencies (for so long as the Notes are rated by the Rating Agencies) that such specified action, determination or appointment will not result in the reduction or withdrawal or other adverse action with respect to the then-current rating assigned to the Notes by the Rating Agencies.

### **Ineligible Assets**

If any Eligible Asset:

- (a) in respect of any Home Loan Receivable, arises from a Home Loan which did not, or has ceased to, comply with one or several of the Home Loan Eligibility Criteria (for any avoidance of doubt, any Home Loan Receivable arising from a Home Loan which has become “in arrears” or “in default” will be no longer be regarded as an Eligible Asset);
- (b) in respect of any Substitution Asset, did not or does no longer fall in one of the categories listed in the definition of “Substitution Asset”,

such Eligible Asset shall account for zero for the purpose of calculation of the Asset Cover Test on the relevant Asset Cover Test Date (see section “Asset Monitoring - Asset Cover Test” on page 128).

Similarly, any part of the Substitution Assets granted as Collateral Security beyond the Substitution Asset Limit shall account for zero for the purpose of calculation of the Asset Cover Test on the relevant Asset Cover Test Date.

Assets accounting for zero on any Asset Cover Test Date shall be released from the Collateral Security on that Asset Cover Test Date, provided that on such Asset Cover Test Date, the Asset Cover Test is complied with (taking into account all other Eligible Assets).

### **Identification in IT System**

Eligible Assets which are part of the Collateral Security shall be duly identified and marked as such by the Collateral Provider in its IT systems.

### **Required amount of Collateral Security**

As long as no Loan Event of Default occurs, the amount of Collateral Security required on any date is the amount of Collateral Security which is necessary for the Asset Cover Test be complied with on that date (see section “Asset Monitoring” on page 128).

### **Collateralisation of Eligible Assets in relation to a drawdown under the Facility Agreement**

On the basis of the Utilisation Request issued by the Borrower prior to the Closing Date and each Drawdown Date, the Issuer Calculation Agent shall determine and indicate to the Issuer the amount of Eligible Assets to be collateralised by the Collateral Provider in order for the Asset Cover Test be complied with on the Closing Date or on that Drawdown Date, taking into account the funds to be made available by the Lender to the Borrower on the Closing Date or on that Drawdown Date. That required amount of Eligible Assets shall be indicated to the Collateral Provider in the relevant Terms and Conditions Information Notice.

On the Asset Cover Test Date preceding the Closing Date and each Drawdown Date, the Collateral Provider shall provide the Servicer, with a copy to the Issuer Calculation Agent, with a Collateral Security Report (as defined in paragraph “Collateral Security Report” below) indicating the status of the Eligible Assets, and, if necessary, identifying the Eligible Asset that the Collateral Provider will collateralise (*remise en pleine propriété à titre de garantie*) for the Asset Cover Test to be complied with on the Closing Date or on that Drawdown Date.

On this basis, the Issuer Calculation Agent shall perform the Asset Cover Test on the relevant Asset Cover Test Date.

On the Closing Date and each Drawdown Date, the Collateral Provider shall collateralise the said Eligible Assets (*remise en pleine propriété à titre de garantie*) by executing and delivering to the Lender, acting as Beneficiary, a collateral security statement (the ***Collateral Security Statement***) attaching a computer file listing and identifying these Eligible Assets.

Should the Collateral Provider fails to provide part or all of the Eligible Assets required in accordance with the procedure set out above or should the amount of Collateral Security brought by the Collateral Provider not be sufficient to comply with the Asset Cover Test on the Closing Date or on any Drawdown Date thereafter, no Borrower Loan will be made available on that date.

#### **Collateralisation of Eligible Assets in other circumstances than a drawdown under the Facility Agreement**

Any collateralisation of Eligible Assets made in the circumstances set out below shall be made by the Collateral Provider directly to the benefit of the Issuer.

##### ***Asset Cover Test on a monthly basis***

On each Asset Cover Test Date, the Collateral Provider shall provide the Servicer, with a copy to the Issuer Calculation Agent, with a Collateral Security Report indicating the status of the Eligible Assets, and, if necessary, identifying any asset that the Collateral Provider wishes to remove from the Collateral Security on that Asset Cover Test Date (be it on the basis of substitution as set out in paragraph “Substitution” below or a partial release (as set out in paragraph “Partial Release” below) and any Eligible Assets that it intends to collateralise (*remise en pleine propriété à titre de garantie*) on that Asset Cover Test Date in substitution of any removed asset. On this basis, the Issuer Calculation Agent shall perform the Asset Cover Test on the relevant Asset Cover Test Date.

##### ***Non-Compliance with the Asset Cover Test***

If, on any Asset Cover Test Date, the Asset Cover Test is not complied with:

- (i) because of a contemplated removal of any asset from the Collateral Security, such removal shall not occur (taking into account any intended collateralisation of Eligible Asset on the same date);
- (ii) regardless of any contemplated removal of asset from the Collateral Security, this event shall constitute a ***Non-Compliance with the Asset Cover Test***.

In addition, if the tests conducted by the Issuer Verification Agent pursuant to the Verification Agency Agreement on the relevant Asset Cover Test Date (as applicable) reveal arithmetic errors in the calculations performed by the Issuer Calculation Agent, such that the Asset Cover Test had been failed on such preceding Asset Cover Test Date (where the Issuer Calculation Agent had recorded it as being satisfied), this should also constitute a ***Non-Compliance with the Asset Cover Test***.

Following the occurrence of a Non-Compliance with the Asset Cover Test on any Asset Cover Test Date, the Collateral Provider shall (i) collateralise (*remise en pleine propriété à titre de garantie*) such amount of additional Eligible Assets or (ii) in its capacity as Borrower, redeem such principal amount of Borrower Loan or Borrower Loans pursuant to the Facility Agreement, as is necessary in order for the Asset Cover Test to be satisfied again, at the latest on the Asset Cover Test Date immediately following the Non-Compliance with the relevant Asset Cover Test.

A Non-Compliance with the Asset Cover Test shall not constitute a Loan Event of Default. However, as long as the Non-Compliance with the Asset Cover Test is pending, (i) the Issuer is not entitled to issue further Notes and (ii) the Lender is not entitled to make available any Borrower Loan under the Facility Agreement.

### ***Failure to cure the Non-Compliance with the Asset Cover Test***

A failure to cure a Non-Compliance with the Asset Cover Test in the manner described above shall constitute a ***Breach of the Asset Cover Test*** and a Facility Mandatory Redemption Event.

### **Partial release**

On any Asset Cover Test Date, the Issuer may release from the Collateral Security:

- (i) an amount of Eligible Assets equal to the amount by which the aggregate amount of Eligible Assets exceeds the amount of Eligible Assets required in order for the Asset Cover Test to be complied with;
- (ii) the Eligible Assets which accounted for zero for the purpose of the calculation of the Asset Cover Test on the relevant Asset Cover Test Date,

provided always that, as at such Asset Cover Test Date, no Loan Event of Default has occurred and the Asset Cover Test is complied with (taking into account all other Eligible Assets).

### **Servicing of the Collateral Security**

#### ***Servicing duties***

Pursuant to the Collateral Agreement, the Lender (acting on its own account and, as from the date of assignment of the Loan Receivable to the Issuer, as agent of the Issuer) has appointed the Collateral Provider as Collateral Security Servicer to carry out the management, servicing and collection of the Collateral Security in the name and on behalf of the Beneficiary.

The Collateral Security Servicer has accepted this appointment and has undertaken to perform such management, servicing and collection in accordance with applicable laws and its customary collection policy (the ***Servicing Procedures***), using the degree of skill, care and attention as for the servicing of its assets for its own account and with the same diligence as if such Eligible Assets were not part of the Collateral Security, without interfering with the Lender's material rights under the Collateral Agreement. The servicing procedures shall constitute servicing instructions of the Lender and then the Issuer (as the case may be) and the Collateral Security Servicer has undertaken that no change will be made to the Servicing Procedures without the Beneficiary's prior consent in a way that would prejudice the rights of the Lender and then the Issuer (as the case may be) under the Collateral Security.

The Collateral Security Servicer will not materially modify or deviate from the Servicing Procedures without the prior consent of the Beneficiary.

#### ***Transfer of the Collections***

All sums collected under all assets which are part of the Collateral Security (the ***Collections***) will form part of the Collateral Security, provided that:

- (a) the Collateral Provider has agreed to credit from time to time part of the Collections on the Specially Dedicated Bank Account, in accordance with the Specially Dedicated Bank Account Agreement (*Convention de Compte Spécialement Affecté*);
- (b) as long as no Loan Event of Default has occurred, the Collateral Provider will be entitled to use the Collections debited from Specially Dedicated Bank Account in accordance with and subject to the provisions of the Specially Dedicated Bank Account Agreement; and
- (c) as from the service of a Loan Enforcement Notice, all Collections shall be transferred to the Beneficiary in accordance with the provisions described in paragraph "Enforcement of the Collateral Security" on page 121.

#### ***Collateral Security Report***

On each Asset Cover Test Date (which includes any Drawdown Date) and Amortisation Test Date, the Collateral Provider, in its capacity as Collateral Security Servicer, shall report its servicing and the status of each Eligible Asset by preparing and delivering to the Lender and to the Issuer (with a copy to the Issuer Calculation Agent) a

report (the **Collateral Security Report**), up-to-date as at the relevant Asset Cover Test Date or Amortisation Test Date, together with a directly readable and usable computer file, and consisting of, inter alia, the details of the assets being part of the Collateral Security, including the identification number of each Home Loan Receivable, the identification of any assets being part of the Collateral Security and which is no longer an Eligible Asset (including, without limitation, Home Loan Receivable arising from a Home Loan which has become “in arrears” or “in default” will be no longer be regarded as an Eligible Asset).

Any Collateral Security Report shall also identify:

- (a) the Eligible Assets that the Collateral Provider intends to collateralise (*remise en pleine propriété à titre de garantie*) on any Drawdown Date, as applicable;
- (b) any asset which the Collateral Provider intends to remove from the Collateral Security and the Eligible Asset that it intends to collateralise (*remise en pleine propriété à titre de garantie*) in substitution, as applicable; and
- (c) any asset in respect of which the Collateral Provider intends to request a partial release, as applicable.

#### **Asset Records**

The Collateral Provider shall furthermore, in accordance with the Servicing Procedures, establish, maintain or cause to be maintained and furthermore administer at all times accurate, complete and up-to-date Asset Records with respect to the Eligible Assets, in accordance with documented custody procedures, which shall be the subject of an annual internal independent audit.

For the purpose of satisfying itself as to whether the Eligible Assets remain Eligible Assets or to control the conformity of the servicing of the Collateral Security with the Servicing Procedures or of the information contained in the Collateral Security Reports, the Lender and the Issuer (as the case may be) shall be entitled to (i) access at all times the premises where the Asset Records are located and (ii) inspect, audit and copy such Asset Records.

The Collateral Provider shall indicate to the Lender the details of the Collections Accounts on the date on which it remits to the Lender its Collateral Security Statement and thereafter, each time a change or addition occurs in respect of these details.

Each Collateral Security Report shall also include the information as are necessary in order for the Issuer Calculation Agent to be in a position to determine Specially Dedicated Bank Account Required Credit applicable on the relevant Asset Cover Test Date.

For the purpose hereof:

**Asset Records** means the computer and manual records, files, internal data, books and all other information (including information stored in information systems) related to the Eligible Assets or to the Collection Accounts (and the operation of the same), together with all original, executive or true copies (*copies exécutoires*) of any contract, instrument or other document (such as riders, waivers and amendments) providing for the terms and conditions of, and/or evidencing title and benefit to, such Eligible Assets and any right, privilege, guarantee or security interest (*droit accessoire, privilège, garantie ou sûreté*) ancillary or as the case may be attached thereto (and, in particular, any and all relevant Home Loan Guarantee).

**Collection Accounts** means any and all bank accounts opened in the name of the Collateral Provider to collect interest and principal paid under the Home Loan Receivables collateralised by the Collateral Provider.

#### **Servicing Rating Trigger Event**

If a Servicing Rating Trigger Event occurs, the Collateral Security Servicer shall notify the Lender and then the Issuer (as the case may be) in writing of the occurrence of such event and then within thirty (30) Business Days of such occurrence, or otherwise as soon as possible, the Beneficiary (or any agent of the Beneficiary) shall use reasonable endeavours to appoint a substitute collateral security servicer (the **Substitute Collateral Security Servicer**) (whose IDR (if any) is at least BBB (long-term) and F3 (short-term) by Fitch Ratings and whose unsecured and unsubordinated debt obligations (if rated) are rated at least Baa2 (long-term) and P-3 (short-term) by Moody's) for the servicing of the Eligible Assets granted by the Collateral Provider, it being expressly understood that the Servicing Rating Trigger Event shall not result in the notification of the Home Loan Debtors.

For such purposes, ***Servicing Rating Trigger Event*** means, with respect to Société Générale, as applicable, the event in which its IDR falls below BBB (long-term) or F3 (short-term) by Fitch Ratings or the event in which its unsecured and unsubordinated debt obligations become rated below Baa2 (long-term) or P-3 (short-term) by Moody's.

## **Representations, warranties and undertakings of the Collateral Provider**

### ***Representations and warranties***

- (a) Without prejudice to the representations made by the Collateral Provider (in any capacity whatsoever) under the Facility Agreement, the Collateral Provider will represent and warrant to the benefit of the Beneficiary, on the Closing Date, that:

in respect of the Home Loan Receivables:

- (i) on the Selection Date immediately preceding the Closing Date, the Home Loan Receivables comply with the Home Loan Eligibility Criteria;
- (ii) the Home Loan Receivables exist;
- (iii) the Home Loan Receivables were originated in accordance with its usual credit standards and procedures and have been serviced in accordance with the Servicing Procedures until the Closing Date;
- (iv) the Home Loan Receivables are not, in whole or in part, the subject of any assignment, subrogation, delegation, pledge, seizure, opposition or prevention whatsoever, so that there exists no obstacle to their collateralisation in whole and for their entire amount to the benefit of the Lender in the framework of the creation of the Collateral Security;
- (v) the Home Loan Receivables arise from deeds and agreements executed between Société Générale and the relevant Home Loan Debtors in accordance with all applicable legal and regulatory provisions in force; and
- (vi) the Home Loan Receivables arise from deeds and agreements giving rise to valid and binding contractual obligations.

in respect of the Substitution Assets:

- (i) on the Selection Date immediately preceding the Closing Date, each Substitution Assets belongs to one of the categories listed in the definition of "Substitution Assets";
  - (ii) the Substitution Assets exist;
  - (iii) the Substitution Assets are not, in whole or in part, the subject of any assignment, subrogation, delegation, pledge, seizure, opposition or prevention whatsoever, so that there exists no obstacle to their collateralisation in whole and for their entire amount to the benefit of the Lender in the framework of the creation of the Collateral Security;
  - (iv) the collateralisation of the relevant will not cause the Substitution Asset Limit to be breached.
- (b) Such representations and warranties shall be made by the Collateral Provider on the date on which the Eligible Assets are brought as Collateral Security and shall be repeated:
- (a) on each date on which the Collateral Security is being modified (be it by way of an addition, a substitution or a release of assets);
  - (b) on each Asset Cover Test Date, in respect of each asset considered as an Eligible Asset by the Collateral Security Servicer for the purpose of the production of the Collateral Security Report remitted in respect of that Asset Cover Test Date.



### ***Undertakings***

Without prejudice to the undertakings made by the Collateral Provider (in any capacity whatsoever) under the Facility Agreement, the Collateral Provider has further undertaken, as from the creation of the Collateral Security and until express release of the Collateral Security by the Lender, to:

- (a) identify in its IT system each of the Home Loan Receivables;
- (b) execute, upon demand, any document that the Beneficiary may reasonably request in order to allow the Lender to maintain the validity and the effectiveness of the Collateral Security or to enforce the Collateral Security;
- (c) notify to the Beneficiary, upon so becoming aware, any conservatory or possessory seizure or any other measures of equivalent effect taken in respect of the Home Loan Receivables;
- (d) provide the Beneficiary with any information in respect of all Home Loan Receivables which the Lender may reasonably request;
- (e) notify to the Beneficiary, upon so becoming aware, of all material disputes or claims in respect of any Home Loan Receivable or the Collateral Security;
- (f) inform the Beneficiary of any material inaccuracy in respect of the representations and warranties made or repeated pursuant to the Collateral Agreement upon becoming so aware;
- (g) not to sell, transfer or dispose of, in any manner whatsoever, its rights under any Home Loan Receivable otherwise than pursuant to the events and conditions provided for by the Collateral Agreement;
- (h) not to create or allow the creation or the existence of any security interest or any guarantee whatsoever (other than the Collateral), whatever its rank is, on any Home Loan Receivable;
- (i) not to act in a way, or exercise a right, which may affect the rights of the Beneficiary under all Home Loan Receivables or the Collateral Security;
- (j) not to modify or deviate materially from its Servicing Procedures, except with the prior consent of the Beneficiary;
- (k) not to modify the rights of the Beneficiary under any Home Loan Receivable or the Collateral Security, except as provided for under the Servicing Procedures; and
- (l) not to modify all notifications sent by the Beneficiary to all Home Loan Debtors in accordance with the Collateral Agreement.

### **Enforcement of the Collateral Security**

Upon the occurrence of a Loan Event of Default, the Beneficiary (or any agent of the Beneficiary) will deliver to the Collateral Provider a ***Loan Enforcement Notice***.

Upon the service by the Beneficiary (or any agent of the Beneficiary) of a Loan Enforcement Notice:

- (a) the Beneficiary (or any agent of the Beneficiary) may, without any prior notice (*mise en demeure*) to the Debtor, enforce the Collateral Security on a normal market conditions basis, by way of set-off, appropriation or sale of the Eligible Assets granted as Collateral Security, in accordance with the provisions of article L. 211-38-I of the French Monetary and Financial Code, in order to cover any and all amounts of principal due and payable under any and all Borrower Loans, provided that any evaluation which would be required for the purpose of such enforcement will be performed by the statutory auditors of the Issuer; and
- (b) the Beneficiary (or any agent of the Beneficiary) will (i) appoint a Substitute Collateral Security Servicer, in order to perform the duties and obligations of the Collateral Security Servicer in respect of the servicing and collection of the Collateral Security, in accordance with and subject to the terms and conditions to be directly agreed by the Beneficiary (or any agent of the Beneficiary, subject to the approval of the Management Company) and (ii) notify, or instruct any Substitute Collateral Security

Servicer to notify, all debtors that all sums due by them in relation to such Collateral Security must be paid directly into the Issuer Operating Account (or any other bank account that the Beneficiary will indicate).

The Collateral Provider has further undertaken to:

- (a) transfer into the Issuer Operating Account (or any other bank account that the Lender will indicate), on each Notes Payment Date following the delivery of the Loan Enforcement Notice (and on the date of delivery of that Loan Enforcement Notice, if it is a Notes Payment Date), all of the Collections received by it in respect of the Collateral Security and not yet transferred to the Issuer; and
- (b) transmit to the Beneficiary, any of its agents or any Substitute Collateral Security Servicer, any and all Asset Records relating to the Collateral Security that would be in its possession, as soon as possible.

Without regard to the mode of enforcement of the Collateral Security, any surplus (*soulte*) remaining after the complete and definitive payment of all Secured Liabilities will only be paid to it within the limits of the funds available to the Issuer and subject to the applicable Priority of Payment Order.

### **Governing law and jurisdiction**

The Collateral Agreement is be governed by French law. The *Tribunal de Commerce de Paris* will have exclusive jurisdiction to settle any dispute arising out of or in connection with the Collateral Agreement (including any dispute regarding the existence, validity or termination of the Collateral Agreement). This choice of jurisdiction is for the sole benefit of the Lender. The Lender will be entitled to bring any proceeding relating to any such dispute in front of any other competent jurisdiction.

## SPECIALLY DEDICATED BANK ACCOUNT

In accordance with articles L. 214-46-1 and article D. 214-103 of the French Monetary and Financial Code, the Management Company, the Custodian, the Servicer, the Collateral Security Servicer and the Collection Account Bank entered into a specially dedicated bank account agreement (*Convention de Compte Spécialement Affecté*) on the Closing Date (the ***Specially Dedicated Bank Account Agreement***) pursuant to which an account of the Collateral Security Servicer shall be identified in order to be operated as a specially dedicated collection bank account (*compte spécialement affecté*) (the ***Specially Dedicated Bank Account***).

Pursuant to the Specially Dedicated Bank Account Agreement, the Collateral Security Servicer has undertaken to:

- (a) on the Closing Date, (i) credit the Specially Dedicated Bank Account with such amount of Collections as is necessary to ensure that the credit standing to the Specially Dedicated Bank Account be at least equal to the applicable First Level Specially Dedicated Bank Account Required Credit and (ii) on each Notes Payment Date, credit the Specially Dedicated Bank Account with such amount of Collections as is necessary to ensure that the credit standing to the Specially Dedicated Bank Account be at least equal to the First Level Specially Dedicated Bank Account Required Credit applicable on that date (taking into account any and all amounts already standing to the credit of the Specially Dedicated Bank Account);
- (b) (i) within ten (10) Business Days from the occurrence of the Collection Loss Trigger Event, credit the Specially Dedicated Bank Account with such amount of Collections as is necessary to ensure that the credit standing to the Specially Dedicated Bank Account be at least equal to the applicable Second Level Specially Dedicated Bank Account Required Credit (taking into account any and all amounts already standing to the credit of the Specially Dedicated Bank Account) and (ii) on each Asset Cover Test Date on which the Collection Loss Trigger Event has been continuing for more than ten (10) Business Days, credit the Specially Dedicated Bank Account with such amount of Collections as is necessary to ensure that the credit standing to the Specially Dedicated Bank Account be at least equal to the Second Level Specially Dedicated Bank Account Required Credit applicable on that date (taking into account any and all amounts already standing to the credit of the Specially Dedicated Bank Account).

Without prejudice to the rights of the Issuer under the Specially Dedicated Bank Account Agreement, until the Management Company notifies the Collection Account Bank of the enforcement of the Collateral, the Collateral Provider shall be entitled to debit the Specially Dedicated Bank Account, provided however that such debit shall only occur if following that debit the credit standing to the Specially Dedicated Bank Account remains at least equal to the Specially Dedicated Bank Account Required Credit applicable on the date of that debit.

After the Management Company notifies the Collection Account Bank of the enforcement of the Collateral Security, the Management Company will instruct the Collection Account Bank to transfer the credit standing to the Specially Dedicated Bank Account to the Issuer Operating Account.

Pursuant to article L. 214-46-1 of the French Monetary and Financial Code, the creditors of the Collateral Security Servicer will not be entitled to make any claim as to the Collections credited to the balance of the Specially Dedicated Bank Account, including if the Collateral Security Servicer becomes subject to bankruptcy proceedings (*procédure de sauvegarde, de redressement judiciaire ou de liquidation judiciaire*).

For the purposes hereof:

***Asset Reference Date*** means the last Business Day of the calendar month immediately preceding each date on which that Collateral Security Report is remitted.

A ***Collection Loss Trigger Event*** shall occur and be continuing as long as the IDR of Société Générale is below A (long-term) or F1 (short-term) by Fitch Ratings (or any other IDR trigger as may be in line with Fitch Ratings' published criteria after the date hereof) or as long as the unsecured and unsubordinated debt obligations of Société Générale are rated below A2 (long-term) or P-1 (short-term) by Moody's (or any other credit rating trigger as may be in line with Moody's' published criteria after the date hereof).

***First Level Specially Dedicated Bank Account Required Credit*** means, on any date, the sum of all Note Interest Amounts, Principal Interest Amounts, Senior Administrative Costs, Tax Costs (if any), Hedging Costs (to the extent not accounted for in the Note Interest Amounts) payable on the Notes Payment Date immediately following that date.

***Second Level Specially Dedicated Bank Account Required Credit*** means, on any date, the maximum between: (i) the sum of all collections received by the Collateral Provider under the Home Loans and the Substitution Assets granted as Collateral Security during the preceding two and half (2.5) calendar months ending on the Asset Reference Date (as defined in section “Description of the Collateral Agreement” on page 114) preceding the Asset Cover Test Date immediately preceding that date and (ii) the First Level Specially Dedicated Bank Account Required Credit applicable on that date.

***Specially Dedicated Bank Account Required Credit*** means, on any date on which the Collection Loss Trigger Event has occurred and is continuing, the Second Level Specially Dedicated Bank Account Required Credit applicable on that date and, on any other date, the First Level Specially Dedicated Bank Account Required Credit applicable on that date.

## CALCULATION AGENCY AGREEMENT

This section sets out the main material terms of the Calculation Agency Agreement entered into between the Issuer Calculation Agent, the Management Company, the Custodian and the Collateral Provider, pursuant to which the Issuer Calculation Agent will be appointed by the Management Company in order to carry out on behalf of the Issuer (i) all calculations and tests necessary for ensuring that the amount of Collateral Security required under the Collateral Agreement is at all times in place, such as the Asset Cover Test or the Amortisation Test are complied with and (ii) more generally all determinations or calculations necessary for the purpose of the Programme.

### Appointment of the Issuer Calculation Agent

The Management Company has appointed Société Générale as its agent to act as Issuer Calculation Agent and perform the duties and obligations under the Calculation Agency Agreement with effect from the Closing Date until such appointment is terminated in accordance with the terms of such agreement.

### Duties

In accordance with the term of the Calculation Agency Agreement, based, inter alia, on the information provided to it by:

- (i) the Collateral Security Servicer (including, without limitation, the information included in the Collateral Security Report);
- (ii) following the enforcement of the Collateral Security and the sale or refinancing of any Transferred Asset, the Management Company; and
- (iii) following the entry into the Swap Agreement and Mirror Swap Agreement (as applicable) pursuant to the Hedging Strategy, the Swap Counterparty and Mirror Swap Counterparty (as applicable),

the Issuer Calculation Agent shall, on behalf of the Issuer:

- (a) carry out all and any calculation necessary on the Collateral Security, including, but not limited to, the Asset Cover Test (see section “Asset Monitoring” on page 128) or the Amortisation Test (see section “Asset Monitoring – The Amortisation Test” on page 130) (as applicable);
- (b) upon receipt of a Utilisation Request issued by the Borrower, determine and indicate to the Lender, on an aggregate and individual basis, the amount of Eligible Assets to be collateralised (*remis en pleine propriété à titre de garantie*) as Collateral Security by the Collateral Provider for the benefit of the Beneficiary, in accordance with the provisions of the Collateral Agreement;
- (c) calculate the Transfer Price payable by the Issuer to the Lender acting in its capacity as Seller under the Loan Receivables Purchase Agreement;
- (d) calculate the amount of interest and/or principal to be paid by the Borrower under the relevant Borrower Loans;
- (e) determine the Issuer Available Funds;
- (f) calculate the Note Interest Amounts for each Series of Notes and each relevant Notes Interest Period;
- (g) each Note Principal Amount to be allocated to the redemption of each Note;
- (h) the amounts to be credited to the Specially Dedicated Account by the Collateral Security Provider pursuant to the Specially Dedicated Bank Account Agreement;
- (i) carry out all and any calculation necessary pursuant to the Swap Undertaking Letter;
- (j) where applicable, the aggregate retransfer price of the repurchased Loan Receivables,

and provide the relevant parties to the Programme Documents with the result of the calculations and determinations mentioned above, as and when required under the Programme Documents (which shall include,

without limitation, providing the Management Company and the Lender (with a copy to the Rating Agencies and to the Issuer Verification Agent) with the Issuer Calculation Agent's Report (as defined in section "Asset Monitoring – Calculation of the Asset Cover Ratio" on page 129).

### **Duration of Appointment**

The appointment of the Issuer Calculation Agent will be valid as from the date of the Calculation Agency Agreement and remain in full force for so long as there remain calculations to perform under the Programme Documents (subject to section "Termination - Substitution" below).

### **Termination - Substitution**

#### ***Mandatory termination***

Pursuant to the Calculation Agency Agreement, if the Issuer Calculation Agent's IDR falls below BBB (long-term) or F3 (short-term) by Fitch Ratings or if the Issuer Calculation Agent's unsecured and unsubordinated debt obligations become rated below Baa2 (long-term) or P-3 (short-term) by Moody's then the Custodian, upon request of the Management Company, by written notice to the Issuer Calculation Agent, will terminate the appointment of the Issuer Calculation Agent and will use its best endeavours to appoint, within thirty (30) calendar days, a substitute calculation agent provided, however, that such termination will not take effect until the following conditions are satisfied:

- (a) a substitute issuer calculation agent has been effectively appointed by the Management Company;
- (b) the substitute issuer calculation agent has agreed with the Management Company and the Custodian to perform the duties and obligations of the Issuer Calculation Agent under the Calculation Agency Agreement pursuant to an agreement to be entered into between *inter alia* the Management Company, the Custodian and the substitute issuer calculation agent substantially similar to the terms of the Calculation Agency Agreement;
- (c) the substitute issuer calculation agent irrevocably waives all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which it may have against the Issuer;
- (d) the Rating Agencies shall have been given prior notice of such substitution and such substitution shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any of the Notes being placed under credit watch with negative implication; and
- (e) such substitution will comply with all applicable laws and regulations.

#### ***Voluntary termination***

The Issuer Calculation Agent may resign its appointment at any time upon not less than three (3) months' prior written notice to the Management Company, provided, however, that such resignation will not take effect until the following conditions are satisfied:

- (a) a substitute issuer calculation agent shall have been effectively appointed by the Management Company;
- (b) the substitute issuer calculation agent has agreed with the Management Company and the Custodian to perform the duties and obligations of the Issuer Calculation Agent under the Calculation Agency Agreement pursuant to an agreement to be entered into between *inter alia* the Management Company, the Custodian and the substitute issuer calculation agent substantially similar to the terms of the Calculation Agency Agreement;
- (c) the substitute issuer calculation agent irrevocably waives all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which it may have against the Issuer;
- (d) the Rating Agencies shall have been given prior notice of such substitution and such substitution shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any of the Notes being placed under credit watch with negative implication; and

- (e) such substitution will comply with all applicable laws and regulations.

### **Fees**

In consideration for the performance of its obligations under the Calculation Agency Agreement, the Issuer will pay the Issuer Calculation Agent a fee in an amount and under the conditions as set out in section “Third Parties Expenses” on page 155, and in accordance with, and subject to, the terms of the Issuer Regulations.

### **Amendment**

No amendment, modification, alteration or supplement shall be made to the Calculation Agency Agreement without prior Rating Confirmation if the same materially and adversely affects the interest of the Issuer or the Noteholders.

For the avoidance of doubt, the Calculation Agency Agreement may be amended, modified, altered or supplemented without prior Rating Confirmation:

- (a) to cure any ambiguity, omission, defect or inconsistency;
- (b) to evidence or effect the transition of any party to the Calculation Agency Agreement to any successor;
- (c) to add to the undertakings and other obligations of the Issuer Calculation Agent under the Calculation Agency Agreement; or
- (d) to comply with any mandatory requirements of applicable laws and regulations.

### **Governing Law - Jurisdiction**

The Calculation Agency Agreement is governed by French law. The *Tribunal de Commerce de Paris* will have exclusive jurisdiction to settle any dispute arising out of or in connection with the Issuer Calculation Agent Agreement (including any dispute regarding the existence, validity or termination of the Issuer Calculation Agent Agreement). This choice of jurisdiction is for the sole benefit of the Issuer. The Issuer will be entitled to bring any proceeding relating to any such dispute in front of any other competent jurisdiction.

## ASSET MONITORING

Under the Calculation Agency Agreement, the Issuer Calculation Agent will:

- (i) for so long as no Loan Event of Default has occurred and been enforced subject to, and in accordance with, the relevant terms of the Collateral Agreement: carry out a test to ensure that the amount of Collateral Security required pursuant to the Collateral Agreement is at all times in place (the **Asset Cover Test**);
- (ii) following the enforcement of a Loan Event of Default subject to, and in accordance with, the relevant terms of the Collateral Agreement: carry out the test required pursuant to Condition 5(b) (the **Amortisation Test**).

### The Asset Cover Test

The following terms shall have the following definitions:

**Asset Cover Test Date** means (i) the date falling two (2) Business Days prior to each Drawdown Date and (ii) the date falling on the last Business Day of each calendar month (or, if that day is not a Business Day, the first Business Day following that day). The first Asset Cover Test Date will be the date falling two (2) Business Days prior to the Closing Date.

**Asset Cover Test Calculation Period** means, in relation to any Asset Cover Test Date, each period starting on, and including, the immediately preceding Asset Cover Test Date, and ending on, and excluding such Asset Cover Test Date.

### The Asset Cover Ratio

Compliance with the Asset Cover Test requires that the ratio specified below (the **Asset Cover Ratio** or **R**) be at least equal to one (1) on each Asset Cover Test Date. Such compliance is tested by the Issuer Calculation Agent from time to time subject to, and in accordance with, the relevant terms of the Collateral Agreement and the Calculation Agency Agreement:

$$R = \left[ \frac{\text{Adjusted Aggregate Asset Amount (AAAA)}}{\text{Aggregate Covered Bond Outstanding Principal Amount}} \right]$$

Whereby:

**Aggregate Note Outstanding Principal Amount** means, at any Asset Cover Test Date, the aggregate amount of principal in Euro outstanding at such date under all Notes.

**Adjusted Aggregate Asset Amount (AAAA)** means, at any Asset Cover Test Date:

$$(AAAA) = A + B + C - (HC + NC)$$

Whereby:

**A** means the Aggregate Adjusted Home Loan Outstanding Principal Amount:

For such purpose:

**Aggregate Adjusted Home Loan Outstanding Principal Amount** means, the sum for each Home Loan included in the Collateral Security, of that Home Loan Outstanding Principal Amount multiplied by the Asset Percentage, minus the Applicable Deemed Reductions.

**Home Loan Outstanding Principal Amount** means, with respect to each relevant Home Loan, the amount of principal outstanding at the relevant date under such relevant Home Loan multiplied by (i) where the value of the financed property in respect of the relevant Home Loan is not registered in the systems of the Collateral Provider, ninety-four (94%) and (ii) for any other Home Loan, hundred per cent. (100%).

**Applicable Deemed Reductions** means, the aggregate sum of the financial losses incurred by the Collateral



Provider with respect to the relevant Home Loans to the extent that such financial losses have been incurred as a direct result of a material breach of the Servicing Procedures by the Collateral Provider during the applicable Asset Cover Test Calculation Period (see section “Collateral Security” for a description of the Servicing Procedures).

**Purchase Price** means, in relation to any property, the purchase price of that property.

**Asset Percentage** means (i) ninety-two point five per cent. (92.5%) or (ii) such percentage figure as is determined from time to time by the Issuer Calculation Agent.

For the purpose of the calculation of the Asset Percentage referred to in (ii) above, the Issuer Calculation Agent will calculate, in January, April, July and October in each year, and notify to the Rating Agencies, the Management Company and each Representative, the percentage figure selected by it, being the difference between 100 per cent. and the amount of credit enhancement required to maintain the then current ratings of the Notes.

The Asset Percentage will be adjusted in accordance with the various methodologies used by the Rating Agencies provided that the Asset Percentage may not, at any time, exceed ninety-two point five per cent. (92.5%).

**B** equals the lesser of (i) aggregate value of Substitution Assets and (ii) the product between the Substitution Asset Limit and the Adjusted Aggregate Asset Amount. The aggregate value of Substitution Assets will be determined by the Issuer Calculation Agent based on the information received from the Collateral Provider. Substitution Assets will be valued on the last Business Day of the calendar month immediately preceding each Asset Cover Test Date and be taken into account for their mark-to-market value at a discount based on the same methodology as used by the Rating Agencies.

**C** is equal to the aggregate value outstanding under all Authorised Investments, as determined by and requested from the Issuer Cash Manager. Authorised investments will be valued on the last Business Day of the calendar month immediately preceding each Asset Cover Test Date and be taken into account for their mark-to-market value at a discount based on the same methodology as used by the Rating Agencies.

**NC** is equal to:  $WAM * \text{Aggregate Note Outstanding Principal Amount} * \text{Carrying Cost Percentage}$ , whereby **WAM** means the greater of (i) the weighted average maturity of Series of Notes outstanding as at the relevant Asset Cover Test Date and (ii) one (1) year, where **Carrying Cost Percentage** means one per cent. (1.00%).

**HC** is equal to (i) zero before any Swap Transaction is entered into by the Issuer subject to, and in accordance with, the Hedging Strategy and (ii) otherwise, an amount equal to the payments due under the Swap Transaction(s) (plus interest thereon) within the period between two (2) interest payment dates (first day of such period included and last day of such period excluded) under the Swap Transaction(s) plus two (2) months preceding the relevant Asset Cover Test Date.

### **Calculation of the Asset Cover Ratio**

On each Asset Cover Test Date, the Asset Cover Ratio will be calculated by the Issuer Calculation Agent according to the terms, definitions and calculation formula set forth above.

On each Asset Cover Test Date, the Issuer Calculation Agent shall inform the Management Company and the Lender (with a copy to the Rating Agencies and to the Issuer Verification Agent) of its calculation of the Asset Cover Ratio in a report regarding the Collateral Security (the **Issuer Calculation Agent's Report**) which shall indicate whether the Asset Cover Test is complied with.

### **Non-Compliance with the Asset Cover Test**

Non-compliance with the Asset Cover Test (a **Non-Compliance with the Asset Cover Test**) would result from the Asset Cover Test Ratio being less than one (1).

## Remedies

Upon Non-Compliance with the Asset Cover Test on any Asset Cover Test Date, the Collateral Provider shall collateralise additional or substitute Eligible Assets as Collateral Security pursuant to the relevant terms of the Collateral Agreement, as necessary to cure such Non-Compliance with the Asset Cover Test.

A Non-Compliance with the Asset Cover Test will not constitute an Issuer Event of Default or a Loan Event of Default. However, it will prevent (i) the Issuer from issuing any further Series of Notes as long as it remains unremedied and (ii) the Lender from making Borrower Loans.

## Breach of Asset Cover Test

A failure to cure a Non-Compliance with the Asset Cover Test which has occurred on any Asset Cover Test Date prior to the next following Asset Cover Test Date shall constitute a **Breach of Asset Cover Test**). Any Breach of Asset Cover Test shall be a Facility Mandatory Redemption Event under the Facility Agreement.

The Issuer Calculation Agent shall inform promptly the Management Company, the Collateral Provider and the Lender (with a copy to the Rating Agencies and to the Issuer Verification Agent) of the occurrence of a Breach of Asset Cover Test.

A Breach of Asset Cover Test will not constitute an Issuer Event of Default but will prevent the Issuer from issuing any further Series of Notes.

## The Amortisation Test

The following terms shall have the following definitions:

**Amortisation Test Date** means, following the enforcement of a Loan Event of Default, the date falling on the last Business Day of each calendar month (or, if that day is not a Business Day, the first Business Day following that day).

**Amortisation Test Calculation Period** means, in relation to any Amortisation Test Date, each period starting on, and including, the immediately preceding Amortisation Test Date, and ending on, and excluding such Amortisation Test Date.

## Amortisation Ratio

Compliance with the Amortisation Test requires that the ratio specified below (the **Amortisation Ratio** or **RA**) be at least equal to one (1) on each Amortisation Test Date. Such compliance is tested by the Issuer Calculation Agent from time to time throughout the period following the enforcement of the Collateral Security upon occurrence of a Loan Event of Default subject to, and in accordance with the Condition 5 (f) and the Calculation Agency Agreement:

$$RA = \left[ \frac{TAAA}{\text{Aggregate Covered Bond Outstanding Principal Amount}} \right]$$

whereby:

**Aggregate Note Outstanding Principal Amount** means, at any Amortisation Test Date, the aggregate amount of principal in Euro outstanding at such date under all Notes.

**Transferred Aggregate Asset Amount (TAAA)** means, at any Amortisation Test Date:

$$(TAAA) = A + B + C + D - NC$$

whereby:

**A** is equal to the sum of all Transferred Home Loan Outstanding Principal Amounts of all Home Loans title to which has been transferred to the Issuer upon enforcement of the Collateral Security following the occurrence of a Loan Event of Default (each, a **Relevant Home Loan**), as such Transferred Home Loan Outstanding Principal Amounts will be calculated on the relevant Amortisation Test Date, whereby:

**Transferred Home Loan Outstanding Principal Amount** means, with respect to each Relevant Home Loan, the Home Loan Outstanding Principal Amount of such Relevant Home Loan multiplied by  $M$ , where for all the Relevant Home Loans that are less than three (3) months in arrears,  $M = 1$  and for all the Relevant Home Loans that are three (3) months or more in arrears,  $M = 0.7$ .

**Home Loan Outstanding Principal Amount** means, with respect to each Relevant Home Loan, the amount of principal outstanding at the relevant Amortisation Test Date under such Relevant Home Loan.

**B**, **C** and **NC** have the meaning ascribed to such terms, and shall be determined, on each relevant Amortisation Test Date, subject to, and in accordance with, the terms and formula described in **Asset Cover Test** above.

**D** is equal to the aggregate amount of principal and interest payments, distributions, indemnities, insurance and other proceeds, payments under any Home Loan Guarantee and other sums received during the applicable Amortisation Test Calculation Period by the Issuer from the debtors or other relevant entities under Eligible Assets collateralised as Collateral Security whose title has been transferred to the Issuer following enforcement of the Collateral Security, as the same shall be reported by the Issuer Calculation Agent on each Amortisation Test Date subject to, and in accordance with, the relevant terms of the Calculation Agency Agreement.

#### **Calculation of the Amortisation Ratio**

On each Amortisation Test Date, the Amortisation Ratio shall be calculated by the Issuer Calculation Agent according to the terms, definitions and calculation formula set forth above.

On each Amortisation Test Date, the Issuer Calculation Agent shall inform the Management Company (with a copy to the Rating Agencies and to the Issuer Verification Agent) of its calculation of the Amortisation Ratio, in an Issuer Calculation Agent's Report, which shall indicate whether the Amortisation Test is complied with.

#### **Non-Compliance with the Amortisation Test**

A **Non-Compliance with the Amortisation Test** will result from the Amortisation Ratio being less than one (1).

A Non-Compliance with the Amortisation Test will not constitute an Issuer Event of Default.

#### **Breach of Amortisation Test**

The failure by the Issuer to cure a Non-Compliance with the Amortisation Test occurred on any Amortisation Test Date prior to the next following Amortisation Test Date will constitute a **Breach of Amortisation Test**. The Issuer Calculation Agent will inform promptly the Management Company, and each relevant Representative (with a copy to the Rating Agencies and the Issuer Verification Agent) of the occurrence of a Breach of Amortisation Test.

A Breach of Amortisation Test will result in an Issuer Event of Default within the meaning of the Conditions.

## THE VERIFICATION AGENCY AGREEMENT

### Background

Under the Verification Agency Agreement, Cailliau Dedouit et Associés has been appointed as Issuer Verification Agent by the Management Company to carry out, subject to the due receipt of the information to be provided by the Issuer Calculation Agent to the Issuer Verification Agent, various testing and notification duties in relation to the calculations performed by the Issuer Calculation Agent in relation to the Asset Cover Test and the Amortisation Test subject to and in accordance with the terms of the Verification Agency Agreement.

### Services of the Issuer Verification Agent

If the Asset Cover Test Date immediately preceding an anniversary of the Closing Date falls prior to the occurrence of a Loan Event of Default, and subject to receipt of the information to be provided to it by the Issuer Calculation Agent in relation to the calculations performed by the Issuer Calculation Agent regarding the relevant Asset Cover Test, the Issuer Verification Agent will test the arithmetic accuracy of the calculations performed by the Issuer Calculation Agent in relation to the Asset Cover Test on the Asset Cover Test Date immediately preceding an anniversary of the Closing Date, as applicable, with a view to reporting on the arithmetic accuracy or otherwise of such calculations.

On each Amortisation Test Date (it being provided that the first Amortisation Test Date shall be the date falling two (2) Business Days prior to the Notes Payment Date immediately following the enforcement of a Loan Event of Default) and subject to receipt of the information to be provided to it by the Issuer Calculation Agent in relation to the calculations performed by the Issuer Calculation Agent regarding the relevant Amortisation Test, the Issuer Verification Agent will test the arithmetic accuracy of the calculations performed by the Issuer Calculation Agent in relation to the Amortisation Test on the relevant Amortisation Test Date, with a view to reporting on the arithmetic accuracy or otherwise of such calculations.

Upon the occurrence of a Calculation Monitoring Rating Trigger Event and for so long as such Calculation Monitoring Rating Trigger Event is continuing, or, if the Issuer Verification Agent has been notified of the occurrence of a Non-Compliance with the Asset Cover Test or of a Non-Compliance with the Amortisation Test (see section "Asset Monitoring"), and subject to receipt of the information to be provided to the Issuer Verification Agent, the Issuer Verification Agent will conduct the tests of the Issuer Calculation Agent's calculations referred to above, as applicable, in respect of every Asset Cover Test Date or Amortisation Test Date, as applicable.

For the purposes of this section, the *Calculation Monitoring Rating Trigger Event* means, the event in which the IDR of Société Générale falls below BBB (long-term) or F3 (short-term) by Fitch Ratings or the event in which the unsecured and unsubordinated debt obligations of Société Générale become rated below Baa2 (long-term) or P-3 (short-term) by Moody's.

If the tests conducted by the Issuer Verification Agent in accordance the provisions above, reveal arithmetic errors in the relevant calculations performed by the Issuer Calculation Agent such that:

- (a) the Asset Cover Test had been failed on the relevant Asset Cover Test Date (where the Issuer Calculation Agent had recorded it as being satisfied), this will constitute a *Non-Compliance with the Asset Cover Test*; or
- (b) the Amortisation Test had been failed on the relevant Amortisation Test Date (where the Issuer Calculation Agent had recorded it as being satisfied), this will constitute a *Non-Compliance with the Amortisation Test*;

and subject to receipt of the information to be provided to the Issuer Verification Agent, the Issuer Verification Agent will conduct the tests on every Asset Cover Test Date or Amortisation Test Date, as applicable, occurring during a six (6)-month period thereafter (which may be extended for six (6)-month each time where (a) or (b) above occurs).

The Issuer Verification Agent will notify the Management Company, in writing, of the relevant calculations performed by the Issuer Calculation Agent and of the results of its tests of the accuracy of the Issuer Calculation Agent's calculations on the relevant Asset Cover Test Date or Amortisation Test Date. If the calculations performed by the Issuer Calculation Agent have not been performed correctly, the Issuer Verification Agent will report the correct calculation of the Asset Cover Test or Amortisation Test, as applicable. The Issuer shall

transfer any notifications and reports received from the Issuer Verification Agent to the parties to the Verification Agency Agreement (with copy to the Rating Agencies), promptly upon receipt of such notifications and reports.

### **Scope of verifications**

On each date on which the Issuer Verification Agent is due to carry out the tests of the Issuer Calculation Agent's calculations referred to above, the Issuer Verification Agent will check the arithmetic accuracy of the following information, which will be set out in the Issuer Calculation Report provided to it by the Issuer Calculation Agent:

- (a) the Adjusted Aggregate Asset Amount (AAAA);
- (b) the Aggregate Adjusted Home Loan Outstanding Principal Amount;
- (c) the Aggregate Unadjusted Home Loan Outstanding Principal Amount;
- (d) the Aggregate Note Outstanding Principal Amount;
- (e) term "C" of the Asset Cover Ratio and of the Amortisation Ratio;
- (f) the product between the Substitution Asset Limit and the Adjusted Aggregate Asset Amount;
- (g) term "WAM" of term "NC" of the Asset Cover Ratio and of the Amortisation Ratio.

In addition, on each date on which the Issuer Verification Agent is due to carry out the tests of the Issuer Calculation Agent's calculations referred to above, the Issuer Verification Agent will also make certain verifications in relation to the Home Loan Eligibility Criteria, provided that such verifications shall never consist in a concrete audit of the Home Loans but merely in abstract coherence tests between the characteristics of the Home Loans as declared in the Issuer Calculation Agent's Report provided to it by the Issuer Calculation Agent and the expected characteristics of the Home Loans, in accordance with the verification rules set out in the Verification Agency Agreement.

The Issuer Verification Agent is entitled, in the absence of manifest error, to assume that all other information provided to the Issuer Verification Agent is true and correct and is complete and not misleading and is not required to conduct an audit or other similar examination in respect of or otherwise take steps to verify the accuracy or completeness of such information.

### **Termination**

The Issuer may, at any time but only subject to a prior Rating Confirmation, terminate the appointment of the Issuer Verification Agent under the Verification Agency Agreement upon providing the Issuer Verification Agent with sixty (60) days' prior written notice, provided that such termination may not be effected unless and until a replacement Verification Agent has been found by the Issuer which agrees to perform the duties (or substantially similar duties) of the Issuer Verification Agent set out in the Verification Agency Agreement. The costs related to the finding of a replacement Verification Agent will be borne by the Issuer, save in case of gross negligence (*faute lourde*) or wilful misconduct (*faute dolosive*) of the Issuer Verification Agent under the Verification Agency Agreement.

The Issuer Verification Agent may, at any time, resign from its appointment under the Verification Agency Agreement upon providing the Issuer with sixty (60) days' prior written notice. If a substitute issuer verification agent has not been found by the Issuer within sixty (60) days of notice of resignation by the Issuer Verification Agent, such Issuer Verification Agent shall immediately use its best endeavours to find at its own costs a substitute issuer verification agent which agrees to perform the duties (or substantially similar duties) of such Issuer Verification Agent set out in the Verification Agency Agreement, as applicable.

### **Fees**

Under the terms of the Verification Agency Agreement, the Issuer will pay to the Issuer Verification Agent a fee for the tests to be performed by the Issuer Verification Agent.

## **Liability**

Without prejudice to its obligations and representations and warranties under the Verification Agency Agreement, (i) the Issuer Verification Agent shall not be liable for (a) any action of the Issuer or Issuer's failure to act, (b) the Eligible Assets being legal, valid, binding or enforceable, or for the fairness of the provisions of the Conditions, (c) a loss of documents related to the Eligible Assets not attributable to the negligence of the Issuer Verification Agent and (d) any breach by the Issuer Calculation Agent of any of its obligations to submit any Issuer Calculation Agent's Report (ii) the Issuer Verification Agent shall not be responsible for investigating any matter which is the subject of, any statement, representation, warranty or covenant of any person contained in the Verification Agency Agreement, the other Programme Documents, the Conditions, or any other agreement or document relating to the transactions herein or therein contemplated or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof; and (iii) the Issuer Verification Agent shall not be liable in respect of anything done or suffered by it in reliance on a document reasonably believed by it after enquiry to be genuine and to have been signed by the proper parties or on information to which it should properly have regard and reasonably believed by it to be genuine and to have been originated by the proper parties. The Issuer Verification Agent shall indemnify each of the other parties hereto against any losses, damages, costs and expenses caused by any breach, negligence or wilful default by the Issuer Verification Agent of its obligations under the Verification Agency Agreement, provided however that the Issuer Verification Agent will not be so liable if such losses, damages, costs or expenses are due to the provision of false, misleading or incomplete information or documentation or due to the acts or omissions of any person other than the Issuer Verification Agent, unless the Issuer Verification Agent did not discover such defects due to a breach, negligence or wilful default by the Issuer Verification Agent.

## **Amendment**

No amendment, modification, alteration or supplement shall be made to the Verification Agency Agreement without prior Rating Confirmation if the same materially and adversely affects the interest of the Issuer or the Noteholders.

For the avoidance of doubt, the Verification Agency Agreement may be amended, modified, altered or supplemented without prior Rating Confirmation:

- (a) to cure any ambiguity, omission, defect or inconsistency;
- (b) to evidence or effect the transition of any party to the Verification Agency Agreement to any successor;
- (c) to add to the undertakings and other obligations of the Issuer Verification Agent under the Verification Agency Agreement; or
- (d) to comply with any mandatory requirements of applicable laws and regulations.

## **Governing Law - Jurisdiction**

The Verification Agency Agreement is governed by French law. The *Tribunal de Commerce de Paris* will have exclusive jurisdiction to settle any dispute arising out of or in connection with the Issuer Verification Agent Agreement (including any dispute regarding the existence, validity or termination of the Issuer Verification Agent Agreement). This choice of jurisdiction is for the sole benefit of the Issuer. The Issuer will be entitled to bring any proceeding relating to any such dispute in front of any other competent jurisdiction.

## DESCRIPTION OF THE ISSUER ACCOUNTS

### Appointment of the Issuer Account Bank

Pursuant to the Issuer Account Bank Agreement, the Management Company and the Custodian have appointed the Issuer Account Bank, with effect from the Closing Date, as their legal agent (*mandataire*), in order to open in its books, maintain and operate the Issuer Accounts on the terms and subject to the conditions of the Issuer Account Bank Agreement.

### Termination of appointment

#### *Mandatory termination*

Pursuant to the Issuer Account Bank Agreement, if the Issuer Account Bank's IDR falls below A (long-term) or F1 (short-term) by Fitch Ratings or if the Issuer Account Bank unsecured and unsubordinated debt obligations become rated below A2 (long-term) or P-1 (short-term) by Moody's then the Custodian will, upon request of the Management Company, by written notice to the Issuer Account Bank, terminate the appointment of the Issuer Account Bank and appoint, within fifteen (15) calendar days, a substitute issuer account bank provided, however, that such termination will not take effect until the following conditions are satisfied:

- (a) a substitute issuer account bank has been effectively appointed by the Management Company and the Custodian;
- (b) the substitute issuer account bank is an Eligible Bank;
- (c) the substitute issuer account bank has agreed with the Management Company and the Custodian to perform the duties and obligations of the Issuer Account Bank under the Issuer Account Bank Agreement pursuant to an agreement to be entered into between the Issuer and the substitute issuer account bank substantially similar to the terms of the Issuer Account Bank Agreement;
- (d) the substitute issuer account bank irrevocably waives all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which it may have against the Issuer;
- (e) the Issuer Accounts have been transferred in the books of the substitute issuer account bank;
- (f) the Rating Agencies shall have been given prior notice of such substitution and such substitution shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any of the Notes being placed under credit watch with negative implication; and
- (g) such substitution will comply with all applicable laws and regulations.

#### *Voluntary termination*

The Issuer Account Bank may resign its appointment at any time upon not less than three (3) months' prior written notice to the Management Company, provided, however, that such resignation will not take effect until the following conditions are satisfied:

- (a) a substitute issuer account bank has been effectively appointed by the Management Company and the Custodian;
- (b) the substitute issuer account bank is an Eligible Bank;
- (c) the substitute issuer account bank has agreed with the Management Company and the Custodian to perform the duties and obligations of the Issuer Account Bank under the Issuer Account Bank Agreement pursuant to an agreement to be entered into between the Issuer and the substitute issuer account bank substantially similar to the terms of the Issuer Account Bank Agreement;
- (d) the substitute issuer account bank irrevocably waives all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which it may have against the Issuer;

- (e) the Issuer Accounts have been transferred in the books of the substitute issuer account bank;
- (f) the Rating Agencies shall have been given prior notice of such substitution and such substitution shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any of the Notes being placed under credit watch with negative implication; and
- (g) such substitution will comply with all applicable laws and regulations.

### **Opening of the Issuer Operating Account**

Pursuant to the Issuer Account Bank Agreement and no later than on the Closing Date, the Custodian will open, upon the instructions of the Management Company, a bank account in the name of the Issuer (the ***Issuer Operating Account***) in the books of the Issuer Account Bank.

### **Operation of the Issuer Accounts**

#### ***Operation of the Issuer Operating Account***

The Issuer Operating Account will be:

- (a) on the Closing Date:
  - (i) credited with the proceeds of the subscription of the Notes and the Residual Units issued on that date; and
  - (ii) debited with the Transfer Price payable by the Issuer to the Seller in relation to the Loan Receivables purchased on that date;
- (b) on each Issue Date:
  - (i) credited with the proceeds of the subscription of the Notes issued on that date; and
  - (ii) debited with the Transfer Price payable by the Issuer to the Seller in relation to the Loan Receivables purchased on that date;
- (c) on any date, credited with any amounts paid to the Issuer under any Programme Documents or Finance Documents;
- (d) on each Quarterly Payment Date, debited with any Senior Administrative Costs due and payable by the Issuer on that date;
- (e) on each Notes Payment Date, debited in accordance with the Priority of Payment Order applicable on that date.

#### ***Excess Cash Provided as collateral under the Collateral Annexes***

Any excess cash collateral paid by any Swap Counterparty or the Mirror Swap Counterparty under any Collateral Annex to the Issuer shall not constitute any part of the Issuer Available Funds and therefore shall not be subject to any Priority of Payment Order

#### ***No debit balance***

Any payment or provision for payment will be made by the Management Company only out and to the extent of the credit balance of the Issuer Accounts and subject to the application of the relevant Priority of Payment Order. The Issuer Accounts will never have a debit balance at any time during the life of the Issuer.



### ***Credit of the Issuer Accounts***

In accordance with the provisions of the Issuer Regulations, the Management Company will give such instructions as are necessary to the Custodian and the Issuer Account Bank to ensure that each of the Issuer Accounts is credited or, as the case may be, debited in the manner described above under this section.

### **Amendment**

No amendment, modification, alteration or supplement shall be made to the Issuer Account Bank Agreement without prior Rating Confirmation if the same materially and adversely affects the interest of the Issuer or the Noteholders.

For the avoidance of doubt, the Issuer Account Bank Agreement may be amended, modified, altered or supplemented without prior Rating Confirmation:

- (a) to cure any ambiguity, omission, defect or inconsistency;
- (b) to evidence or effect the transition of any party to the Issuer Account Bank Agreement to any successor;
- (c) to add to the undertakings and other obligations of the Issuer Account Bank under the Issuer Account Bank Agreement; or
- (d) to comply with any mandatory requirements of applicable laws and regulations.

### **Governing Law - Jurisdiction**

The Issuer Account Bank Agreement is governed by French law. The *Tribunal de Commerce de Paris* will have exclusive jurisdiction to settle any dispute arising out of or in connection with the Issuer Account Bank Agreement (including any dispute regarding the existence, validity or termination of the Issuer Account Bank Agreement). This choice of jurisdiction is for the sole benefit of the Issuer. The Issuer will be entitled to bring any proceeding relating to any such dispute in front of any other competent jurisdiction.

## CASH MANAGEMENT AND INVESTMENT RULES

### Cash management

In accordance with the Issuer Cash Management Agreement, the Management Company has appointed the Issuer Cash Manager to invest the Issuer Available Cash. The Issuer Cash Manager has undertaken to manage the Issuer Available Cash in accordance with the provisions of the following investment rules.

### Authorised Investments

*Authorised Investments* shall be :

- (a) deposits denominated in Euros made with a credit institution (*établissement de crédit*) as referred to in paragraph 1° of article R. 214-95 of the French Monetary and Financial Code, the IDR (with respect to Fitch Ratings) and the credit rating (with respect to Moody's) of which is at least:
  - (i) for 1-month investment, A (long-term) and F1 (short-term) by Fitch Ratings and P-1 (short-term) by Moody's; and
  - (ii) for 3-month investment, AA- (long-term) and F1+ (short-term) by Fitch Ratings and P-1 (short-term) by Moody's;provided that such deposits shall be able to be withdrawn or repaid at any time;
- (b) French treasury bonds (*bons du Trésor*) denominated in Euros;
- (c) debt instruments (*titres de créances*) referred to in paragraph 3° of Article R. 214-95 of the French Monetary and Financial Code, denominated in Euros and rated by the Rating Agencies as follows depending on the maximum maturity intended for the relevant investment, subject to such securities being admitted for trading on a regulated market located in a European Economic Area member state and not conferring any direct or indirect right to the share capital of any company and provided that:
  - (i) for 1-month investment, the securities or the issuer of the securities shall be rated at least A (long-term) and F1 (short-term) by Fitch Ratings and A2 (long-term) and P-1 (short-term) by Moody's; and
  - (ii) for 3-month investment, the securities or the issuer of the securities shall be rated at least AA- (long-term) and F1+ (short-term) by Fitch Ratings and Aa3 (long-term) and P-1 (short-term) by Moody's; and
- (d) negotiable debt instruments (*titres de créances négociables*) within the meaning of articles L. 213-1 *et seq.* of the French Monetary and Financial Code, denominated in Euros and provided that:
  - (i) for 1-month investment, the negotiable debt instruments or the issuer of the negotiable debt instruments shall be rated at least A (long-term) and F1 (short-term) by Fitch Ratings and A2 (long-term) and P-1 (short-term) by Moody's; and
  - (ii) for 3-month investment, the negotiable debt instruments or the issuer of the negotiable debt instruments shall be rated at least AA- (long-term) and F1+ (short-term) by Fitch Ratings and Aa3 (long-term) and P-1 (short-term) by Moody's; and
- (e) units or shares in collective investment vehicles (*parts ou actions d'organismes de placement collectif en valeurs mobilières*) which are principally invested in the securities referred to in paragraphs 2°, 3° and 4° of article R. 214-95 of the French Monetary and Financial Code, provided that such units or shares shall be denominated in Euros and rated no lower than, as applicable, AAA or F1+ by Fitch Ratings and Aaa or P-1 by Moody's (or such other credit rating as may be in line with the Rating Agencies's published criteria from time to time), with the exception of those referred to in articles L. 214-36 to L. 214-42 of the French Monetary and Financial Code; and
- (f) mutual debt fund units (*parts de fonds communs de créances ou d'organismes de titrisation*) (other than the Residual Units) denominated in Euros and provided that such units are denominated in Euros and

rated no lower than AAA or F1+ by Fitch Ratings and Aaa or P-1 by Moody's (or such other credit rating as may be in line with the Rating Agencies's published criteria from time to time).

### **Investment Rules**

The Issuer Cash Manager will arrange for the investment of Issuer Available Cash in accordance with the instructions of the Management Company (as to the amount, timing and duration of such investment). The Management Company will ensure that the Issuer Available Cash are invested by the Issuer Cash Manager in the Authorised Investments, provided that the Management Company shall remain liable therefore towards the Noteholders and the Residual Unitholders. If, on any date, any investment of the Issuer ceases to be an Authorised Investment, the Issuer Cash Manager shall replace that investment within sixty (60) calendar days of that date, subject however to the Management Company's prior confirmation that such replacement is not in the interest of the Noteholders.

These investment rules aim at avoiding any risk of capital loss and providing for the selection of securities benefiting from a credit rating which would not adversely affect the level of security afforded to the Noteholders (and in particular the credit rating of the Notes). No investment will be made with a maturity ending after the date on which a payment has to be made by the Issuer nor shall it be disposed of before its maturity except in exceptional circumstances when justified by a concern for the protection of the interests of the Noteholders. Such circumstances may be a material adverse change in the legal, financial or economic situation of the issuer of the relevant security(ies) or the risk of the occurrence of a market disruption or an inter-bank payments system failure on about the maturity date of the relevant security(ies).

### **Termination - Substitution**

#### ***Mandatory termination***

Pursuant to the Issuer Cash Management Agreement, if the Issuer Cash Manager's IDR falls below BBB (long-term) or F3 (short-term) by Fitch Ratings or if the Issuer Cash Manager's unsecured and unsubordinated debt obligations become rated below Baa2 (long-term) or P-3 (short-term) by Moody's, then the Custodian will, upon request of the Management Company, by written notice to the Issuer Cash Manager, terminate the appointment of the Issuer Cash Manager and will use its best endeavours to appoint, within thirty (30) calendar days, a substitute issuer cash manager provided, however, that such termination will not take effect until the following conditions are satisfied:

- (a) a substitute issuer cash manager has been effectively appointed by the Management Company and the Custodian;
- (b) the substitute issuer cash manager has agreed with the Management Company and the Custodian to perform the duties and obligations of the Issuer Cash Manager under the Issuer Cash Management Agreement pursuant to an agreement to be entered into between the Issuer and the substitute issuer cash manager substantially similar to the terms of the Issuer Cash Management Agreement;
- (c) the substitute issuer cash manager irrevocably waives all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which it may have against the Issuer;
- (d) the Rating Agencies shall have been given prior notice of such substitution and such substitution shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any of the Notes being placed under credit watch with negative implication; and
- (e) such substitution will comply with all applicable laws and regulations.

#### ***Voluntary termination***

The Issuer Cash Manager may resign its appointment at any time upon not less than three (3) months' prior written notice to the Management Company, provided, however, that such resignation will not take effect until the following conditions are satisfied:

- (a) a substitute issuer cash manager has been effectively appointed by the Management Company and the Custodian;

- (b) the substitute issuer cash manager has agreed with the Management Company and the Custodian to perform the duties and obligations of the Issuer Cash Manager under the Issuer Cash Management Agreement pursuant to an agreement to be entered into between the Issuer and the substitute issuer cash manager substantially similar to the terms of the Issuer Cash Management Agreement;
- (c) the substitute issuer cash manager irrevocably waives all rights of contractual recourse (*responsabilité contractuelle*), of any form, nature, and on any ground whatsoever, which it may have against the Issuer;
- (d) the Rating Agencies shall have been given prior notice of such substitution and such substitution shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any of the Notes being placed under credit watch with negative implication; and
- (e) such substitution will comply with all applicable laws and regulations.

### **Fees**

In consideration for the performance of its obligations under the Issuer Cash Management Agreement, the Issuer will pay the Issuer Cash Manager a fee in an amount and under the conditions as set out in section “Third Parties Expenses” on page 155, and in accordance with, and subject to, the terms of the Issuer Regulations.

### **Amendment**

No amendment, modification, alteration or supplement shall be made to the Issuer Cash Management Agreement without prior Rating Confirmation if the same materially and adversely affects the interest of the Issuer or the Noteholders.

For the avoidance of doubt, the Issuer Cash Management Agreement may be amended, modified, altered or supplemented without prior Rating Confirmation:

- (a) to cure any ambiguity, omission, defect or inconsistency;
- (b) to evidence or effect the transition of any party to the Issuer Cash Management Agreement to any successor;
- (c) to add to the undertakings and other obligations of the Issuer Cash Manager under the Issuer Cash Management Agreement; or
- (d) to comply with any mandatory requirements of applicable laws and regulations.

### **Governing Law - Jurisdiction**

The Issuer Cash Management Agreement is governed by French law. The *Tribunal de Commerce de Paris* has exclusive jurisdiction to settle any dispute arising out of or in connection with the Issuer Cash Management Agreement (including any dispute regarding the existence, validity or termination of the Issuer Cash Management Agreement). This choice of jurisdiction is for the sole benefit of the Issuer. The Issuer will be entitled to bring any proceeding relating to any such dispute in front of any other competent jurisdiction.

## THE HEDGING STRATEGY

### General

The present section describes the hedging strategy (the *Hedging Strategy*) to be implemented from time to time, by the Issuer.

For the purposes hereof:

### Ratings and downgrade events:

**Eligible Entity** means, in respect of any Swap Agreement, a bank, broker/dealer, insurance company, structured investment vehicle or derivative product company, who can lawfully perform the obligations owing to the Issuer under that Swap Agreement and (ii) which has the Initial Required Rating or (iii) whose obligations under that Swap Agreement are guaranteed by a guarantor with the Initial Required Rating.

An entity shall have the **Initial Required Rating** where its IDR is at least as high as A (long-term) and F1 (short-term) by Fitch Ratings and where its unsecured and unsubordinated debt obligations are rated at least as high as A2 (long-term) and P-1 (short-term) by Moody's.

An entity shall have the **First Subsequent Required Rating** where its IDR is at least as high as BBB+ (long-term) and F2 (short-term) by Fitch Ratings and where its unsecured and unsubordinated debt obligations are rated at least as high as Baa1 (long-term) and P-2 (short-term) by Moody's.

An entity shall have the **Second Subsequent Required Rating** where its IDR is at least as high as BBB- (long-term) and F3 (short-term) by Fitch Ratings and where its unsecured and unsubordinated debt obligations are rated at least as high as Baa3 (long-term) and P-3 (short-term) by Moody's.

An **Initial Note Downgrade Event** will occur under the Swap Agreement where (x) the guarantor of the Swap Counterparty's obligations under the Swap Agreement (or its successor) or (y) if the Swap Counterparty does not have such a guarantor, the Swap Counterparty (or its successor), ceases to have the Initial Required Rating.

A **First Subsequent Note Downgrade Event** will occur under the Swap Agreement where (x) the guarantor of the Swap Counterparty's obligations under the Swap Agreement (or its successor) or (y) if the Swap Counterparty does not have such a guarantor, the Swap Counterparty (or its successor), ceases to have the First Subsequent Required Rating.

A **Second Subsequent Note Downgrade Event** will occur under the Swap Agreement where (x) the guarantor of the Swap Counterparty's obligations under the Swap Agreement (or its successor) or (y) if the Swap Counterparty does not have such a guarantor, the Swap Counterparty (or its successor), ceases to have the Second Subsequent Required Rating.

### Other definitions:

**Mirror Swap Agreement** means the mirror swap agreement to be entered into between the Issuer and the Mirror Swap Counterparty, in the form to be attached to the Swap Undertaking Letter, if, following the occurrence of the Swap Implementation Trigger Event, the Issuer enters into the Swap Transaction, and as long as no Loan Event of Default has occurred and is continuing.

**Mirror Swap Incoming Cashflow** means, in respect of any Mirror Swap Transaction and on any Notes Payment Date on which the Mirror Swap Transaction is in place, an amount payable by the Mirror Swap Counterparty to the Issuer under that Mirror Swap Transaction on that Notes Payment Date.

**Mirror Swap Net Cashflow** means, in respect of any Mirror Swap Transaction and on any Notes Payment Date on which the Mirror Swap Transaction is in place, an amount equal to the absolute value of A:

- (a) which will be paid by the Issuer to the Mirror Swap Counterparty if A is negative; or
- (b) which will be paid by the Mirror Swap Counterparty to the Issuer if A is positive or nil,

where A is equal to (i) the relevant Mirror Swap Incoming Cashflow minus (ii) the relevant Mirror Swap Outgoing Cashflow.

**Mirror Swap Outgoing Cashflow** means, in respect of any Mirror Swap Transaction and on any Notes Payment Date on which the Mirror Swap Transaction is in place, an amount payable by the Issuer to the Mirror Swap Counterparty under that Mirror Swap Transaction on that Notes Payment Date.

**Mirror Swap Transaction** means any interest rate exchange transaction to be entered into pursuant to the Mirror Swap Agreement (as the case may be).

**Swap Agreement** means, the *Fédération bancaire française* master agreement, the schedules thereto and each confirmation, to be entered into by the Issuer (to the extent where it finds a Swap Counterparty) if the Swap Implementation Trigger Event occurs.

The **Swap Implementation Trigger Event** shall occur and be continuing if the IDR of Société Générale falls below F1+ (short-term) by Fitch Ratings or if the short-term unsecured and unsubordinated debt obligations of Société Générale are rated below P-1 by Moody's.

**Swap Incoming Cashflow** means, in respect of any Swap Transaction and on any Notes Payment Date on which the Swap Transaction is in place, an amount payable by the Swap Counterparty to the Issuer under that Swap Transaction on that Notes Payment Date.

**Swap Net Cashflow** means, on any Notes Payment Date on which the Swap Transaction is in place, an amount equal to the absolute value of A:

- (a) which will be paid by the Issuer to the Swap Counterparty if A is negative; or
- (b) which will be paid by the Swap Counterparty to the Issuer if A is positive or nil,

where A is equal to (i) the relevant Swap Incoming Cashflow minus (ii) the relevant Swap Outgoing Cashflow.

**Swap Outgoing Cashflow** means, in respect of any Swap Transaction and on any Notes Payment Date on which the Swap Transaction is in place, an amount payable by the Issuer to the Swap Counterparty under that Swap Transaction on that Notes Payment Date.

**Swap Transaction** means any interest rate exchange transaction to be entered into pursuant to the Swap Agreement (as the case may be).

**Swap Undertaking Letter** means the letter dated on or prior to the Closing Date between the Management Company, the Custodian and Société Générale and pursuant to which the Management Company, the Custodian and Société Générale have agreed the form of the Swap Agreement and the Mirror Swap Agreement.

## Swap Transaction

### General

The Loan Receivables are secured by the Collateral Security, a part of which bears interest at a fixed rate, while the Notes bear interest at a floating rate plus a margin. In addition, part of the Collateral Security bears interest at a floating rate that can be based on an index different from the index on which the floating rate of the Notes is based. In order to hedge the Issuer against these two interest rate risks that would arise in case of enforcement of the Collateral Security, the Issuer Regulations provides that the Issuer shall, within thirty (30) calendar days of the occurrence of the Swap Implementation Trigger Event, enter into interest rate Swap Transactions with an Eligible Entity acting as Swap Counterparty, pursuant to a Swap Agreement, in the form to be attached to the Swap Undertaking Letter.

On the Closing Date, the Issuer Calculation Agent shall communicate to the Management Company (with a copy to the Borrower and the Rating Agencies), the average margin (relative to the relevant index) to be received by the Issuer when hedging the interest payable under the assets being part of the Collateral Security, into variable rate flows indexed on the same index as the floating rate of the Notes (the **Asset Margin**). The parties to the Swap Undertaking Letter may decide to modify the Asset Margin, subject to a thirty (30) Business Days' prior notification to the Rating Agencies.

On each Notes Payment Date on which a Swap Transaction is in effect, the Swap Counterparty will pay to the Issuer the relevant Swap Incoming Cashflow and the Issuer will pay to the Swap Counterparty the relevant Swap Outgoing Cashflow provided that, in accordance with the provisions of article L. 211-36-1° of the French

Monetary and Financial Code, a netting will occur between (a) the Swap Incoming Cashflow in respect of a given Swap Transaction and (b) the Swap Outgoing Cashflow, so that the relevant party will only pay to the other the Swap Net Cashflow resulting from such netting. The Issuer will pay any Swap Net Cashflow due to the Swap Counterparty on each such Notes Payment Date (as applicable), in accordance with and subject to the applicable Priority of Payment Order.

### ***No Additional Payments***

In the event that the Issuer is obliged, at any time, to deduct or withhold any amount for or on account of any withholding tax from any sum payable by the Issuer under the Swap Agreement, the Issuer will not be liable to pay to the Swap Counterparty any such additional amount. For the avoidance of doubt, the non-payment by the Issuer of any such additional amount will not entitle the Swap Counterparty to terminate the relevant Swap Transaction.

If the Swap Counterparty is obliged, at any time, to deduct or withhold any amount for or on account of any tax from any sum payable to the Issuer under the Swap Agreement, the Swap Counterparty will notify the Issuer as soon as possible of such "Change in Circumstances" (as defined in the Swap Agreement).

In both cases referred to in paragraphs above, the parties to the Swap Agreement will suspend performance of their payment and delivery obligations and will attempt in good faith for a period of thirty (30) Business Days to find a mutually satisfactory solution to avoid such deduction or withholding as follows:

- (a) firstly, the Swap Counterparty will use its reasonable efforts to transfer without the prior approval of the Issuer all its rights and obligations under the Swap Agreement to another of its offices or affiliates in France so that such deduction or withholding will not be required provided that the rating assigned to the Notes then outstanding is not adversely affected by a transfer to such office or affiliate; or
- (b) if such transfer to another office or affiliate of the Swap Counterparty is not possible, the Swap Counterparty will use its reasonable efforts to transfer all its rights and obligations under the Swap Agreement to an Eligible Entity, provided that the Rating Confirmation is obtained with respect to such a transfer.

If at the expiration of such period, no solution has been found, the Issuer will have the right by notice to the Swap Counterparty to terminate the relevant Swap Transaction. Such notice shall specify the applicable termination date under the terms of the Swap Agreement.

Without prejudice to the foregoing, the Management Company, acting in the name and on behalf of the Issuer, may terminate the relevant Swap Transaction at any time after reception of the notification of a Change in Circumstances (as defined in the Swap Agreement) by the Swap Counterparty if it finds a third party acceptable under the conditions set out in paragraph (b) above.

### ***Ratings of the Swap Counterparty***

The Swap Agreement will provide that:

- (i) the Swap Counterparty will, on a reasonable efforts basis, within fourteen (14) days of the occurrence of an Initial Note Downgrade Event, at its own cost, either:
  - (A) provide collateral in the form of cash or securities or both, in support of its obligations under the Swap Agreement, in accordance with the provisions of the Collateral Annex; or
  - (B) transfer all of its rights and obligations with respect to the Swap Agreement to an Eligible Entity; or
  - (C) procure another person with the Initial Required Rating to become co-obligor or guarantor in respect of the obligations of the Swap Counterparty under the Swap Agreement; or
  - (D) take such other action as will result in the rating of the relevant Notes then outstanding being maintained, or obtain a Rating Confirmation so that none of the courses of action outlined at (i)(A), (i)(B) or (i)(C) above need be pursued in respect of such Initial Note Downgrade Event.

If any of sub-paragraphs (i)(B), (i)(C) or (i)(D) are satisfied at any time, the Swap Counterparty will not be required to transfer any additional collateral under the Collateral Annex in consequence of the particular Initial Note Downgrade Event;

(ii) the Swap Counterparty will:

(A) at its own cost, within fourteen (14) calendar days of the occurrence of a First Subsequent Note Downgrade Event, provide collateral in the form of cash or securities or both, in support of its obligations under the Swap Agreement in accordance with the provisions of the Collateral Annex; *provided* that, if at the time when a First Subsequent Note Downgrade Event occurs, the Swap Counterparty has provided collateral pursuant to the Collateral Annex pursuant to sub-paragraphs (i)(A) above, it will continue to provide collateral notwithstanding the occurrence of a First Subsequent Note Downgrade Event; or

on a reasonable efforts basis, within fourteen (14) calendar days of the occurrence of a First Subsequent Note Downgrade Event, at its own cost, either:

(B) transfer all of its rights and obligations with respect to the Swap Agreement to an Eligible Entity; or

(C) procure another person with the Initial Required Rating to become co-obligor or guarantor in respect of the obligations of the Swap Counterparty under the Swap Agreement; or

(D) take such other action as will result in the rating of the relevant Notes then outstanding being maintained, or obtain a Rating Confirmation so that none of the courses of action outlined at (ii)(A), (ii)(B) or (ii)(C) above need be pursued in respect of such First Subsequent Note Downgrade Event.

If any of sub-paragraphs (ii)(B), (ii)(C) or (ii)(D) above are satisfied at any time, the Swap Counterparty will not be required to transfer any additional collateral under the Collateral Annex as a consequence of the particular First Subsequent Note Downgrade Event;

(iii) the Swap Counterparty will, on a reasonable efforts basis, within fourteen (14) calendar days of the occurrence of a Second Subsequent Note Downgrade Event, at its own cost, either:

(A) transfer all of its rights and obligations with respect to the Swap Agreement to an Eligible Entity; or

(B) procure another person with the Initial Required Rating to become co-obligor or guarantor in respect of the obligations of the Swap Counterparty under the Swap Agreement; or

(C) take such other action as will result in the rating of the relevant Notes then outstanding being maintained, or obtain a Rating Confirmation so that none of the courses of action outlined at (iii)(A) or (iii)(B) above need be pursued in respect of such Second Subsequent Note Downgrade Event;

Pending compliance with any of sub-paragraphs (iii)(A), (iii)(B) or (iii)(C) above, the Swap Counterparty will provide, at its own cost, within ten (10) calendar days of such Second Subsequent Note Downgrade Event or fourteen (14) calendar days of the occurrence of a First Subsequent Note Downgrade Event, whichever is the earlier, collateral in the form of cash or securities or both, in support of its obligations under the Swap Agreement in accordance with the provisions of the Collateral Annex; *provided* that, if at the time when an Initial Note Downgrade Event or a First Subsequent Note Downgrade Event, as the case may be, occurs, the Swap Counterparty has provided collateral pursuant to the Collateral Annex pursuant to sub-paragraphs (i)(A) or (ii)(A) above, it will continue to provide collateral notwithstanding the occurrence of a Second Subsequent Note Downgrade Event.

If any of sub-paragraphs (iii)(A), (iii)(B) or (iii)(C) above are satisfied at any time, the Swap Counterparty will not be required to transfer any additional collateral as a consequence of the particular Second Subsequent Note Downgrade Event.



### ***Termination of the Swap Agreement***

Under the terms of the Swap Agreement, the Swap Counterparty will have the right to terminate the Swap Agreement upon the occurrence of an “Event of Default” (as defined in the Swap Agreement) including without limitation a failure by the Issuer to make any payment or delivery pursuant to the Swap Agreement which failure has not been remedied on the Notes Payment Date following notification of such default in payment or such default in delivery by the Issuer.

### **Mirror Swap Agreement**

#### ***General***

If, following the occurrence of the Swap Implementation Trigger Event, the Issuer enters into a Swap Transaction, and as long as the Swap Transaction is in place and no Loan Event of Default has occurred and is continuing, the Issuer shall, within thirty (30) calendar days of the occurrence of the Swap Implementation Trigger Event, enter into a corresponding interest rate Mirror Swap Transaction pursuant to a Mirror Swap Agreement, in the form to be attached to the Swap Undertaking Letter.

Pursuant to the Swap Undertaking Letter, Société Générale has undertaken to be the Mirror Swap Counterparty.

The purpose of each Mirror Swap Transaction is to neutralise at the level of the Issuer the effect of the corresponding Swap Transaction (as the case may be), as long as no Loan Event of Default has occurred and is continuing.

The Mirror Swap Transactions will also be terminated upon occurrence of a Loan Event of Default.

On each Notes Payment Date on which a Mirror Swap Transaction is in effect, the Mirror Swap Counterparty will pay to the Issuer the relevant Mirror Swap Incoming Cashflow and the Issuer will pay to the Mirror Swap Counterparty the relevant Mirror Swap Outgoing Cashflow provided that, in accordance with the provisions of article L. 211-36-1° of the French Monetary and Financial Code, a netting will occur between (a) the Mirror Swap Incoming Cashflow and (b) the Mirror Swap Outgoing Cashflow so that the relevant party will only pay to the other the Mirror Swap Net Cashflow resulting from such netting. The Issuer will pay any Mirror Swap Net Cashflow due to the Mirror Swap Counterparty on each such Notes Payment Date (as applicable), in accordance with and subject to the applicable Priority of Payment Order.

#### ***No Additional Payments***

In the event that the Issuer is obliged, at any time, to deduct or withhold any amount for or on account of any withholding tax from any sum payable by the Issuer under the Mirror Swap Agreement, the Issuer will not be liable to pay to the Mirror Swap Counterparty any such additional amount. For the avoidance of doubt, the non-payment by the Issuer of any such additional amount will not entitle the Mirror Swap Counterparty to terminate the relevant Mirror Swap Transaction.

If the Mirror Swap Counterparty is obliged, at any time, to deduct or withhold any amount for or on account of any tax from any sum payable to the Issuer under the Mirror Swap Agreement, the Mirror Swap Counterparty will notify the Issuer as soon as possible of such Change in Circumstances (as defined in the Mirror Swap Agreement).

In both cases referred to in paragraphs above, the parties to the Mirror Swap Agreement will suspend performance of their payment and delivery obligations and will attempt in good faith for a period of thirty (30) Business Days to find a mutually satisfactory solution to avoid such deduction or withholding as follows:

- (a) firstly, the Mirror Swap Counterparty will use its reasonable efforts to transfer without the prior approval of the Issuer all its rights and obligations under the Mirror Swap Agreement to another of its offices or affiliates in France so that such deduction or withholding will not be required provided that the rating assigned to the Notes then outstanding is not adversely affected by a transfer to such office or affiliate; or
- (b) if such transfer to another office or affiliate of the Mirror Swap Counterparty is not possible, the Mirror Swap Counterparty will use its reasonable efforts to transfer all its rights and obligations under the Mirror Swap Agreement to an Eligible Entity, provided that the Rating Confirmation is obtained with respect to such a transfer.

If at the expiration of such period, no solution has been found, the Issuer will have the right by notice to the Mirror Swap Counterparty to terminate the relevant Mirror Swap Transaction(s) affected by the Change in Circumstances (as defined in the Mirror Swap Agreement). Such notice shall specify the applicable termination date under the terms of the Mirror Swap Agreement.

Without prejudice to the foregoing, the Management Company, acting in the name and on behalf of the Issuer, may terminate the relevant Mirror Swap Transaction at any time after reception of the notification of a Change in Circumstances (as defined in the Mirror Swap Agreement) by the Mirror Swap Counterparty if it finds a third party acceptable under the conditions set out in paragraph (b) above.

***Termination of the Mirror Swap Agreement***

Under the terms of the Mirror Swap Agreement, the Mirror Swap Counterparty has the right to terminate the Mirror Swap Agreement upon the occurrence of an “Event of Default” (as defined in the Mirror Swap Agreement) including without limitation a failure by the Issuer to make any payment or delivery pursuant to the Mirror Swap Agreement which failure has not been remedied on the Notes Payment Date following notification of such default in payment or such default in delivery by the Issuer.

The Mirror Swap Transactions will also be terminated upon occurrence of a Loan Event of Default.

## FRENCH TAXATION REGIME

*The following is a summary limited to certain tax considerations in France relating to the Notes that may be issued under the Programme and specifically contains information on taxes on the income from the securities withheld at source. This summary is based on the laws in force in as of the date of this Base Prospectus and is subject to any changes in law. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its tax adviser as to the tax consequences of any investment in or ownership and disposition of the Notes.*

### The Issuer

As a co-ownership of receivables without separate legal personality, the Issuer should not be subject to the French corporate income tax (*impôt sur les sociétés*).

### The Notes

#### Notes issued on or after 1 March 2010 and not assimilated to Notes issued before 1 March 2010

Following the enactment of the French Amended Finance Act for 2009 (*loi de finances rectificative pour 2009*; # 2009-1674 dated 30 December 2009), payments of interest and other income made by the Issuer with respect to Notes issued on or after 1 March 2010 (other than Notes which are assimilated (*assimilées*) to Notes issued prior to 1 March 2010 and which are eligible for the withholding tax exemption provided under Article 131 *quater* of the French general tax code (*Code général des impôts*; the **French General Tax Code**) – see below) will not be subject to the withholding tax provided under Article 125 A III of the French General Tax Code, unless such payments are made outside of France in a non-cooperative State or territory (*Etat ou territoire non-coopératif*; a **Non-Cooperative State**) within the meaning of Article 238-0 A of the French General Tax Code. If such payments are made in a Non-Cooperative State, a 50% withholding tax will be applicable (subject (where relevant) to certain exceptions summarised below and the more favorable provisions of any applicable double tax treaty) pursuant to Article 125 A III of the French General Tax Code.

Notwithstanding the foregoing, Article 125 A III of the French General Tax Code provides that the 50% withholding tax will not apply if the Issuer can prove that the principal purpose and effect of a particular issue of Notes is not that of allowing the payments of interest or other income to be made in a Non-Cooperative State (the **Exception**). Pursuant to a ruling (*rescrit*) referenced # 2010/11 (FP and FE) of the French tax authorities dated 22 February 2010, an issue of Notes will be deemed to have a qualifying purpose and effect, and accordingly will be able to benefit from the Exception, if such Notes are:

- (a) offered by means of a public offer within the meaning of Article L. 411-1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (b) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system, provided that such market or system is not located in a Non-Cooperative State and the operation of such market is carried out by a market operator, an investment services provider, or by a similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (c) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing, delivery and payments systems operator within the meaning of Article L 561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositories or operators, provided that such depository or operator is not located in a Non-Cooperative State.

#### Notes issued before 1 March 2010, and Notes issued on or after 1 March 2010 and assimilated to Notes issued before 1 March 2010

Payments of interest and other income with respect to (i) Notes issued (or deemed issued) outside the Republic of France as provided under Article 131 *quater* of the French General Tax Code, before 1 March 2010 (provided further that the term of such Notes is not extended as from that date) and (ii) Notes that are issued on or after 1

March 2010 and which are to be assimilated to (*assimilables*), and form a single series with, such Notes will continue to be exempt from the withholding tax set out under Article 125 A III of the French General Tax Code.

Notes issued before 1 March 2010 and constituting *obligations* under French law, or *titres de créances négociables* within the meaning of rulings (*rescrits*) referenced ## 2007/59 (FP) and 2009/23 (FP) of the French tax authorities dated 8 January 2008 and 7 April 2009, respectively, or other debt securities issued under French or foreign law and considered by the French tax authorities as falling into similar categories, are deemed to be issued outside the Republic of France for the purpose of Article 131 *quater* of the French General Tax Code, in accordance with the statement of practice referenced # 5 I-11-98 of the French tax authorities dated 30 September 1998 and the aforementioned rulings (*rescrits*) 2007/59 (FP) and 2009/23 (FP).

Payments of principal and interest in respect of the Notes (irrespective of their issue date) shall be made net of any withholding tax (if any) applicable to the Notes and neither the Issuer nor the Paying Agent nor any other person will be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

### **EU Savings Directive**

The EC Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments (the *Directive*) requires each Member State as from 1 July 2005 to provide to the tax authorities of another Member State details of payments of interest and other similar income within the meaning of the Directive made by a paying agent within its jurisdiction to (or under circumstances to the benefit of) an individual resident in that other Member State, except that Belgium, Luxembourg and Austria will instead impose a withholding system for a transitional period unless the beneficiary of interest payment elects for the exchange of information.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor the Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

Belgium opted out of this transitional regime and has implemented the general exchange of information procedure under the Directive with respect to interest payments made by a paying agent located in Belgium to an individual resident or certain limited types of entities established in another Member State as of 1 January 2010.

The Directive has been implemented in France by article 242 *ter* of the French General Tax Code and articles 49 I *ter* through 49 I *sexies* of Schedule III to the French General Tax Code. Article 242 *ter* imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in other Member States, including in particular the identity and address of each beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

## LIQUIDATION OF THE ISSUER

### Issuer Liquidation Events

The Management Company may (or, in the case of (c) below, will), in accordance with article R. 214-101-I of the French Monetary and Financial Code, liquidate the Issuer upon the occurrence of any of the following circumstances affecting the Issuer:

- (a) when such liquidation is in the interest of the holders of the Notes and the Residual Units;
- (b) when the principal outstanding amount of the Loan Receivables (*partie non échue*) is less than ten per cent. (10%) of the maximum principal outstanding amount of the Loan Receivables since the Closing Date; or
- (c) when the Notes and the Residual Units issued by the Issuer are held by only one holder, upon the request of that holder, or when they are held only by the Seller upon its request.

### Procedure of liquidation

#### *Clean-Up Offer and Retransfer Price of the Transferred Receivables*

If the Management Company has declared the liquidation of the Issuer upon the occurrence of any of the liquidation events referred to above, the Management Company will be entitled to offer to the Seller the option to repurchase the outstanding Transferred Receivables in whole, but not in part, within a single transaction, for a Retransfer Price in any event sufficient so as to allow the Management Company to pay all principal and interest amounts due and payable in respect of the outstanding Notes and Residual Units after the payment of all liabilities of the Issuer ranking higher in the relevant Priority of Payment Order, failing which such retransfer of the Transferred Receivables will not take place. In such event, the Seller will have the discretionary right to refuse such proposal.

However, if, in the opinion of the Management Company, it is in the interest of the holders of the Notes and Residual Units, and only in this case, the Management Company will be entitled to offer to the Seller the option to repurchase the outstanding Transferred Receivables in whole, but not in part, within a single transaction, for a Retransfer Price that is not sufficient so as to allow the Management Company to pay all principal and interest amounts due and payable in respect of the outstanding Notes and Residual Units after the payment of all liabilities of the Issuer ranking higher in the relevant Priority of Payment Order.

If the Seller accepts the Management Company's offer, the assignment of the Transferred Receivables will take place within ten (10) Business Days following that acceptance and the Seller will pay the Retransfer Price by wire transfer to the credit of the Issuer Operating Account.

If the Seller refuses the Management Company's offer, the Management Company will use its best endeavours to assign the remaining outstanding Transferred Receivables to a credit institution (*établissement de crédit*) or such other entity authorised by French law and regulations to acquire the Transferred Receivables under similar terms and conditions, or different terms and conditions if it is in the interest of the holders of Notes and Residual Units.

#### *Liquidation of the Issuer*

##### *Liquidation upon assignment*

The Management Company will liquidate the Issuer upon the assignment of the Transferred Receivables in accordance with paragraph "Clean-Up Offer and Retransfer Price of the Transferred Receivables" above.

##### *Duties of the Management Company*

The Management Company will be responsible for the Issuer's liquidation procedure. For this purpose, it will be vested with the broadest powers (i) to sell the Issuer's assets, (ii) to pay any outstanding Senior Administrative Costs, (iii) to pay any of the Issuer's creditors in accordance with the relevant Priority of Payment Order and (iv) to distribute any residual moneys.

The statutory auditor of the Issuer and the Custodian will continue to exercise their functions until the completion of the Issuer's liquidation procedure.

Any liquidation surplus (*boni de liquidation*) will be paid to the Residual Unitholder(s).

### **NO RECOURSE AGAINST THE ISSUER**

Each of the Management Company, the Custodian, the Seller, the Servicer, the Issuer Account Bank, the Issuer Cash Manager, the Paying Agent, the Borrower, the Collateral Provider, the Collateral Security Servicer, the Issuer Calculation Agent, the Collection Account Bank and the Issuer Verification Agent has undertaken irrevocably to waive any right of contractual recourse whatsoever which it may have against the Issuer. The approved forms of Swap Agreement and Mirror Swap Agreement attached to the Swap Undertaking Letter contain provisions pursuant to which the Swap Counterparty and the Mirror Swap Counterparty (respectively) will undertake irrevocably to waive any right of contractual recourse whatsoever which they may respectively have against the Issuer.

## MODIFICATIONS OF THE TRANSACTION

### Amendments

#### *General*

Subject to paragraph “Specific undertakings” below, the Management Company and the Custodian, acting in their capacity as co-founders of the Issuer, may agree to amend the provisions of this Base Prospectus and/or of the Issuer Regulations, provided that:

- (a) the Rating Agencies shall have been given prior notice of such amendment and such amendment shall not entail the downgrading or withdrawal of the rating then assigned by them to any of the Notes or any of the Notes being placed under credit watch with negative implication;
- (b) any amendment affecting the terms and conditions of the Notes will require the approval of the relevant Noteholders’ Meetings; and
- (c) any amendment to the financial characteristics of the Residual Units will require the approval of the Residual Unitholders.

#### *Specific undertakings*

In the context of the listing of the Notes on the Paris Stock Exchange (Euronext Paris), the Management Company, the Custodian, the Noteholders and the Residual Unitholders undertake to agree to any modification to be made to the Issuer Regulations or any of the other Programme Documents, to the extent that:

- (a) it is not materially prejudicial to the financial characteristics of the Notes and the Residual Units; or
- (b) it is to correct a manifest error or is of a formal, minor or technical nature; or
- (c) it is requested by the *Autorité des Marchés Financiers* and/or any other stock exchange authority and/or the listing authorities and/or the Rating Agencies as the case may be.

Any amendments to the Issuer Regulations shall be notified to the Noteholders and the Residual Unitholders, it being specified that such amendments shall be immediately, automatically and without any further formalities (*de plein droit*) enforceable as against such Noteholders and Residual Unitholders as from the date of such notification.

### Report

After the listing of the Notes on the Paris Stock Exchange (Euronext Paris), any event which may have an impact on the terms and conditions of the Notes and any modification of a material information contained in this Base Prospectus and/or in the Issuer Regulations shall be made public in a report (*communiqué*) approved by the *Autorité des Marchés Financiers*, subject to the prior notification of the Rating Agencies. This report (*communiqué*) shall be incorporated in the next management report of the Management Company.



## **GOVERNING LAW AND SETTLEMENTS OF DISPUTES**

### **Governing law**

This Base Prospectus, the Programme Documents together with the Notes and the Residual Units shall be governed by, and construed and enforced in accordance with the laws of France.

### **Settlement of disputes**

All claims and disputes arising from the establishment, the operation or the liquidation of the Issuer, between the Noteholders, the Residual Unitholders, the Management Company and/or the Custodian, shall be subject to the exclusive jurisdiction of the *Tribunal de Commerce de Paris*.

## GENERAL ACCOUNTING PRINCIPLES RELATING TO THE ISSUER

### Accounting Principles

#### *Financial year*

Pursuant to article L. 214-48 of the French Monetary and Financial Code, the Management Company will establish the accounts of the Issuer. Each financial year of the Issuer will be of twelve (12) months' duration from 1<sup>st</sup> January to 31<sup>st</sup> December of each year. As an exception to the above, the first financial year of the Issuer will begin on the Closing Date and shall end on 31<sup>st</sup> December 2010.

#### *Accounts*

The accounts of the Issuer will be prepared in accordance with the recommendations of the French *Conseil National de la Comptabilité* (the National Accounting Board) as set out in its *avis* no. 2003-09 dated 24 June 2003 implemented by Regulation of the French *Comité de la Règlementation Comptable* no 2003-03 dated 2 October 2003.

### Financial Information

The Management Company, under the supervision of the Custodian and, when required by the legal provisions and regulations in force, the statutory auditors of the Issuer, will provide the accounting information in its annual report of activity and half-yearly report of activity, pursuant to the applicable accounting standards. The conditions of establishment, the content and the conditions of publication, as well as the addressees of such accounting information shall be further set out in sections "General information relating to the Issuer" on page 28 and "Financial information of the Issuer" on page 30.

As at the Closing Date, the provisions of the said accounting standards lead to the presentation of consolidated accounts of the Issuer, provided that the said accounts will be subject to certification by the statutory auditors of the Issuer.

**THIRD PARTIES EXPENSES**

In respect of the operation of the Issuer and notwithstanding any other exceptional fees and expenses, the Issuer shall pay to each relevant organ of the Issuer on each Quarterly Payment Date (or, as the case may be, on each Notes Payment Date) (subject to the applicable Priority of Payment Order) the corresponding fees (if any) as set out below.

<i>Designation</i>	<i>Amount of the annual fee <sup>(1)</sup> <sup>(3)</sup> <sup>(4)</sup></i>	<i>Frequency of payment <sup>(2)</sup></i>
	€ 15,000	annually
	€ 50,000 per year	quarterly
	increased by the following fees:	
Management Company's fees:	Autorité des Marchés Financiers' fees: 0,008 % of the outstanding amount of the Loan Receivables at year end	annually
Statutory auditor's fees:	€ 7,000 per year	annually
Servicer's fees:	€ 28,000 per year	quarterly
Custodian's fees:	€ 15,000 per year	quarterly
Issuer Account Bank's fees:	€ 650 per Issuer Account per year	quarterly
Issuer Cash Manager's fees	0.01% of the amount invested during each quarter	quarterly
Issuer Calculation Agent's fees	<i>As from the Notes Payment Date falling on 25 April 2011:</i> 0.0015% of the aggregate principal amount outstanding of the Loan Receivables (exclusive of any applicable taxes)	quarterly
Administrative agent of the Residual Units	€ 1,600 per year	quarterly
Issuer Verification Agent's fees	€ 5,000 for each verification	on the Quarterly Payment Date immediately following the relevant verification
	€ 1,600 per year	annually (on each Quarterly Payment Date falling in July)
Paying Agent's fees:	plus € 200 per payment of interest under the Notes	on the relevant Notes Payment Date
	plus € 200 per payment of principal under the Notes	on the relevant Notes Payment Date
Fitch Ratings' fees:	€ 150,000	annually

Moody's fees	€ 75,000	annually
Noteholders' Representative's fees:	€ 2,000	annually

(<sup>1</sup>): Such amounts are expressed in Euros and are exclusive of any applicable taxes.

(<sup>2</sup>): On each Quarterly Payment Date in arrears.

(<sup>3</sup>): All Senior Administrative Costs shall be inclusive of all costs and expenses incurred by the relevant organ of the Issuer in the performance of its duties in relation to the operations of the Issuer and shall be exclusive of VAT, if applicable.

(<sup>4</sup>): All third parties' fees may be revised each year.

Nota: The Senior Administrative Costs shall include, as the case may be, all costs and fees borne directly by the Paying Agent and relating to the listing and the admission to trading of the Notes on the Paris Stock Exchange (Euronext Paris), as well as to the admission to clearing of the Notes on the Clearing System or on any other system which would be substituted to it, on any Issue Date or on any Notes Payment Date during the life of the Issuer. In accordance with the provisions of the Subscription Agreement, the Borrower shall repay to the Management Company all such costs and fees either directly or through the margin of each Borrower Loan.

## INFORMATION RELATING TO THE ISSUER

After the Closing Date, the Management Company will make available to all the Noteholders the following information in accordance with the provisions of the General Regulation of the *Autorité des Marchés Financiers*.

### Annual information

Within four (4) months following the end of each financial year, the Management Company will prepare, under the supervision of the Custodian and in accordance with the then current and applicable accounting rules and practices, an annual report of activity in relation to such financial year which will include:

- (a) the following accounting documents:
  - (i) the inventory of the assets of the Issuer, which will include:
    - (aa) the inventory of the Transferred Receivables (and the Ancillary Rights attached thereto) established under the supervision of the Custodian; and
    - (bb) the amount and the distribution of the Issuer Available Cash; and
  - (ii) the annual accounts and the schedules referred to in the recommendation of the French *Conseil National de la Comptabilité* (National Accounting Board) and, as the case may be, a detailed report on the debts of the Issuer and the guarantees it has received during the same period of time;
- (b) a management report consisting of:
  - (i) the nature, amount and proportion of all fees and expenses born by the Issuer during the relevant financial year;
  - (ii) the certified level during the relevant financial year of temporarily available sums and the sums pending allocation as compared to the assets of the Issuer;
  - (iii) the description of the transactions carried out on behalf of the Issuer during the relevant financial year;
  - (iv) information relating to the outstanding Transferred Receivables, the Notes and the Residual Units outstanding;
  - (v) more generally, any information required in order to comply with the applicable instructions and regulations of Euronext Paris.
- (c) any change made to the rating documents in relation to the Notes and to the main features of this Base Prospectus and any event which may have an impact on the Notes and/or Residual Units issued by the Issuer; and
- (d) any information required, as the case may be, by the laws and regulations in force.

The statutory auditor will certify the annual accounts and verify the information contained in the annual activity report.

A copy of the documents referred to in headings 1 (a) and 1 (b) above may be obtained, free of charge, from the Management Company by the Noteholders and the Residual Unitholders upon request. Such reports and accounts shall be provided to the *Autorité des Marchés Financiers*.

### Interim information

No later than three (3) months following the end of the first half of each financial year, the Management Company will prepare, under the supervision of the Custodian and in accordance with the then current and applicable accounting rules and practices, an interim report in relation to the said period which will include:

- (a) the financial statements prepared by the Management Company mentioning their limited review by the statutory auditor of the Issuer; these financial statements shall be prepared on a half-yearly basis

including the inventory of the assets as specified in paragraph (a) under “Annual information” above and the statement as to the liabilities;

- (b) an interim management report containing the information described in the Issuer Regulations; and
- (c) any modification to the rating documents in relation of the Notes, to the main features of this Base Prospectus and any event which may have an impact on the Notes and/or Residual Units issued by the Issuer.

The statutory auditors of the Issuer will certify the accuracy of the information contained in the interim report.

Upon request, the Management Company or the Custodian will forward, free of charge, copies of such reports and accounts to the Noteholders.

Such reports and accounts shall be provided to the *Autorité des Marchés Financiers*.

#### **Additional information**

The Management Company will publish through any means that it deems appropriate, any information regarding the Borrower, the Seller, the Servicer, the Loan Receivables, the Notes and the management of the Issuer which it considers significant in order to ensure adequate and accurate information for the Noteholders.

The Management Company will publish under its responsibility any additional information as often as it deems appropriate according to the circumstances affecting the Issuer.

#### **Availability of information**

The annual report, the interim report and all other documents prepared and published by the Issuer shall be provided by the Management Company to the Noteholders who request such information and made available to the Noteholders at the premises of the Custodian.

Any Noteholder may obtain free of cost from the Management Company and the Custodian, as soon as they are published, the management reports describing their activity.

The above information shall be released by e-mail. Such information will also be provided to the Rating Agencies and the Paris Stock Exchange.

Furthermore, the Management Company will provide the Rating Agencies with copies of all reports and data in electronic form as may be agreed between the Management Company and the Rating Agencies from time to time.

## SUBSCRIPTION OF THE NOTES

Subject to and in accordance with the terms and conditions set out in a subscription agreement entered into between the Management Company, the Custodian, the Lead Manager and the Borrower on or before the Closing Date (as amended) or in any other subscription agreement which may be entered into between the Management Company, the Custodian, the Borrower and any entity within the consolidation perimeter of the Lead Manager (the *Subscription Agreement*), the Notes will be privately placed through the Lead Manager or subscribed for by the Lead Manager or any other entity within the consolidation perimeter of the Lead Manager on each Issue Date.

The Subscription Agreement entitles the Lead Manager to terminate any agreement that it makes to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### General

These selling restrictions may be modified by the agreement of the Issuer and the Lead Manager in particular following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

Pursuant to the Subscription Agreement, the Lead Manager has represented and agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes, or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms, and neither the Issuer nor the Lead Manager shall have responsibility therefore.

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a *Relevant Member State*), the Lead Manager has represented and agreed, pursuant to the Subscription Agreement, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the *Relevant Implementation Date*) it has not made and will not make an offer of the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes, which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than € 43,000,000 and (iii) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of the Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and "Prospectus Directive" means Directive 2002/71/EC and includes any relevant implementing measures in each Relevant Member State.

### United States of America

The Notes have not been and will not be registered under the Securities Act, and subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons as defined under Regulation S.

Materialised Notes having a maturity of more than one (1) year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except

in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering or the closing date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells the Notes a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until forty (40) days after the commencement of the offering of any identifiable Tranche, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Lead Manager reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

### **United Kingdom**

Pursuant to the Subscription Agreement, the Lead Manager has represented and agreed that:

- (a) in relation to any Notes which have a maturity of less than one (1) year (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the *FSMA*) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 as amended, the *FIEL*) and disclosure under the FIEL has not been and will not be made with respect to the Notes. Neither the Notes nor any interest therein may be offered, sold, resold or otherwise transferred, directly or indirectly, in Japan to or for the account of any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and all other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities. As used in this paragraph, resident of Japan means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **France**

Pursuant to the Subscription Agreement, the Lead Manager has represented and agreed that (i) it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France (*offre au public*), and (ii) has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France, this Base Prospectus, the Issuer Regulations or any other offering material relating to the Notes.



Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (*investisseurs qualifiés*) provided that such investors are acting for their own account except as otherwise stated under French laws and regulations and/or to a restricted circle of investors (*cercle restreint d'investisseurs*) acting for their own account and/or to persons providing portfolio management financial services (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), as defined in, and in accordance with, articles L. 411-2 and D. 411-1 to D. 411-4, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) to non-resident investors (*investisseurs non-résidents*).

The Base Prospectus and any offering material relating to the Notes, are not to be further distributed or reproduced (in whole or in part) by the addressee and have been distributed on the basis the addressee invests for its own account, as necessary, and does not resell or otherwise retransfer, directly or indirectly, the Notes to the public in the Republic of France, other than in compliance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code. Persons in to whose possession this offering material comes must inform themselves about and observe any such restrictions.

## Italy

No application has been or will be made by any person to obtain an authorization from *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") for the public offering (*offerta al pubblico*) of the Notes in the Republic of Italy. Accordingly, pursuant to the Subscription Agreement, the Lead Manager has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available in the Republic of Italy any of the Notes nor any copy of this Base Prospectus or any other offering material relating to the Notes other than:

- (a) to qualified investors (*investitori qualificati*), including individuals and small and medium size enterprises, as defined by CONSOB Regulation no. 11971 of 14 May 1999, as amended from time to time and recently supplemented by resolution n. 17326 of 13 May 2010, on the basis of the relevant criteria set out by the Prospectus Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, pursuant to art. 100, paragraph 1, lett. a) of D.Lgs. no. 58 of 24 February 1998, as amended (the "**Consolidated Financial Act**"); or
- (b) in any other circumstances where an express exemption from compliance with the rules relating to public offers of financial products (*offerta al pubblico di prodotti finanziari*) provided for by the Consolidated Financial Act and the relevant implementing regulations (including CONSOB Regulation no. 11971 of 14 May 1999, as amended) applies.

Any offer, sale or delivery of the Notes or any offering material relating to the Notes in the circumstances described in the preceding paragraphs (a) and (b) shall be made:

- (i) only by banks, investment firms (*imprese di investimento*) or financial companies enrolled on the special register provided for in art. 107 of Italian Legislative Decree no. 385 of 1 September 1993, as amended (the "**Consolidated Banking Act**"), in each case to the extent duly authorised to engage in the placement and/or underwriting (*sottoscrizione e/o collocamento*) of financial instruments (*strumenti finanziari*) in Italy in accordance with the Consolidated Banking Act, the Consolidated Financial Act and the relevant implementing regulations;
- (ii) only to qualified investors (*investitori qualificati*) as set out above; and
- (iii) in accordance with all applicable Italian laws and regulations, including all relevant Italian securities and tax laws and regulations and any limitations as may be imposed from time to time by CONSOB or the Bank of Italy.

## GENERAL INFORMATION

- (1) This Base Prospectus has been approved by the *Autorité des Marchés Financiers* as competent authority France for the purposes of the Prospectus Directive.
- (2) Approvals of the *Autorité des Marchés Financiers*: For the purpose of the listing of the Notes, on the Paris Stock Exchange (Euronext Paris) in accordance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 of the French Monetary and Financial Code, a visa of the *Autorité des Marchés Financiers* was granted on 20 April 2011 under number 11-04 on this Base Prospectus also applying to the Final Terms corresponding to the Series of Notes to be issued by the Issuer on 26 April 2011 and on any subsequent Issue Date.
- (3) The Issuer has obtained all necessary and other consents, approvals and authorisations in France in connection with the establishment of the Programme.
- (4) Application may be made for Notes to be accepted for clearance through Euroclear France (115, rue Réaumur, 75081 Paris Cedex 02, France). The Common Code and the International Securities Identification Number (ISIN) or the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.
- (5) Pursuant to article L. 214-49-9 of the French Monetary and Financial Code, the statutory auditor of the Issuer (Ernst and Young, 41 rue de Ybry 92200 Neuilly-sur-Seine, France) have been appointed for six (6) financial years, by the board of directors of the Management Company. Under the applicable laws and regulations, the statutory auditor will establish the accounting documents relating to the Issuer.
- (6) This Base Prospectus will be published on the website of the Paris Stock Exchange (Euronext Paris) ([www.euronext.com](http://www.euronext.com)). The Final Terms related to Notes will be published on the website of the Paris Stock Exchange ([www.euronext.com](http://www.euronext.com)).
- (7) So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available during normal business hours at the registered office of the Management Company (see section “Description of the Relevant Entities – The Management Company” on page 31) and at the specified office of the Paying Agent:
  - (a) the Issuer Regulations;
  - (b) the Paying Agency Agreement (which include the form of the *Lettre Comptable*);
  - (d) Final Terms for each Series of Notes;
  - (e) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus; and
  - (f) all reports, letters and other documents, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus.

## **APPENDIX 1 RATINGS OF THE NOTES**

Paris Titrisation, in its capacity as Management Company and Société Générale, in its capacity as Depository, have agreed to request Fitch Ratings and Moody's, in their capacity as Rating Agencies appearing on the list referred to in article L. 214-44 of the French Monetary and Financial Code, to provide ratings for the Notes and to prepare the rating documents as specified in said article L. 214-44 of the French Monetary and Financial Code.

The task assigned to the Rating Agencies consists in producing a rating document covering the evaluation of the Loan Receivable and the risks relating thereto as well as the rating of the Notes and the credit structure to ensure the protection of the Noteholders. The rating constitutes only the expression of an opinion on the level of the credit risks associated with the Notes.

The ratings assigned to the Notes by each of Fitch Ratings and Moody's with the respective credit ratings of AAA and Aaa reflect only the views of the Rating Agencies. The ratings address the likelihood of a full and timely payment to the holders of Notes of all payments of interest on the Notes and the full payment of principal on the Notes on a date that is not later than the Final Maturity Date. The ratings may not reflect the potential impact of all risks related to the transaction structure, the other risk factors discussed in this Base Prospectus, or any other factors that may affect the value of the Notes.

This assessment takes into account the nature and characteristics of the Loan Receivable and the structural, legal and tax aspects associated with the Notes. The ratings of the Notes do not involve any assessment of the yield that any Noteholder may receive.

**The ratings assigned by the Rating Agencies should not be considered as a recommendation or an invitation to subscribe, to sell or to purchase any Note. Such ratings may be, at any time, revised, suspended or otherwise withdrawn by the Rating Agencies.**

This assessment of the Rating Agencies takes into account the capacity of the Issuer to reimburse in full the principal of the Notes at the latest on the Final Maturity Date. It also takes into account the nature and characteristics of the Loan Receivables, the regularity and continuity of the cash flows from the transaction, the legal aspects relating to the Notes and the nature and extent of the coverage of the credit risks related to Notes. The rating of the Notes does not involve any assessment of the yield that any Noteholder may receive.

The preliminary ratings assigned to the Notes, as well as any revision, suspension, or withdrawal of such preliminary ratings that the Rating Agencies reserve the right to make subsequently, based on any information that comes to their attention:

- (a) are formulated by the Rating Agencies on the basis of information communicated to them and of which the Rating Agencies guarantee neither the accuracy nor the comprehensiveness, thus the Rating Agencies cannot in any way be held responsible for said credit ratings, except in the event of deceit or serious error demonstrated on their part; and
- (b) do not constitute and, therefore, should not in any way be interpreted as constituting, with respect to any subscribers or holders of Notes, an invitation, recommendation or incentive to perform any operation of which the Notes may be the subject, in particular in this respect, to purchase, hold, keep, pledge or sell the Notes.

**APPENDIX 2**  
**RATING DOCUMENT ISSUED BY FITCH RATINGS**



## Structured Finance

France  
New Issue

# FCT Red & Black - Guaranteed Home Loans

### Ratings

Series	Amount (EURbn)	Final Maturity	Rating
1	5.0	Feb 2011	AAA
2	5.0	Feb 2013	AAA
3	5.0	Feb 2015	AAA
4	4.0	Feb 2017	AAA

Each rated class has a Stable Outlook

### Key Data

Pool type	Residential
Portfolio (EURbn)	22.27
Senior notes (EURbn)	19.0
Maximum asset percentage (%)	92.5
Assets' weighted-average residual maturity (years)	8.3
Liabilities weighted-average residual maturity (years)	4.8

### Analysts

Cosme de Montpellier  
+44 20 7682 7561  
cosme.demontpellier@fitchratings.com

Vito Natale, CFA  
+44 20 7682 7369  
vito.natale@fitchratings.com

### Related Research

- "Covered Bonds Rating Criteria", (October 2008)
- "Fitch to Revise Liquidity Assumptions for Covered Bond Ratings", (October 2008)
- "Fitch: Counterparty Criteria for Global Structured Finance under Review", (October 2008)
- "Commingle Risk in Structured Finance Transactions: Servicer and Account Bank Criteria", (June 2004)
- "Counterparty Risk in Structured Finance Transactions", (August 2007)

### Rating Rationale

- Fitch Ratings has assigned to FCT Red & Black - Guaranteed Home Loans' (R&B) senior securities (the notes) a 'AAA' rating following its covered bonds methodology. The rating of the notes is based on: (i) the Long-Term Issuer Default Rating (IDR) of Société Générale (SG, rated 'AA-/F1+', Stable Outlook) acting as the main debtor of recourse; (ii) a Discontinuity Factor (D-Factor) of 15% assigned to the R&B programme; and (iii) the quality of the collateral, the guarantee provided by Crédit Logement and the overcollateralisation (OC) between the collateral pool and the notes, which compensates for identified credit and market risks in a 'AAA' scenario.
- The D-Factor assigned to the R&B programme reflects: (i) the satisfactory segregation of the collateral pool from the bankruptcy estate of SG despite a risk that debtors might set-off their deposit in the event of SG's insolvency; (ii) the solution to overcome liquidity gaps in the form of a 12-month extendable maturity of the notes; (iii) the feasibility of the transition to an alternative asset manager; and (iv) the lack of special supervision from the French banking authorities.

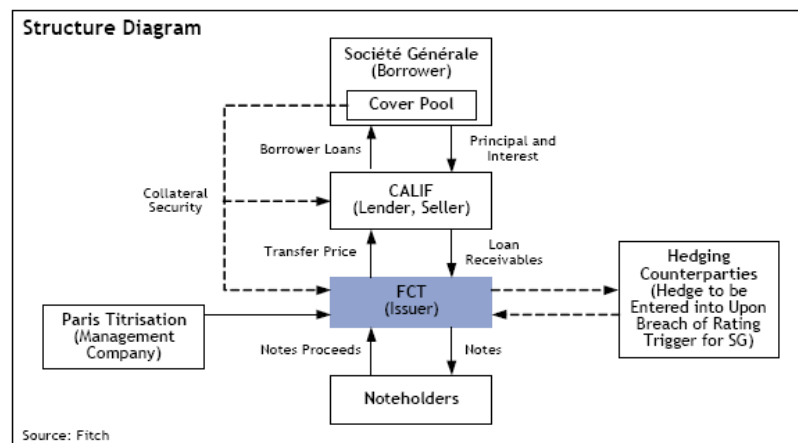
### Highlights

- The FCT's assets will consist of advances made by CALIF (Société Anonyme de Crédit à l'Industrie Française), a member of the SG group, to SG, and whose payments will exactly match those of the notes. The advances are in turn secured by a collateral pool of residential loans belonging to SG under the provisions of articles L.211-38 (formerly L.431-7) of the French Monetary Code.
- The collateral pool consists of 305,179 French residential loans granted by SG, totalling EUR22.27bn. The assets' weighted-average original loan-to-value ratio (OLTV) is 79.66%. The eligibility criteria stipulate that all loans are guaranteed by Crédit Logement (CL), the leading provider of mutual guarantees for residential loans in France.
- About 88% of the loans are fixed rate, whereas all notes will bear a floating rate of interest. To mitigate interest and market risks, swaps into floating rate will be put in place for the issuer if SG is downgraded below 'F1+'. The asset pool weighted-average maturity is 8.3 years, compared to 4.8 years for the notes.
- Fitch's cash flow model tests whether the assets, under the management of a third party, would be sufficient to service interest and principal payments on the notes in a full and timely manner. The expected cash flows from the assets were modified to reflect prepayment, delinquency, default and recovery assumptions in a 'AAA' scenario. In particular, Fitch took into account the creditworthiness of Crédit Logement and modelled an expected loss of 5% on the collateral pool. A dynamic asset cover test (ACT) will be calculated monthly to ensure that sufficient OC is available to provide full repayment of the notes in a 'AAA' stress scenario. Under the ACT, the asset percentage cannot exceed 92.5%, and therefore provides a minimum of 7.5% credit enhancement at any time. This will be monitored by Fitch.
- All else being equal, the rating of the R&B notes could be maintained at 'AAA' provided SG is rated at least 'BBB+'.

## Background

- R&B's securitisation fund was established for the sole purpose of issuing asset-backed notes to finance home loans originated by SG and guaranteed by CL.

## Issuance Diagram



## Overview

SG is a diversified French banking and financial services (including insurance) group with a considerable international presence (76 countries). SG employs 103,000 people and provides service to some 19 million retail customers worldwide. Its activities are split between three major divisions: retail banking and financial services (composed of domestic retail, international retail banking and financial services), corporate and investment banking, and global investment management and services.

### The Issuer

R&B is a French securitisation fund (*Fond Commun de Titrisation - FCT*), established for the purpose of the programme to refinance French residential loans granted by SG and guaranteed by CL. It is co-owned by a management company (Paris Titrisation) and a custodian (SG). It is governed by the provisions of the French Monetary and Financial Code (art. L.214-43 et seq.) and the regulations (*règlement*) entered into between the management company and the custodian.

The purpose of R&B is exclusively to (i) purchase from time to time receivables and the rights related thereto from the seller (CALIF) and (ii) to issue notes under the programme (senior and residual notes). The issuer is allowed to enter into suitable hedging agreements. The issuer does not have legal personality, rather the management company acts in the name and on behalf of the issuer.

### The Structure

The issuer's assets are purchased from CALIF and consist of advances granted by CALIF to SG and secured over SG-originated home loans guaranteed by CL. The terms and conditions of the advances granted to SG as borrower exactly match those of the notes that have been issued to finance these advances (except that the maturity of the notes will be extendable, see below). An excess margin covers for the administrative costs of the issuer. There are instances where the advances must be repaid by the borrower. In such cases, the borrower will have to pay an indemnity fee to the issuer, sized to compensate for the lower yield achieved from

the cash received versus the original advance. The advances are secured by home loans that SG is pledging to CALIF under a collateral agreement (*remise en pleine propriété à titre de garantie* under art L-211-38 of the French Monetary and Financial Code). Under this legal mechanism, the creation and perfection of the security only require a written agreement between the parties and for the assets to be properly identified at all times. The collateral security will be effective vis-à-vis third parties without further formalities. Upon enforcement of the security, the collateral assets will be transferred to the beneficiary of the security, together with the guarantees securing these assets. Following assignment of the advances to the issuer, the issuer will be the beneficiary of such security. This security will be called in the event that an enforcement notice is served, at the latest when SG defaults under the advances. Default under any of the advances may trigger a cross-default under all advances, but the notes will then remain payable when due.

Because of this transaction structure, the issuer cannot default on the notes if SG pays the issuer under the secured advances. As a result, the IDR of SG is a rating floor on a probability of default basis for the notes.

New issuances of pari passu notes are possible up to the programme maximum size.

R&B can be liquidated, and therefore the notes accelerated, in the following circumstances:

- In the opinion of the management company, the liquidation is in the best interest of the noteholders.
- The outstanding balance of the assets of R&B is less than 10% of the maximum amount of assets owned since inception.
- All the outstanding notes are held by a single noteholder, upon the request of that noteholder.

### Continuity Analysis

Fitch has used its covered bonds methodology to rate this transaction, due to the comparable dual recourse against a financial institution and a pool of assets enjoyed by R&B noteholders and covered bondholders (see Fitch report “*Covered Bonds Rating Criteria*”, dated 17 October 2008). The likelihood of the notes defaulting in the immediate aftermath of a default of SG acting as debtor of the secured loan purchased by R&B, is expressed via the D-Factor assigned to the transaction. D-Factors range between 0% (which stands for perfect continuity of payment on the notes upon a default of the financial institution) and 100% (which would equate the notes’ default likelihood with that of the financial institution). They have four weighted components, which are analysed below in the context of the specific aspects of the R&B programme.

#### Asset Segregation (50%)

The contractual agreements in the R&B programme are designed to ensure that the collateral assets will be available for the issuer, and therefore for the investors, in the event of the insolvency of SG. The legal opinion received by Fitch supports the view that the sale of the secured advances and related security to the FCT should not be challenged at the time of a default by SG (see *Claw-Back* below), and that the collateral should be available for the issuer at the time of a default by SG.

Furthermore, Fitch has identified the following points that could, if not properly addressed, hinder the effectiveness of the segregation.

#### *Claw-Back*

Following insolvency of the seller (CALIF), the sale of the secured advances to the FCT could be cancelled only if the seller were to be assumed insolvent at that time and either the FCT knew about its state of insolvency or the obligations between the seller and the FCT as purchaser were considered disproportionate. To mitigate

the risk of claw-back during the suspect period of 18 months following the assignment, the seller provides a solvency certificate at the time of the sale. Moreover, because the secured loan is floating rate and is sold at par, the risk of the two obligations being considered disproportionate is mitigated.

There is a risk that loan repayments from SG be subject to claw-back if made during the suspect period. This can occur if the FCT knew about SG being in a state of insolvency at the time of the payment, or for any payment from SG that is not made as scheduled. To mitigate such risk in cases where SG chooses to early repay an advance, SG will also provide a solvency certificate at the time of the repayment.

#### *Availability of Overcollateralisation (OC)*

One crucial issue is the availability of collateral, including contractually committed OC, in the event of enforcement. In particular, the collateral agreement may be deemed void if the OC provided is considered excessive by a court. This would only be possible if the agreement were viewed as an abuse of French law. However, a provision in the French law on financial collateral should exclude this case.

#### *Set-Off Risk*

Borrowers in the collateral pool generally have at least a current account opened with the originator of their loans, and often keep their savings with the bank as well. In the event of an insolvency of the group, they may try to set off any losses suffered on their deposits against amounts they owe to the bank under their residential loan, creating a risk for investors. Legal set-off rights can no longer be invoked after notification to the borrowers that their residential loans have been transferred to the issuer, but a case can be made that the two debts should nevertheless be considered inter-related. According to French case law, loan contracts stipulating that repayment must take place by the direct debit of a current account are not sufficient to prove inter-connection. Further comfort is given by the eligibility criteria, which exclude home loans if the granting of the loan was conditional upon the opening of a bank account at SG. However, the recognition of set-off would ultimately be at the discretion of the French courts. In Fitch's view, it introduces a remote element of exposure to SG credit risk.

#### *Existence of Other Privileged Creditors*

The issuer, being a securitisation fund, is not subject to taxation. However, the swap counterparties of the issuer will rank ahead of the noteholders in the priority of payments. In addition, the fees paid to the alternative manager and substitute servicers of the loans will be paid out of collateral pool revenues. Fitch takes these factors into account in its cash flow analysis.

#### *Commingling Risk*

In the event of SG's insolvency, the issuer would face a short-term liquidity risk. Indeed, it would not receive any further payment from SG, and would only access instalments paid by the final debtors after they have been notified of the transfer of their loans to R&B. To bridge this period, SG must, upon being downgraded below 'F1', fund a cash reserve up to an amount sufficient to cover at least two and a half months' scheduled interest and principal payments from the collateral. This will be made into a segregated account (*compte spécialement affecté*) under the French securitisation law (art L. 214-46-1 of the French Monetary Code), in the name of SG but for the exclusive benefit of the noteholders. According to the legal opinion received, in case of insolvency of the account holder, its debtors will have no rights to the money standing in this account and the FCT will be the only beneficiary of these sums.

Another commingling risk could occur if the repayments from SG under the secured advances were to transit via CALIF at the time CALIF would default. To avoid this

situation, payments from SG under the advances will be made directly to the issuer's account, which will have to be held in a bank rated at least 'F1'.

### Liquidity Gaps (30%)

A specifically dedicated bank account will be funded at all times by SG with an amount of cash sufficient to cover the interest under the notes due on the immediately following payment date.

Because the maturity of the underlying assets does not match the bullet maturities of the notes, a shortfall of cash may arise, especially if SG defaults just before the maturity of a series of notes. In this case, the management company may not have time to raise enough funding against the pool of assets to repay the notes on a timely basis. This is particularly true if the assets in the pool are not regularly traded, as is the case for French residential loans.

To mitigate the risk, the notes will be issued with a maturity extension of one year. This will give the management company 12 months to raise liquidity by selling parts of the collateral pool. In addition, SG will have to deposit into the specifically dedicated bank account the principal payments under the notes one quarter before their due date. Failure to do so will be an event of default for SG, following which the collateral could be enforced.

These features considerably minimise the risk of the notes defaulting in the immediate aftermath of a default of SG as borrower under the secured advances, although the timeframe available to sell assets if need be may prove challenging in a stressed environment.

Fitch draws comfort from the fact that, due to the maturity profile of the notes, no more than EUR6bn of assets would need to be liquidated in a single year.

### Alternative Management (15%)

This section addresses the risk that the transition to an alternative manager does not occur sufficiently smoothly to ensure that all payments on the notes are made in the periods directly following the borrower's insolvency. This could happen if an alternative manager were appointed too late or if the IT systems of the issuer or the collateral providers made it too difficult for the new manager to isolate the segregated pool from the other assets of the bank.

The provision relating to the appointment of a third party collateral servicer upon a downgrade of SG below 'BBB' provides comfort that the pool will continue to be managed without interruption. However, at the time the new servicer is appointed, the borrowers will not be notified that their loans have been pledged to the issuer. SG will continue to collect the proceeds from the collateral in its capacity as guarantor under the secured advance. Therefore, the new servicer will still have to rely on SG for some of its tasks. It is of note that the risk of proceeds being commingled with funds of SG is mitigated by a reserve (see *Commingling Risk* above).

Also, provisions in the FCT law should ensure that the management company, Paris Titrisation, in which SG has a 33% stake, should not be affected by the insolvency of SG. Even if this legally holds, the management company might still be impacted in its business as it uses the IT systems of SG.

In practice, a smooth transition to an alternative servicer is also dependent on the quality of SG's systems.

Residential loans are managed via two main systems: IPPI (manages marketing, approval and underwriting) and UGPI (manages disbursement, amortisation and collections). IPPI is based on an Experian-Prologia product and has been customised to the needs of SG. UGPI is based on specialist software (Meteor) developed by



BIIPP-PF and that runs on the platform of BIIPP-PF. Both have back-up sites and are subject to disaster recovery testing twice yearly. Data are backed up daily.

SG has developed a dedicated system (*Gestion de mobilisation de créances - GMC*) allowing for line by line tracking of the various assets used for its different funding programmes. Assets given in guarantee to the R&B programme are individually flagged in the IT systems. Specific controls have been developed to ensure the asset is eligible prior to its flagging. GMC ensures the proper segregation and identification of assets given in guarantee and allows the monitoring of the R&B portfolio (general events such as payment, prepayment, default; valuation of the portfolio; monitoring of the OC ratio).

Fitch is comfortable that the issuer's systems can clearly isolate the collateral pool and notes, and could be used by the appointed substitute manager.

#### Oversight (5%)

Fitch does not give credit to any involvement of the French regulators for the benefit of the programme noteholders.

Overall, R&B's programme has been assigned a D-Factor of 15%. Combined with SG's IDR of 'AA-', it allows the notes to reach a rating of 'AAA' on a probability of default basis. All else being equal, the rating of the R&B notes could be maintained at 'AAA' provided SG is rated at least 'BBB+'.

Fitch has assigned a rating to the R&B notes on a probability of default basis by testing the minimum credit enhancement required under the ACT, which passes 'AAA' stressed levels in both the agency's French RMBS default model and its cash flow model (see *Cash Flow Analysis* below).

### Pool of Assets

#### Asset Origination

Although the initial contact with the customer may happen via brokers, online banking or references, all loans are underwritten in the branch.

The underwriting process is managed via the IPPI system (*Instruction des Prêts Personnels Immobiliers*). The process is divided into three main steps:

- Data collection: identification of the parties; definition of the objective; collection of the information concerning risk.
- Proposal of a financing solution: the *Système Expert* identifies eligible products and suggests the most suitable financing solution; acceptance or refusal by CL.
- Approval: if the customer agrees on the proposed financing, the bank carries out a risk analysis and if the outcome is positive the financing is agreed. The file is passed onto *Pôle Service Client* (PSC), which collects and verifies the necessary documentation, drafts the final contract and follows up with CL.

*Système Expert* gives a qualitative assessment of the financing, based on the quality of the borrower (credit bureaux, bank references, savings and status), objective of the financing (purchase/renovation), affordability, guarantees, internal risk indicators (such as debtor score) and feedback from CL. The outcome of the analysis can be one of three: "acceptable", "requires review" or "high risk".

Starting from April 2005, all requests submitted to CL are subject to CL's automated approval system (DIAG). Some 45% of the requests submitted by SG are approved automatically; the remainder go through a manual approval process. About 60% of these are subsequently approved.

During the past two years, on average, some 20% of requests submitted by SG to CL have been turned down. Reasons for refusal may be: insufficient down-payment,

excessive maturity of the financing, insufficient professional experience of the borrower and ineligibility of the purpose of the financing.

The PSC is in charge of reviewing the credit application and ensuring the documentation and the data inserted in the underwriting system correspond. Once this is verified, the PSC can draft the financing contract, which is sent to the borrower for signing. The file can be passed onto the UGPI (*Unité de Gestion des Prêts Immobiliers*) management system, which authorises disbursement and generates the amortisation plan.

### Portfolio Description

As at December 2008, the collateral pool analysed by Fitch consisted of 305,179 loans granted by SG to prime French borrowers, with an aggregate outstanding balance of EUR22.27bn. The pool is relatively well seasoned (more than 31 months). All loans are performing and benefit from a guarantee from CL.

### Loans With Missing Information

For some 74,128 loans, representing 11% of the total pool, the originator has not been able to provide information on the property value. This was due to a migration of IT systems that took place in 2002/2003. The OLTV is a key driver in Fitch's methodology to derive a probability of default on a residential loan. As these were not available, Fitch took conservative assumptions on the OLTV for these loans. In addition, in the asset coverage test, these loans are given credit up to only 94% of their outstanding amount (6% haircut). This is to reflect that some of them could present a CLTV of more than 100%. The haircut of 6% is based on the average percentage of loans with a CLTV greater than 100% in the total pool for which the LTV is available.

### Geographical Breakdown

All the properties are located in France. The collateral pool shows the highest concentration in the Paris region (45.3%), the remainder being relatively well spread across other regions in France.

### Borrower Profile

Some 3.5% of borrowers are self-employed, and Fitch believes them to be more likely to default than borrowers with a fixed source of income. For this reason, the default probability for loans to self-employed borrowers has been increased by 20%.

The same increase in default probability was applied for loans where no borrower information was available (10.5% of the borrowers) or for borrowers without a professional activity (5.5% of the total).

### Second Homes and Investment Properties

Some 4.5% of the loans in the pool relate to second homes, and 17.8% to investment properties. Fitch believes loans financing second homes and investment properties are more likely to default than those secured by a primary residence. Financially distressed borrowers would be more likely to default on a second home or a rental property, as the consequences for their household would be less severe. Fitch has therefore increased the probability of default for these loans by 20% for second homes and by 15% for investment properties. The agency considers purchasers of investment properties to be less exposed to default than second-home buyers. This is because they benefit from the rental proceeds on the property, which makes them less sensitive to financial shocks than second-home buyers.

### Eligibility Criteria

SG has made a series of representations and warranties in respect of the loans in the portfolio, among which:

- the loans are guaranteed by Crédit Logement;

- the loans are euro-denominated and governed by French law;
- the properties are located in France;
- each loan's current balance is lower than EUR1m;
- where the CLTV is available, it does not exceed 100%; where it is not available, only 94% of the current balance is given credit towards the ACT;
- no loan is in arrears; and
- the remaining term of the loans is capped at 30 years.

The programme is replenishable, and further eligible CL guaranteed housing loans will be pledged under the secured advances to replace maturing or defaulted loans in order to maintain compliance with the asset coverage test (See below *Asset Coverage Test*).

Up to 20% of the pool can also be invested in substitution assets. As of January 2009, no substitute assets will be included in the collateral pool.

### Crédit Logement Loan Guarantee

Instead of a mortgage registration, it is common for French borrowers to opt for a mutual guarantee, which compares favourably in terms of cost. CL is the largest provider of such guarantees, but several French professional entities offer similar guarantees to their members. They receive an upfront fee from the borrowers, which goes into a mutual guarantee fund managed by the institution and is used to fully repay the lending banks in the event of a borrower default. It therefore provides for a 100% guarantee against the default of the borrowers. In addition, the guarantee provider usually undertakes the recovery process in its own name.

All assets in the collateral pool are coupled with a mutual guarantee from CL. Before granting its guarantee, CL performs a further selection process of the borrowers. Borrowers and property related data are transferred electronically to CL at an early stage, and its Expert system, originally developed in 1994, was approved by the French Banking Authority. The loans that defaulted in 2007 represented 0.15% of the total amount of guaranteed loans in CL's book as at December 2006.

SG calls in the guarantee following the third delinquent month; the guaranteed loans are then physically transferred to CL for a further recovery process. CL checks that the file is complete and may refuse payment if important information is missing. This has only happened in a handful of cases over the past few years. Payment under the guarantee takes place between six and 24 months after the transfer. Indeed, in 50% of cases, the vast majority of the borrowers is able to reach a current status within six to nine months, at which point the loan will be returned to the lender and CL will only cover missed interest, if any.

Otherwise, the loan will be declared due and payable and CL will immediately settle the full amount due to SG. To recover this amount, CL will register a judicial mortgage to preserve its rights, although this will not necessarily result in a forced sale. Of those defaulted loans not returned to their lender, 14% are solved without a sale and 64% are solved through a sale of the property (both with and without a prior mortgage registration).

CL goes through a lengthy recovery process for the remainder, and, in some cases, is not able to register a first-ranking mortgage on the property. The average observed loss given default since CL started its business has been approximately 11.3%.

### Static Credit Analysis

The collateral pool original LTV stands at 79.66%, with a current non-indexed LTV of 70.41%. Fitch was not provided with the debt-to-income (DTI) ratio of the borrowers on a line-by-line basis, but assumed an average DTI ratio of 35%, in

accordance with the origination practices of the issuer. The agency calculated the pool's weighted-average cumulative frequency of foreclosure (WAFF) under a 'AAA' scenario, based among others, on the original LTVs and DTI.

Since all loans are guaranteed by CL, recoveries were calculated by taking into account the probability that CL could still provide its guarantee in a 'AAA' scenario. This assessment was based on publicly available information on CL, on its ownership structure (CL is owned by all major French banks) and on its specific position in the French banking system. It will be reassessed by the agency on a regular basis. As CL would not necessarily sustain all 'AAA' scenarios, the agency gave some limited credit for recoveries on guaranteed loans. It is of note that, even if CL does not default, it has the right to refuse payments under the guarantee when some information is missing or the guarantee is called late. Over the past few years, this has occurred for around 15 files each year, representing around 1.5% to 1.8% of the cases for which the guarantee was called. Finally, the recoveries on defaulted loans in a 'AAA' scenario were calculated in a two-step process: first, a high recovery rate was assumed for the cases where CL is assumed to sustain the 'AAA' stresses (this recovery rate is not 100%, as the agency factored in a haircut corresponding to the cases where CL refuses to pay under the guarantee). Second, a low recovery rate of 20% was assumed for the cases where CL defaults in the 'AAA' scenario. Such recoveries could only occur if, following the collapse of CL, the servicer succeeds in registering a mortgage on the property of a defaulted borrower. Recovery timing assumptions for this case were driven by the experience of CL when it attempts to register a mortgage on properties of defaulted borrowers.

The table to the left shows the results of Fitch's credit analysis of the collateral pool in a 'AAA' scenario. The expected loss on the portfolio will be reviewed regularly, notably if the agency's view on the default probability of CL changes.

## Cash Flow Analysis

### Maturity Mismatches

Fitch's cash flow analysis is conducted in a wind-down scenario where, following an SG event of default, assets would be transferred to the issuer, no new loan would enter the collateral pool to replace those that are maturing or non-performing and further issuance of notes would be suspended.

Fitch's cash flow model tests whether the assets, under the management of a third party, would be sufficient to service interest and principal payments on the notes in a full and timely manner. The expected cash flows from the assets were modified to reflect prepayment, delinquency, default and recovery assumptions in a 'AAA' scenario. In addition, the cost of replacing SG as custodian and servicer was modelled. The potential negative carry arising from holding funds at sub-Euribor rates in the issuer's account was stressed. Furthermore, liquidity and market risks arising from the different profiles of the stressed assets and the senior notes were simulated.

The projected stressed cash flows were used, among others, to assess the price at which, in a particularly severe economic environment, the pool could be sold or securitised.

### Asset Coverage Test (ACT)

The programme incorporates an ACT that is recalculated monthly as long as no borrower event of default has occurred. The test is designed to provide a minimum level of OC on the notes to protect bondholders against specific credit and market risks. A cash flow model is run by the issuer calculation agent (SG), on behalf of the issuer, based on the 'AAA' scenario WAFF (weighted-average foreclosure frequency) and WARR (weighted-average recovery rate) calculated in accordance with Fitch's methodology. This model indicates the minimum OC needed to support the target rating for the notes that the issuer should maintain. Regardless of this calculation,

### Fitch Default Model (%)

Rating level	Expected loss
AAA	5.0

Source: Fitch

the ratio of notes to collateral assets may not exceed 92.5% (the asset percentage) at any time.

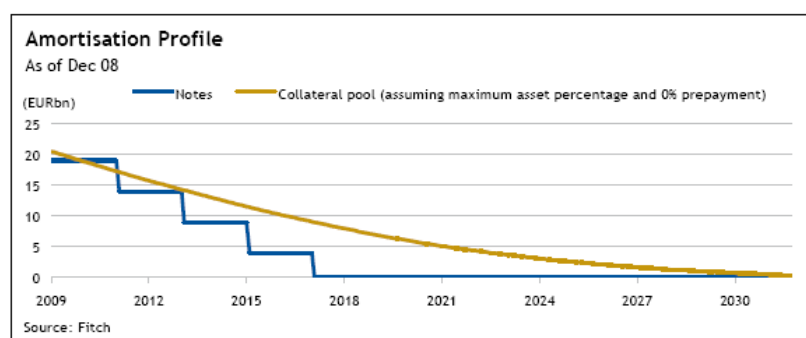
Non-compliance with the ACT on a calculation date will prevent the issuer from issuing further notes as long as it is not remedied. If compliance with the ACT were not re-established on or before the next monthly calculation date, a borrower event of default would occur and a borrower enforcement notice would be delivered to SG. As a consequence, no more advances can be made to the borrower and the existing borrower advances become immediately due and payable. The notes will also become due as a consequence of a breach of the ACT. If SG fails to repay the existing advances at that time, the asset pool would then be transferred to the issuer.

Furthermore, after a borrower event of default, the amortisation test verifies whether the adjusted value of the asset pool is higher than the notional amount of outstanding notes. Failure to meet the amortisation test will trigger an issuer event of default, and the acceleration of the notes. These will be paid pro rata according to the then applicable priority of payments.

Cailliau, Dedit et Associés has been appointed as asset monitor by the issuer to carry out various testing and notification duties in relation to the calculations performed by the calculation agent in relation to the ACT and the amortisation test.

### Maturity Mismatches

Upon enforcement of the collateral security, the issuer may need to raise funds to meet payments due under the notes. Indeed, the amortisation profile of the assets will not match those of the bullet bonds. The WA residual maturity of the notes is expected to be 4.8 years, shorter than the corresponding figure for the collateral pool (8.3 years, assuming 0% prepayments, as of December 2008).



The extendable maturity of the notes should give the management company 12 months to meet the principal payments due under the notes. Funds could be raised against the assets by selling parts of the collateral pool. The ability to find a buyer within the specified timeframe will depend on a number of factors, including: (i) buyer appetite, given the economic environment, which may not be favourable if SG has suffered significant downgrades or has defaulted, incurring sizeable losses in its residential loan business; and (ii) the size of the portfolio that needs to be realised: the larger it is, the fewer the buyers and the greater the potential volume discount on the portfolio price. It is also arguable that a potential buyer will be interested in loans that benefit from a third party guarantee such as that provided by CL.

In calculating the potential purchase price for loan sales, Fitch has assumed that any purchaser will discount 'AAA' levels of losses in the portfolio. The agency has further assumed that a purchaser would perform a discount analysis using a rate at

a certain margin over Euribor that equates to its cost of funding the purchase. The agency applied a further haircut to the resulting figure to reflect a potential "volume discount" that could apply due to the size of the portfolio being realised. Given the lack of a precedent, there is no guarantee that portfolios could be realised in any prevailing economic environment.

### Hedging

The issuer is currently not exposed to any interest rate or currency risk, as the payments from SG to the issuer exactly match those due under the notes. However, upon enforcement of the collateral security, the issuer's assets will consist of those residential loans and substitute assets that form part of the collateral pool. At this time, the issuer may be exposed to interest rate risk arising from the disparity in indexation between the assets (bearing fixed or floating rates) and the notes (issued at floating rate). However, as the collateral pool will not contain loans in other currencies than euros, and the notes will not be issued in another currency, the issuer will never have any currency exposure.

To address these risks, the transaction documents require a series of swaps to be entered into by the issuer at the time SG is downgraded below 'F1+' at the cost of SG. Notably, provisions are in place to ensure the collateral assets are swapped into floating rate, to avoid market value losses if fixed-rate loans have to be sold in an adverse interest rate scenario. Also, mirror swaps will be put in place between SG and the issuer to ensure that SG will retain the benefit of the swaps before the collateral proceeds are directed to the issuer. Upon an event of default under the secured advances, the mirror swaps will be terminated and payments under these swaps will be subordinated to the notes' payments.

Draft documentation of those future swaps has been reviewed by Fitch, and provides for corrective options in the event of the downgrade of any swap provider below 'A/F1'. The issuer does not have to post collateral under any of the abovementioned swaps.

Fitch is currently reviewing its swap counterparty criteria. Please refer to the press release, "*Fitch: Counterparty Criteria for Global Structured Finance under Review*", dated 15 October 2008.

### Margin Under the Swaps

According to a swap undertaking letter from SG, SG will make sure that the asset swaps will provide a certain margin to the issuer. This margin will be communicated to the rating agency at the start of the programme and cannot be modified without notification to the agency at least 30 business days in advance. This margin has been taken into account in the agency's cash flow model when calculating whether the asset percentage of 92.5% provides sufficient OC under the agency's 'AAA' stresses.

### Conclusion

SG's IDR of 'AA-' forms the floor for the rating of R&B guaranteed home loans-backed securities on a probability of default basis. The D-Factor of 15% enables this rating to reach 'AAA' on a probability of default basis. In addition, Fitch's stressed asset and cash flow analysis shows that the current asset percentage of 92.5% provides sufficient OC, through the ACT, to sustain timely payment of the notes in a 'AAA' scenario.

Due to the dynamic nature of the collateral pool and the notes, Fitch will periodically review the key characteristics of the assets and perform its cash flow analysis to assess whether the asset percentage provides a level of protection against identified risks commensurate with the rating of the notes issued by R&B.

Copyright © 2009 by Fitch, Inc., Fitch Ratings Ltd. and its subsidiaries. One State Street Plaza, NY, NY 10004. Telephone: 1-800-753-4624, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. All of the information contained herein is based on information obtained from issuers, other obligors, underwriters, and other sources which Fitch believes to be reliable. Fitch does not audit or verify the truth or accuracy of any such information. As a result, the information in this report is provided "as is" without any representation or warranty of any kind. A Fitch rating is an opinion as to the creditworthiness of a security. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed, suspended, or withdrawn at anytime for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of Great Britain, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

France  
UpdateFCT Red & Black Guaranteed Home  
Loans

## Ratings

Series	Amount (EURbn)	Final Maturity	Rating
8	2.0	Apr 2013	AAA
9	2.0	Apr 2014	AAA
10	2.0	Apr 2015	AAA
11	2.0	Apr 2017	AAA
12	2.0	Apr 2018	AAA
13	2.0	Apr 2019	AAA
14	2.0	Apr 2020	AAA
15	2.0	Apr 2021	AAA
16	2.0	Apr 2023	AAA
17	1.0	Apr 2026	AAA

Pool type	Residential
Portfolio (EURbn)	23.37
Senior notes (EURbn)	19.0
Maximum asset percentage (%)	89.0
Assets' weighted-average residual life (years)	8.8
Liabilities' weighted-average residual life (years)	7.2

## Analysts

Natasha Ahmed  
+44 20 3530 1301  
[natasha.ahmed@fitchratings.com](mailto:natasha.ahmed@fitchratings.com)

Vito Natale  
+44 20 3530 1304  
[vito.natale@fitchratings.com](mailto:vito.natale@fitchratings.com)

## Related Research

## Applicable Criteria

- *Covered Bonds Rating Criteria (August 2010)*
- *Assessment of Liquidity Risks in Covered Bonds (August 2010)*
- *Covered Bonds Counterparty Criteria (March 2010)*
- *EMEA Residential Mortgage Loss Criteria (February 2010)*
- *EMEA Residential Mortgage Loss Model Criteria Addendum - France (June 2010)*
- *Counterparty Criteria for Structured Finance Transactions (March 2011)*
- *Counterparty Criteria for Structured Finance Transactions: Derivative Addendum (March 2011)*

- The 'AAA' rating of FCT Red & Black Guaranteed Home Loans' (R&B) senior securities (the notes) is based on: the Long-Term Issuer Default Rating (IDR) of Société Générale (SG, rated 'A+'/'Stable'/'F1+'), acting as the main debtor of recourse; and a Discontinuity Factor (D-Factor) of 18.8% assigned to the R&B programme, which supports a 'AA+' rating on a probability of default basis for the notes and a 'AAA' rating after giving a one-notch credit for recoveries. These maximum ratings are achieved because the quality of the collateral, the guarantee provided by Crédit Logement (CL) and the overcollateralisation (OC) between the collateral pool and the notes compensate for identified credit and market risks in a 'AAA' scenario.
- The D-Factor assigned to the R&B programme reflects: (i) the satisfactory segregation of the collateral pool from the bankruptcy estate of SG, despite a risk that debtors might set off their deposit in the event of SG's insolvency; (ii) the ability to overcome liquidity gaps via a 12-month extendable maturity of the notes; (iii) the feasibility of the transition to an alternative asset manager; and (iv) the lack of special supervision from the French banking authorities.

## Highlights

- R&B's assets consist of advances made by Société Anonyme de Crédit à l'Industrie Française (CALIF) – a member of the SG group – to SG, the payments of which will exactly match those of the notes. The advances are in turn secured by a collateral pool of residential loans belonging to SG, under the provisions of articles L.211-38 (formerly L.431-7) of the French Monetary Code.
- The collateral pool consists of 331,634 French residential loans granted by SG, totalling EUR23.37bn. The assets' weighted-average (WA) original loan-to-value (LTV) ratio is 82.0%. The eligibility criteria state that all loans are guaranteed by CL, a leading provider of mutual guarantees for residential loans in France.
- 90.1% of the loans are fixed rate, whereas all notes pay a floating rate of interest. To mitigate interest rate risks, swaps into floating rate will be put in place for the issuer if SG is downgraded below 'F1+'. The asset pool WA residual life is 8.8 years, compared to 7.2 years for the notes.
- Fitch Ratings' cash flow model tests whether the assets, under the management of a third party, would be sufficient to service interest and principal on the notes in a full and timely manner. The expected asset cash flows were modified to reflect prepayment, delinquency, default and recovery assumptions in a 'AAA' scenario. Fitch took into account the creditworthiness of CL and modelled an expected loss of around 6.3% on the collateral pool. Under the Asset Coverage Test, the asset percentage cannot exceed 89.0%, providing a minimum OC of 12.36%, which is sufficient to support a 'AAA' rating in Fitch's analysis. This level will be affected, among others, by the profile of the cover assets relative to outstanding covered bonds, which can change over time.
- All else being equal, the rating of the R&B notes could be maintained at 'AAA' provided SG is rated at least 'BBB+'.
- Fitch is currently reviewing the programme in light of its new "Covered Bond Counterparty Criteria", published 14 March 2011.



**Background**

R&B's securitisation fund was established for the sole purpose of issuing asset-backed notes to finance home loans originated by SG and guaranteed by CL.

**Issuance Diagram**

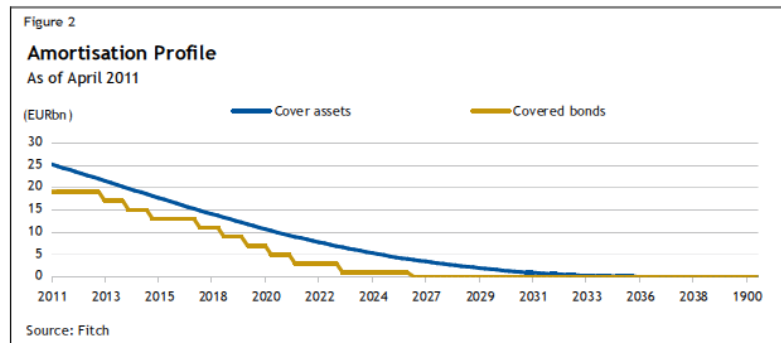
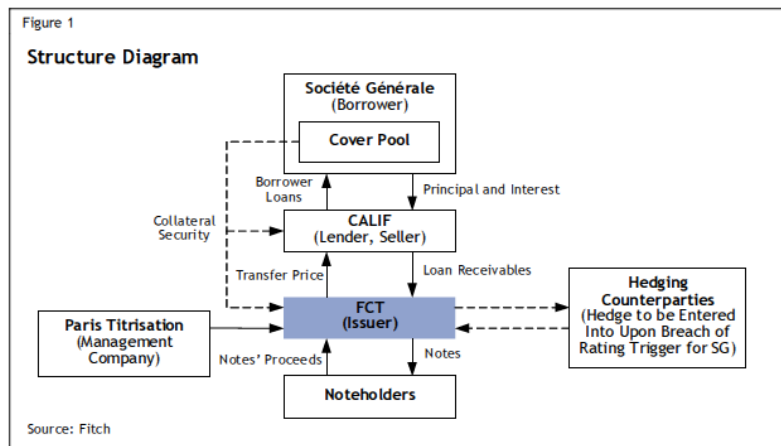


Figure 3  
**Collateral**

Cover pool characteristics as of April 2011

General		Loan (%)	
Current principal balance (EUR)	23,370,494,213	Floating-rate loans	9.9
Average current loan per borrower (EUR)	70,471	Crédit logement garanti	100
Number of loans	331,634	Repayment: Amortising	100
WA seasoning (months)	41.8	Repayment: Interest only	0
Loan-to-value (LTV) (%)		Borrower (%)	
WA original LTV	82.0	Self-employed	4.0
WA current LTV	69.5	Unemployed	6.0
Property type (%)		Regional concentration (%)	
First home	95.4	Ile-de-France (incl. Paris)	36.20
Second home	4.6	Provence-Alpes-Côte-d'Azur	9.58
Investment	20.9	Rhône-Alpes	8.52
		Aquitaine	4.84
		Nord-Pas-de-Calais	4.52
		Pays-de-la-Loire	3.76
Fitch default model output ('AAA' rating level) (%)			
WA frequency of foreclosure (WAFF)	21.4	Haute-Normandie	3.75
WA recovery rate (WARR)	70.7		
WA market value decline (WA MVD)	53.9		

Source: Fitch/RBB

### Discontinuity Factor Matrix

Figure 4  
**Maximum Achievable Rating Based on the Covered Bonds' Probability of Default**

Issuer default rating	D-Factors (%)									
	100	50	30	20	18.8	15	10	5	0	
AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
AA+	AA+	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
AA	AA	AA+	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
AA-	AA-	AA+	AA+	AAA	AAA	AAA	AAA	AAA	AAA	AAA
A+	A+	AA-	AA	AA+	AA+	AA+	AAA	AAA	AAA	AAA
A	A	AA-	AA	AA+	AA+	AA+	AAA	AAA	AAA	AAA
A-	A-	A+	AA-	AA	AA+	AA+	AA+	AAA	AAA	AAA
BBB+	BBB+	A+	AA-	AA	AA	AA	AA+	AAA	AAA	AAA
BBB	BBB	A-	A+	AA-	AA-	AA-	AA	AA+	AAA	AAA
BBB-	BBB-	BBB	BBB+	A	A	A+	AA-	AA	AAA	AAA
BB+	BB+	BBB-	BBB	BBB+	BBB+	A-	A	AA-	AAA	AAA
BB	BB	BBB-	BBB	BBB	BBB	BBB+	A-	AA-	AAA	AAA
BB-	BB-	BB+	BBB-	BBB	BBB	BBB	BBB+	A	AAA	AAA
B+	B+	BB	BB+	BBB-	BBB-	BBB	BBB	A-	AAA	AAA
B	B	BB-	BB+	BBB-	BBB-	BBB-	BBB	BBB+	AAA	AAA
B-	B-	BB-	BB	BB+	BB+	BBB-	BBB-	BBB+	AAA	AAA
CCC+/CCC	CCC+	B+	BB-	BB	BB+	BB+	BBB-	BBB	AAA	AAA

Source: Fitch

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT [WWW.FITCHRATINGS.COM](http://WWW.FITCHRATINGS.COM). PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE.

Copyright © 2011 by Fitch, Inc., Fitch Ratings Ltd. and its subsidiaries. One State Street Plaza, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion is based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at anytime for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of Great Britain, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

## APPENDIX 3 RATING DOCUMENT ISSUED BY MOODY'S

APRIL 21, 2011

INTERNATIONAL COVERED BONDS



### PRE-SALE REPORT

## FCT Red & Black - Guaranteed Home Loans

Covered Bonds / France

#### Closing Date

April 2011

#### Table of Contents

PROVISIONAL (P) RATINGS	1
TRANSACTION SUMMARY	1
OPINION	2
STRUCTURE SUMMARY	4
COVERED BONDS SUMMARY	4
COLLATERAL SUMMARY	4
STRUCTURE AND LEGAL ASPECTS	5
MOODY'S RATING METHODOLOGY	6
LINKAGE	8
MONITORING	8
RELATED RESEARCH	9
APPENDIX 1: COVER POOL INFORMATION	10
APPENDIX 2: INCOME UNDERWRITING AND VALUATION	12
APPENDIX 3: HOME LOAN ELIGIBILITY CRITERIA	14

#### Analyst Contacts

Hadrien Rogier  
44.20.7772.8765  
Hadrien.Rogier@moodys.com  
Alexis Michon  
33.1.5330.5970  
Alexis.Michon@moodys.com

*\*contacts continued on the last page*

#### ADDITIONAL CONTACTS:

Client Services Desk:  
London: 44.20.7772.5454  
client.services.emea@moodys.com  
monitor.cb@moodys.com  
Website: www.moodys.com

#### Provisional (P) Ratings

Series	Amount	Coupon	Final Maturity Date	Rating
Series8	€2,000,000,000	Euribor 3 Months + 55bps	26/04/2013	(P)Aaa
Series9	€2,000,000,000	Euribor 3 Months + 65bps	28/04/2014	(P)Aaa
Series10	€2,000,000,000	Euribor 3 Months + 71bps	27/04/2015	(P)Aaa
Series11	€2,000,000,000	Euribor 3 Months + 82bps	26/04/2017	(P)Aaa
Series12	€2,000,000,000	Euribor 3 Months + 88bps	26/04/2018	(P)Aaa
Series13	€2,000,000,000	Euribor 3 Months + 89bps	26/04/2019	(P)Aaa
Series14	€2,000,000,000	Euribor 3 Months + 91bps	27/04/2020	(P)Aaa
Series15	€2,000,000,000	Euribor 3 Months + 93bps	26/04/2021	(P)Aaa
Series16	€2,000,000,000	Euribor 3 Months + 95bps	26/04/2023	(P)Aaa
Series17	€1,000,000,000	Euribor 3 Months + 100bps	27/04/2026	(P)Aaa

The ratings address the expected loss posed to investors. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

#### Transaction Summary

Moody's has assigned a provisional long-term rating of (P)Aaa to the covered bonds Series 8 to 17 (the "Covered Bonds") to be issued by FCT Red and Black – Guaranteed Home Loans (the "Issuer") under the terms of a 25 billion Covered Bonds programme (the "Programme") on or about the date hereof.

The rating takes into account the following factors:

1. The credit strength of the Societe Generale (the "Borrower" rated Aa2; P-1). Moody's believes that the structure of the transaction enables the Issuer to benefit from the credit strength of Societe Generale whose involvement in and commitment to the Transaction is evidenced by the several roles and functions carried out by it in the context of such transaction;
2. A pool of assets indirectly backing the outstanding Covered Bonds. As of the date of this report, the cover pool comprised of residential loans granted to borrowers located in France and fully secured by a guarantee of Credit Logement (Aa2).
3. The 8.1% minimum contractual nominal over-collateralisation based on the current cover pool composition

As is the case with other covered bonds, Moody's considers the credit strength of the transaction to be linked to that of the Issuer, particularly from a timeliness of payment perspective. Should such credit strength deteriorate, all other things being equal, the rating of the Covered Bonds may be expected to come under pressure

This pre-sale report addresses the structure and characteristics of the proposed transaction based on the information provided to Moody's as of June, 2010. Investors should be aware that certain issues concerning this transaction have yet to be finalised. Upon conclusive review of all documents and legal information as well as any subsequent changes in information, Moody's will endeavour to assign definitive ratings to this transaction. The definitive ratings may differ from the provisional ratings set forth in this report. Moody's will disseminate the assignment of definitive ratings through its Client Service Desk. This report does not constitute an offer to sell or a solicitation of an offer to buy any securities, and it may not be used or circulated in connection with any such offer or solicitation.

## Opinion

### Strengths of the Transaction

- » **Issuer.** The following structural features enable the transaction to benefit from the credit strength of Societe Generale (the "Borrower"):
  - The terms of the Loans made under the facility agreement and purchased by the Issuer from CALIF will be mirrored in the Covered Bonds. Accordingly, the likelihood of an Issuer default prior to the default of the Borrower appears remote.
  - The obligation of the Borrower to request and the obligation of the Collateral Providers to inject additional assets to the Cover Pool. In the event that the asset cover ratio is breached in respect of any asset cover test calculation period, prior to the immediately following asset cover test date, additional collateral in an amount sufficient to remedy the breach shall be granted.
- » **Credit Quality of the Cover Pool.** The holders of the covered Bonds will have the benefit of the support provided by the Cover Pool which will only include exposures to the Eligible Loans and substitution assets as permitted by the contract (see Appendix 3 for further details). The repayment obligations of the borrowers under the residential loans will be secured by virtue of a guarantee provided by Credit Logement (Aa2). This security mechanism is intended to be considered as a substitute for a mortgage. As of the date of this report, the cover pool is well seasoned (45months) and has an average unindexed loan-to-value (LTV) of approximately 59.2%. The quality of the cover pool is reflected in its collateral score of around 7.6%, which is better than the average collateral score.
- » **Income Underwriting standards.** In respect of each Eligible Loan, the borrower's income has been checked to confirm that he or she can, based on income at the time of origination, afford to repay the loan over its life. Income is in all cases verified and this verification does not rely on borrowers' self-certification ( see Appendix 2 for further details).
- » **Over Collateralisation.** Based on the current state of the portfolio, there is 8.1% minimum contractual nominal over-collateralisation. However, such committed over-collateralisation only applies to Home Loans, and does not apply to Substitution Assets. As a consequence, the committed over-collateralisation may be reduced to around 6.4% if the Issuer were to invest in Substitution Assets up to the maximum limit authorized (which is set at 20% of the cover pool).
- » **Market Risk.** Assets and liabilities are denominated in the same currency, hence at present investors will not be exposed to currency risk. Interest rate risk will be hedged pursuant to the hedging strategy of the Issuer under the terms of which upon the loss of Prime 1 the Issuer shall enter into hedging arrangements with a suitably rated institution.
- » **Refinancing Risk.** The ability to extend the maturity date of the bonds by 12 months for soft bullers bonds: 1) improves the sales value of the Cover Pool; 2) increases chances of timely principal payments.
- » **Set-off.** The transfer of the Cover Pool to the Issuer upon the occurrence of a Loan Event of Default should reduce the potential for losses due to set-off risk.
- » **Commingling Risk.** Upon the occurrence of a Loan Event of Default the underlying borrowers should be required to make payments to an account in the name of the Issuer and held with a suitably rated account bank (P-1). As of the first issue date the Specifically Dedicated Bank Account will be funded. The failure to fund the Specifically Dedicated Bank Account shall constitute a Loan Event of Default which will, amongst other things, result in the transfer of the Cover Pool to the Issuer.

### Weaknesses and Mitigants

- » **Issuer.** As with most covered bonds in Europe, until the default of the Issuer, the Issuer has the ability to materially change the nature of the Programme (referred to as substitution risk). For example, new types of assets may be added to the Cover Pool and other assets may be released from the Cover Pool, new Covered Bonds Issued with varying promises and new hedging arrangements entered into. These changes could impact the credit quality of the cover pool, refinancing risk and market risks. **Mitigant:** i) the rating of the Borrower (Aa2); ii) the Issuer will only acquire Eligible Loans which comply with the contractual eligibility criteria or substitution assets.; iii) the portion of substitution assets is contractually limited to 20% of the cover pool.
- » **Credit Quality of the Cover Pool** There is no mortgage securing the loans, all loans being guaranteed by Credit Logement. **Mitigant:** (1) risk of default by the guarantor is mitigated by the low correlation between Societe Generale and Credit Logement; (2) Moody's has taken into account the risk of lower recoveries following guarantor default in its modeling

- » **Market Risk.** As the Asset Cover Test is carried out on a par value basis, the only protection against market risk will be the hedging strategy. The swap will be entered into at the loss of Prime 1 by Societe Generale. **Mitigant:** i) the contractual provisions included in the swap agreements intended to reduce the termination events under the swap; ii) Moody's model assumes that the swap arrangements may terminate upon the default of the Borrower / Issuer.
- » **Set-off risk.** It is theoretically possible that a set-off right which came into existence prior to the occurrence of a Loan Event of Default be exercised after the transfer of the Cover Pool to the Issuer. **Mitigant:** i) contractual set-off is excluded by the loans eligibility criteria; ii) Moody's has been advised that the opening of a current account with Societe Generale is not a condition precedent to the granting of the loan; iii) the likelihood of a set-off right occurring prior to the default of Societe Generale appears relatively remote.
- » **Commingling Risk.** There is no rating based trigger in respect of the redirection of collections. **Mitigant:** i) upon the occurrence of a Loan Event of Default the borrowers under the loans should receive new payment instructions as a result of which payments should be made to an account in the name of the Issuer held with a suitably rated account bank; ii) the Specifically Dedicated Bank Account ( as such term is defined in "Cash Management" section).
- » **Refinancing Risk.** In common with most covered bonds, for timely payment following an Issuer default, covered bondholders may rely on proceeds being raised through the sale of, or borrowing against, assets in the Cover Pool. Following an Issuer default, the market value of these assets may be subject to substantial volatility. **Mitigant:** i) the rating of the Borrower (Aa2); ii) the 12 months extension of the maturity with respect to soft bullet Covered Bonds.3) the stressed refinance margins applied.

## Structure Summary

(see page 5 for more details)

Issuer:	FCT Red and Black Guaranteed Home Loans (not rated)
Sponsor Bank:	Societe Generale (Aa2/P-1)
Structure Type:	Covered bonds
Issued under Covered Bonds Law:	No
Applicable Covered Bonds Law:	n/a
Main Seller/Originator:	Societe Generale (the collateral provider)
Main Servicer:	Societe Generale
Intra group Swap Provider:	Swap agreements to be entered into upon loss of P-1
Monitoring of Cover Pool:	Societe Generale / Cailliau Dedouit Associes
Management Company:	Paris Titrisation
Custodian:	Societe Generale (Aa2/P-1)
Trustees:	n/a
Timely Payment Indicator:	Probable

## Covered Bonds Summary

(see section "Moody's rating methodology" for more details)

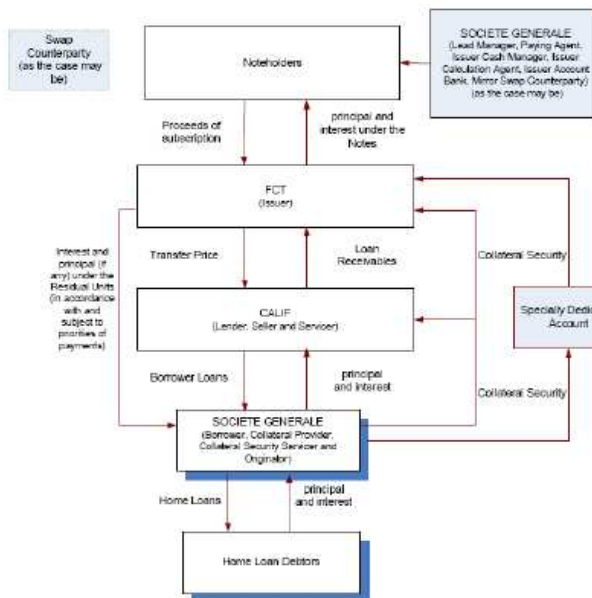
Total Covered bonds Outstanding:	€19,00,000,000
Currency of Covered Bonds:	€ (100%)
Extended Refinance Period:	12 months
Principal Payment Type:	Bullet
Interest Rate Type:	100% floating rate

## Collateral Summary

(see page 11 for more details)

Size of Cover Pool:	€ 23,370,494,213
Main collateral type in Cover Pool:	100% residential loans
Main Asset Location:	100% in France
Loans Count:	331,634
Currency:	Euro (100%)
Concentration of 10 biggest borrowers:	Not relevant
WA Current LTV:	59.2%
WA Seasoning:	3.75 years
WA Remaining Term:	14.1 years
Interest Rate Type:	90.1% fixed rate
"Committed" Over-Collateralisation:	8.1% based on the current cover pool composition
Collateral Score:	7.6%
Further details:	See Appendix 1
Pool Cut-off Date:	20 April 2011

## Structure and Legal Aspects

CHART 1  
Structure Chart

## Principal Programme Parties

**Issuer:** FCT Red and Black Guaranteed Home Loans**Management Company:** Paris Titrisation**Borrower:** Societe Generale**Collateral Provider:** Societe Generale**Custodian:** Societe Generale**Paying Agent:** Societe Generale**Calculation Agent:** Societe Generale**Listing Agent:** Euroclear**Statutory Auditors :** Ernst and Young**Issuer Accounts Bank:** Societe Generale**Issuer verification Agent:** Cailliau Dedouit Associes

The proceeds of the covered bond issuances are used to purchase certain receivables which consist of advances granted by CALIF (the "Seller") to Societe Generale (the "Borrower"). The repayment of these advances will be secured by the collateral security to be made available by the collateral provider under the programme documents. The terms and conditions of the borrower advances mirror the final terms of the covered bonds.

## The Issuer

The Issuer is a French mutual securitization fund established under French law and is jointly established by the management company and the custodian. The fund does not have a separate legal personality, but it will be validly represented by the management company. The management company is Paris Titrisation, a company established as a French mutual debt funds manager.

The permitted activities of the Issuer are restricted to the issuance of bonds, the holding of the relevant collateral and the carrying out of the ancillary activities thereof.

The proceeds deriving from the issuance of the Covered Bonds will be used by the Issuer to purchase from CALIF – a member of Societe Generale's group- the facility granted by it to the Borrower (the "**Borrower Facility**").

## The Security Package

The holders of the Covered Bonds will have the indirect benefit of the Collateral Security constituted of residential loans and substitution assets (please see the Home Loan Eligibility Criteria in Appendix 3). The obligations of the Borrower under the Programme, including the obligation



to cure any breach of the Asset Cover Test (as such term is defined below), will be secured pursuant to the terms of the "Collateral Security" created over the residential loans originated by Societe Generale, the Collateral Provider.

In addition the holders of the Covered Bonds will have the benefit of the Specifically Dedicated Bank Account, as described below.

### Cash Management

A Specifically Dedicated Bank Account has been opened with Societe Generale in the name of the Issuer. Following the service of a Loan Event of Default, the holders of the Covered Bonds will be exposed to the risk that: i) new payment instructions are not provided to the borrowers in a timely manner; ii) the collections standing to the credit of the Collection Accounts are x) not capable of being identified or y) are not transferred to the Issuer in a timely manner; and iii) the borrower delay the re-direction of payments. This may translate in a potential liquidity shortfall.

These risks are mitigated as follows. The Specifically Dedicated Bank Account shall be credited by (i) prior to the occurrence of a Collection Loss Trigger Event (meaning loss of Prime 1 by the Servicer), the amount covering payments due under the Covered Bonds in respect of principal and interest, administrative costs, tax liabilities and Hedging costs payable on the next Covered Bonds payment date in respect of each series (ii) upon occurrence of a Collection Loss Trigger Event the higher of (a) the collections received by the Collateral Providers under the Home Loans granted as Collateral Security during two and half (2.5) calendar months preceding the Asset Coverage Test Date and (b) any sums defined in point (i). The failure by the Borrower to make the required payment into the Specifically Dedicated Bank Account will constitute a Loan Event of Default.

Furthermore, following the service of a Loan Enforcement Notice, the borrowers will be required to pay collections directly into the Specifically Dedicated Bank Account. In the event that the short-term rating of the Issuer account bank falls below Prime-1, such issuer account bank shall be replaced by a bank whose short-term rating is Prime-1.

### The Cover Pool

*The collateral provider will contribute eligible assets to the cover pool*

The Collateral Provider will manage and service the portion of the Cover Pool provided by it (please see "Credit Quality of the Cover Pool"). The risk associated with the possible

deterioration of the credit strength of the Collateral Provider acting in its capacity as servicer is somewhat mitigated by the best endeavour obligation of the issuer to find a substitute servicer for the relevant loans in the event that the rating of the Borrower falls below Baa2.

The Asset Cover Test will be carried out monthly. Accordingly the level of over-collateralisation will be monitored at least on a monthly basis.

In the event that the Asset Cover Test is breached and the Borrower fails to cure such breach prior to the immediately succeeding Asset Cover Test Date and the Borrower does not refund the advances, a Loan Event of Default shall be deemed to have occurred.

The occurrence of a Loan Event of Default will i) trigger the enforcement of the Collateral Security and ii) prevent the Issuer from issuing further Covered Bonds. To the extent that then available funds are sufficient to ensure that the Covered Bonds are repaid in full, occurrence of a Loan Event of Default will trigger the acceleration of the bonds.

### Moody's Rating Methodology

Moody's Special Report regarding the rating approach to covered bonds<sup>1</sup> details the methodology used for rating covered bond transactions. The impact of the credit strength of the Issuer, quality of the collateral, refinancing and market risks are considered below.

### Credit Strength of the Issuer

*Borrower is rated Aa2 / Prime 1 and its credit strength benefits the programme*

The Issuer has full recourse - to the extent of its contractual obligations under the transaction documents - against Societe Generale (Aa2 / Prime 1) in its capacity as Borrower.

Moody's believes that i) the obligations of the Borrower under the Borrower Facility, the terms of which will mirror the terms of the Covered Bonds, ii) the obligations imposed on the Borrower to ensure that a minimum amount of over-collateralisation in the Cover Pool is maintained; and iii) the commitment of the Borrower to the transaction evidenced by the several functions carried out by it in the context of such transaction, enable the Issuer to benefit from the credit strength of the Borrower.

### The Credit Quality of the Cover Pool

*The cover pool comprises prime residential secured loans*

The home loans in the cover pool are residential loans only. Each home loan in the cover pool has to satisfy the eligibility criteria. (see Appendix 3)

The Cover Pool comprised of loans granted to borrowers located in France. Please see Appendix 1 for a description of the Cover Pool.

The total loan balance as of the date of this report was approximately € 23.3 billion. The cover pool is well seasoned (45 months), has an average unindexed LTV of 59.2% and is characterised by some geographical concentration (with 36.2 % of the home loans originated in the Region of Ile de France). 9.9% of the home loans in the cover pool are floating rate and 90.1% are fixed rate. 74.2% of the properties are owner-occupied, 20.9% are buy-to-let and 4.6% are second homes. The income of each borrower has been verified by the originator.

All loans included in the Cover Pool were i) selected and will continue to be selected based on the eligibility criteria set out in Appendix 3 and ii) originated based on the underwriting criteria described in Appendix 2.

All the above factors were incorporated into Moody's analysis of the Programme. Moody's calculates a Collateral Score based on the characteristics of the loans registered in the Cover Pool.

As with most covered bonds in Europe, there are few restrictions or limitations on the future composition of the Cover Pool. This may have the effect of creating substitution risk. Mitigants to the substitution risk which should protect the quality of the Cover Pool over time include the following:

- » The Eligibility Criteria;
- » If the Asset Cover Test detects a deterioration of the assets, the Borrower shall add more collateral in order to satisfy the Asset Cover Test; and
- » The Cover Pool composition will be monitored.

*The home loans are secured by a guarantee*

The loans included in the Cover Pool are secured through a guarantee which is provided by a suitably rated guarantor, Credit Logement (Aa2).

Moody's has factored possible default by Credit Logement into its analysis and adjusted its recovery assumptions to consider, primarily, the possibility of the Issuer subsequently taking a mortgage over the property in a stressed scenario where there may already be other prior or *pari passu* encumbrances registered, taking into account

that the borrower has covenanted not to register a mortgage in favour of a third party.

### Market Risk

The Cover Pool and Covered Bonds are denominated in the same currency. Accordingly as of the date of this report, investors are not exposed to any currency risk.

For so long as the Borrower is rated Prime 1, any market risk in respect of the Cover Pool will be hedged pursuant to the terms of Societe Generale's internal hedging policies. As of the date of this report, the Borrower Facility, the assets in the Cover Pool and the Covered Bonds are denominated in Euro. Any interest risk will be mitigated in accordance with the Societe Generale's internal hedging policies.

Aspects specific to this transaction that are market risk positive include:

- » The swap arrangements contain a rating based swap counterparty replacement trigger.
- » The committed over-collateralisation mitigates market risks.

Aspects specific to this Programme that are market risk negative include:

- » The swap is contingent and the initial swap counterparty is likely to be a member of the group of the Borrower
- » It is possible that a replacement for the swap counterparty is not found. Should this be the case, investors may become exposed to market risk if the over-collateralisation proves to be insufficient to absorb the negative impact of any adverse rate movement (which may be material).

Under the terms of the hedging strategy contemplated by the transaction upon the loss of Prime 1 by the Borrower, a swap agreement at the issuer level and a swap agreement at the borrower level will be entered into. Each of such swaps will be entered into not later than 30 days from the date on which such a downgrade has occurred. Failure to do so will constitute a Loan Event of Default. Such swaps will satisfy Moody's criteria in respect of: i) standard substitution rating-based triggers, ii) exclusion of bankruptcy as a termination event and iii) transferability of the swap in full or in part). The swap counterparty in respect of the swap agreement at the Issuer level may be i) a member of the group of Societe Generale, provided that at the time the swap is entered into it is rated at least Prime 1 or ii) any other suitably rated swap counterparty.

### Refinancing Risk

*Refinancing risk has been mitigated in the structure and is taken into account in Moody's analysis*

Where the "natural" amortisation of the Cover Pool assets alone cannot be relied on to repay principal, Moody's assumes that funds will be raised against the Cover Pool at a discount.

Aspects specific to this transaction that are refinancing risk positive include:

- » The Covered Bonds will benefit from the liquidity obtained via the 12 months extension of the maturity with respect to soft bullet Covered Bonds.

Aspects specific to this Programme that are refinancing risk negative include:

- » The home loans in the pool are secured by Credit Logement (Aa2). Mitigant: Moody's factors into its analysis the nature of the loans' security.

### Linkage

All covered bonds have an element of rating linkage to a) the transaction counterparties and b) the supporting collateral. Accordingly, the creditworthiness of the Covered Bonds will be affected by the credit strength of the transaction counterparties and the value of the Cover Pool.

One area of linkage impacting the majority of the Covered Bonds transactions relates to refinancing risk. These include:

- » The dynamic nature of the transaction. For example, up to the default of the Borrower, new assets may be added to the Cover Pool, new bonds issued and new hedging arrangements entered into.
- » More generally, the incorporation of the credit strength of the Issuer in Moody's rating method.

The probability of default on the Covered Bonds may be higher than expected for Aaa- rated senior unsecured debt. However, Moody's primary rating target is the expected loss which also takes severity into account, which in this case is consistent with a Aaa rating. Furthermore, the Covered Bonds will come under increasingly greater rating stress as the Issuer's credit strength deteriorates. This is a consequence of the linkage of the transaction to the probability of default of the Issuer.

*The TPI determines the maximum rating covered bond under a specific programme can achieve*

Moody's Timely Payment Indicators ("TPIs") assess the likelihood that a timely payment will be made to covered bondholders following Issuer Default. Accordingly, the TPI

determines the maximum rating a covered bond can achieve with its current structure while allowing for the addition of a reasonable amount of over-collateralisation.

Aspects specific to this transaction that are TPI positive include:

- » The Asset Cover Test, designed to ensure that the Cover Pool has substantial value at the time of the occurrence of the Loan Event of Default.
- » Swap provisions aimed at reducing the impact on the Covered Bonds of a swap counterparty downgrade below certain pre-determined levels. These include the requirement that the swap counterparty posts collateral or finds a replacement following a downgrade below certain pre-agreed levels.
- » The loans included in the Cover Pool and the Permitted Investments are restricted to assets with certain maturity profiles and minimum ratings.
- » The Covered Bonds will benefit from the liquidity obtained via the 12 months extension of the maturity with respect to soft bullet Covered Bonds.
- » The Specifically Dedicated Bank Account mitigates the commingling risk in the event of the insolvency of the Borrower.
- » Upon the occurrence of a Loan Event of Default, i) the Cover Pool will be transferred to the Issuer and ii) the borrowers will be instructed to pay into an account in the name of the Issuer.
- » Aspects specific to this transaction that are TPI negative include:
  - » The initial swap counterparty is likely to be a member of the group of the Sponsor Bank
  - » The amount of collateral necessary to mitigate the risk associated with the loans guaranteed by Credit Logement (Aa2).

Moody's has assigned a TPI of Probable to this transaction.

### Monitoring

The issuer is expected to deliver certain performance data to Moody's on an ongoing basis. If this data is not made available to Moody's, Moody's ability to monitor the ratings may be impaired. This could negatively impact the ratings or, in some cases, Moody's ability to continue to rate the notes.

## Related Research

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

### Rating Methodologies:

- » [Moody's Rating Approach to Covered Bonds, March 2010 \(SF191950\)](#)
- » [Assessing Swaps as Hedges in the Covered Bond Market, September 2008 \(SF142765\)](#)
- » [Moody's Approach to Rating Financial Entities Specialised in Issuing Covered Bonds, August 2009 \(SF175831\)](#)

### Special Reports:

- » [European Covered Bond Legal Frameworks: Moody's Legal Checklist, December 2005 \(SF66418\)](#)
- » [Moody's EMEA Covered Bond Monitoring Overview: Q2 2010, December 2010 \(SF229472\)](#)
- » [Rating Transition Rates for Covered Bond Programmes, 1996-2008, February 2008 \(114622\)](#)
- » [EMEA Covered Bonds 2011 Outlook & 2010 Review, January 2011 \(SF229366\)](#)

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

Appendix 1: Cover Pool Information

TABLE 1

Residential Assets

Overview	
Asset Type	Residential
Asset balance:	23,370,494,213
Average loan balance:	70,471
Number of loans:	331,634
Number of borrowers:	235,067
Number of properties:	n/d
WA Remaining Term (in months):	168.69
WA Seasoning (in months):	45
Details on LTV	
WA current LTV (*):	59.2%
WA Indexed LTV:	n/d
Valuation type:	Market value
LTV threshold:	100%
Junior ranks:	n/d
Prior ranks:	0.0%

Specific Loan and Borrower characteristics

Loans benefiting from a guarantee:	n/a
Interest Only Loans:	0.0%
Loans for second homes / Vacation:	4.6%
Buy to Let loans / Non owner occupied properties:	21.2%
Limited income verified:	0.0%
Adverse Credit Characteristics(**):	0.0%

Performance

Loans in arrears (≥ 2months - < 6months):	0.0%
Loans in arrears (≥ 6months - < 12months):	0.0%
Loans in arrears (> 12months):	0.0%
Loans in a foreclosure procedure:	0.0%

Multi-Family Properties

Loans to tenants of tenant	n/a
Other type of Multi	n/a

(\*) Based on original property valuation

(\*\*) Refers to Borrowers with previous missed payments, Borrowers with a previous personal bankruptcy or Borrowers with record of court claims against them at time of origination

(\*\*\*) n/d : information not disclosed by issuer

(\*\*\*\*) This "other" type refers to Loans directly to Housing Cooperatives and to Professional Landlords

CHART A

Balance per LTV-band

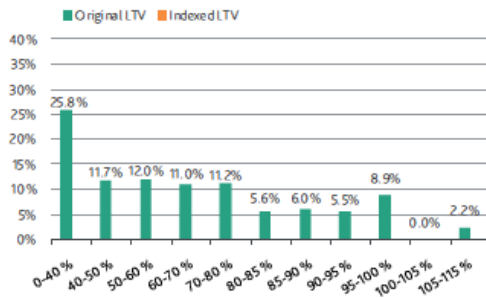


CHART B

Percentage of Residential Assets

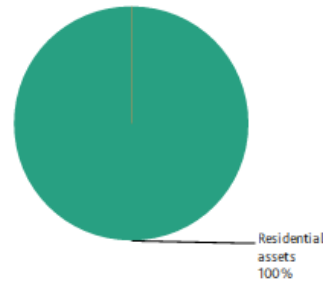


CHART C

Seasoning

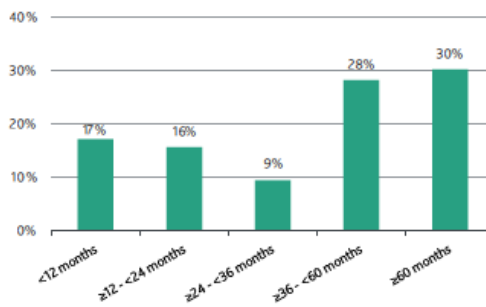


CHART D

Interest Rate Type

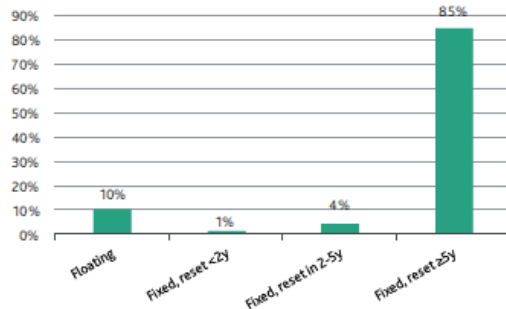
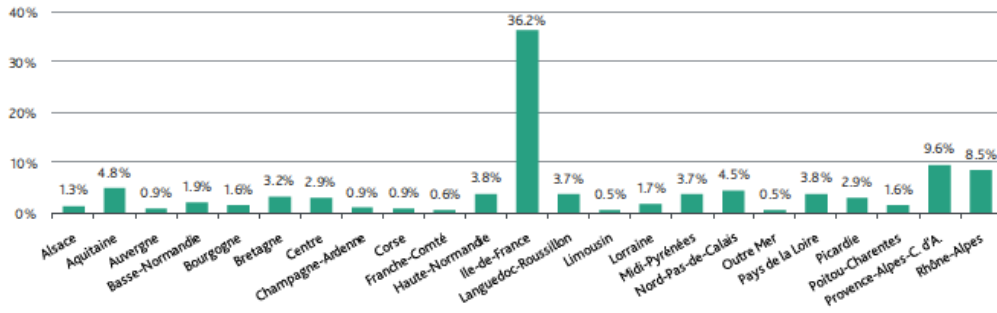


CHART E

Regional Distribution



## Appendix 2: Income Underwriting and Valuation

### 1. Income Underwriting

1.1	Is income always checked?	<p>Yes.</p> <p>For employed borrowers, income is always checked on the basis of the 3 most recent monthly salary slips, the most recent tax statement and the 3 most recent monthly bank statements.</p> <p>For self-employed borrowers, income is always checked on the basis of the most recent financial statement, the most recent tax statement and the 3 most recent monthly bank statements.</p> <p>No loans are granted to unemployed person.</p> <p>No loans are granted to applicants on a probation period.</p> <p>Furthermore the originator checks the credit history of the perspective borrowers through the following data base/registers:</p> <p>i) the national loan repayment incident file (FICP : Fichier des Incidents de remboursements des Crédits aux Particuliers) managed by the Banque de France. It is the main negative credit event database, which was originally created to prevent individual over-indebtedness. The following events are recorded in the FICP: (i) any payment overdue for more than 60 days on any instalment loan, (ii) a failure to repay a sum greater than € 500 for more than 60 days; (iii) for any kind of loan, any legal action taken by a bank against a borrower or the payment of the loan and all amounts remaining due is accelerated.</p> <p>ii) the Central Check Register managed by the Banque de France (FCC : Fichier Central des Chèques) where are recorded all payment incidents relating checks and court-ordered bans on writing cheques ('Regime d'Interdit Bancaire').</p>
1.2	Does this check ever rely on income stated by borrower ("limited income verification") income stated by the borrower?	No.
1.3	Percentage of loans in Cover Pool that have limited income verification	None
1.4	If limited income verification loans are in the Cover Pool, describe what requirements lender has in place for these loans.	Not applicable
1.5	Does income in all cases constrain the amount lent (for example through some form of Income Sufficiency Test ("IST")?	<p>Yes, two the two following tests are part of the decision process :</p> <p>The disposable income (or reste à vivre) this test is aimed at establishing whether the income of a borrower net of income tax and real estate taxes (taxe foncière and taxe d'habitation) is i) sufficient to cover the assumed living costs for such borrower and ii) greater than the non-disposable portion of the salary. Assumptions in respect of living costs vary depending on the size of the family of the borrower.</p> <p>Debt to income ratio (or taux d'effort). This ratio is calculated by dividing the borrower's expenses (taking into account the amounts payable in respect of the new mortgage and the other debts of the borrower) by the borrower's total income before tax. Such ratio shall not exceed 33% for standard loans and 40% for Buy to Let loans</p>
1.6	If not, what percentage of cases are exceptions.	Not applicable
For the purposes of any IST		
1.7	Is it confirmed income after tax is sufficient to cover both interest and principal.	Yes, it is part of the underwriting procedure to verify that there is sufficient income after tax available on the basis of the Family Ratio.
1.8	If so over what period is it assumed principal will be paid (typically on an annuity basis)? Any exceptions?	Payment of principal is considered over life of the loan.
1.9	Does the age of the borrower constrain the period over which principal can be amortised?	Yes, .
1.10	Are any stresses made to interest rates when carrying out the IST? If so when and for what type of products?	<p>Interest rate on fixed rate loans is fixed over the life of the loan and there is no need to stress these loans.</p> <p>When interest rate on loan is floating, IST is based on standard interest rate at the time of origination.</p>
1.11	Are all other debts of the borrower taken into account at point loan made?	Yes, whatever consumer loans, revolving loans, mortgages or child maintenance paid, are taken into account.
1.12	How are living expenses of the borrower calculated? And what is the stated maximum percentage of income (or income multiple if relevant) that will be relied on to cover debt payments. (specify if income is pre or post tax)	Expenses are taken into account in the Debt-To-Income percentages. Besides the IST, the decision is taken by an underwriter on the basis of other criteria such as the specific profile of the applicant.
Other comments		

2. Valuation		
2.1	Are valuations based on market or lending values?	Market value. The purchase price of a property is typically used
2.2	Are all or the majority of valuations carried out by external (with no direct ownership link to any company in the Sponsor Bank group) valuers?	Not applicable
2.3	How are valuations carried out where external valuer not used?	Not applicable.
2.4	What qualifications for external valuers require?	Not applicable
2.5	What qualifications do internal valuers require?	Not applicable
2.6	Do all external valuations include an internal inspection of a property?	No.
2.7	What exceptions if any?	No
2.8	Do all internal valuations include an internal inspection of a property?	No
2.9	What exceptions if any?	Not applicable
Other comments		



### Appendix 3: Home Loan Eligibility Criteria

The "Home Loan Eligibility Criteria" include the following cumulative eligibility criteria:

- a) the Home Loan is denominated in Euros;
- b) the Home Loan is governed by French law;
- c) the underlying property is located in France;
- d) as of the relevant Selection Date, the current principal balance of such Home Loan is no more than or equal to Euro 1,000,000;
- e) where the value of the corresponding financed property is registered in the systems of the Collateral Provider, the loan-to-value of the Home Loan is no more than or equal to one hundred per cent. (100%);
- f) as of the relevant Selection Date, the remaining term for the Home Loan is no more than thirty (30) years;
- g) as of the relevant Selection Date, the borrower under the Home Loan has paid at least one (1) instalment in respect of the Home Loan;
- h) the Home Loan is current (i.e. does not present any arrears) as of the relevant Selection Date;
- i) the borrower under the Home Loan is not an employee of the originator of such Home Loan;
- j) the Home Loan is secured by a joint and several guarantee (cautionnement solidaire) (the Home Loan Guarantee) of CréditLogement acting as loan guarantor (the Home Loan Guarantor);
- k) the Home Loan is either monthly, quarterly or bi-yearly amortising as of the relevant Selection Date;
- l) the borrower under the Home Loan does not benefit from a contractual right of set-off;
- m) The lender under the Home Loan has managed and serviced the Home Loan between the date upon which the Home Loan has been made available to the borrower and the Selection Date (i) in a consistent manner pursuant to its Servicing Procedures and (ii) in compliance with all legal and regulatory provisions applicable to the Home Loan;
- n) prior to the date upon which the Home Loan had been made available to the borrower thereof, all lending criteria and preconditions as applied by the originator of the Home Loan pursuant to its customary lending procedures were satisfied;
- o) the opening by the borrower under the Home Loan of a bank account dedicated to payments due under the Home Loan is not provided in the relevant contractual arrangements as a condition precedent to the originator of the Home Loan making the Home Loan available to the borrower under the Home Loan; and
- p) except where prior Rating Confirmation has been obtained, no amount drawn under the Home Loan is capable of being redrawn by the relevant Home Loan Debtor (i.e. the Home Loan is not flexible).

<sup>1</sup> ["Moody's Rating Approach to Covered Bonds"](#), dated March 2010

*contact continued from page 1*

**ADDITIONAL CONTACTS:**

Client Service Desks  
Frankfurt: 49 69 2222 7847  
London: 44 20 7772 5454  
Madrid: 34 91 414 3161  
Milan: 39 023 6006 339  
Paris: 33 17070 2229

Report Number: SF243498

© 2011 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

**CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S ("MIS") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.**

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody.com](http://www.moody.com) under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001.

Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody's Japan K.K. ("MJKK") are MJKK's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In such a case, "MIS" in the foregoing statements shall be deemed to be replaced with "MJKK".

MJKK is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO.

This credit rating is an opinion as to the credit worthiness or a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.

**APPENDIX 4  
INDEX OF DEFINED TERMS**

<b>2009 Amendment Document, 81</b>	<b>Event, 109</b>
<b>2009 Amendment Excluded Sections, 81</b>	<b>Borrower Loan Voluntary Redemption Event, 108</b>
<b>2009 Excluded Sections, 81</b>	<b>Breach of Amortisation Test, 19, 131</b>
<b>2009 Registration Document, 81</b>	<b>Breach of Asset Cover Test, 19</b>
<b>2010 First Update Excluded Sections, 81</b>	<b>Breach of the Asset Cover Test, 118, 130</b>
<b>2010 Second Update Excluded Sections, 81</b>	<b>Broken Funding Indemnity, 110</b>
<b>2010 Third Update Excluded Sections, 81</b>	<b>Business Day, 19, 21, 64</b>
<b>A, 128</b>	<b>C, 129</b>
<b>AAAA, 128</b>	<b>Calculation Agency Agreement, 41</b>
<b>Accelerated Priority of Payment Order, 69, 105</b>	<b>Calculation Monitoring Rating Trigger Event, 132</b>
<b>Adjusted Required Redemption Amount, 50, 101</b>	<b>Capital Requirements Directives, 54</b>
<b>Aggregate Adjusted Home Loan Outstanding Principal Amount, 128</b>	<b>Clearing System, 23, 59</b>
<b>Aggregate Note Outstanding Principal Amount, 128, 130</b>	<b>Closing Date, 1</b>
<b>Amortisation Ratio, 130</b>	<b>Collateral Agreement, 12</b>
<b>Amortisation Test, 19</b>	<b>Collateral Provider, 9</b>
<b>Amortisation Test Calculation Period, 130</b>	<b>Collateral Security, 12</b>
<b>Amortisation Test Date, 130</b>	<b>Collateral Security Report, 119</b>
<b>Applicable Deemed Reduction, 128</b>	<b>Collateral Security Servicer, 9, 15</b>
<b>Asset Cover Ratio, 128</b>	<b>Collateral Security Statement, 117</b>
<b>Asset Cover Test, 19, 128</b>	<b>Collection Account Bank, 10</b>
<b>Asset Cover Test Calculation Period, 128</b>	<b>Collection Accounts, 119</b>
<b>Asset Cover Test Date, 128</b>	<b>Collection Loss Trigger Event, 15, 123</b>
<b>Asset Margin, 24, 142</b>	<b>Collections, 118</b>
<b>Asset Percentage, 129</b>	<b>Conditions, 20, 58</b>
<b>Asset Records, 119</b>	<b>Controlled Post-Enforcement Priority of Payment Order, 69, 104</b>
<b>Asset Reference Date, 15, 123</b>	<b>Custodian, 1, 8</b>
<b>Authorised Investments, 138</b>	<b>D, 131</b>
<b>B, 129</b>	<b>Debtor, 9</b>
<b>Base Prospectus, 1</b>	<b>Determination Date, 21, 64, 76</b>
<b>Basel Committee, 54</b>	<b>Directive, 47</b>
<b>Basel II, 54</b>	<b>Drawdown Date, 107</b>
<b>Beneficiary, 12</b>	<b>Eligible Asset, 12, 114</b>
<b>Beneficiary, 9</b>	<b>Eligible Bank, 36</b>
<b>Borrower, 9</b>	<b>Eligible Entity, 25, 141</b>
<b>Borrower Facility Commitment, 11, 107</b>	<b>EURIBOR, 21, 64, 76</b>
<b>Borrower Loan, 11, 107</b>	<b>Extended Final Maturity Date, 22, 66</b>
<b>Borrower Loan Mandatory Redemption</b>	<b>Facility Agreement, 11</b>

**Facility Mandatory Redemption Event, 109**  
**Final Maturity Date, 22, 65**  
**Final Terms, 20, 58**  
**Final Terms of the Borrower Loan, 58, 108**  
**Finance Documents, 10**  
**First Level Specially Dedicated Bank Account Required Credit, 15, 123**  
**First Subsequent Note Downgrade Event, 141**  
**First Subsequent Required Rating, 141**  
**First Update to the 2010 Registration Document, 81**  
**Fitch Ratings, 1**  
**HC, 129**  
**Hedging Costs, 68, 104**  
**Hedging Strategy, 141**  
**Hedging Termination Costs, 69, 104**  
**Home Loan, 12, 114**  
**Home Loan Agreement, 12, 114**  
**Home Loan Debtor, 12, 114**  
**Home Loan Eligibility Criteria, 12, 115**  
**Home Loan Guarantee, 12, 115**  
**Home Loan Guarantor, 12, 115**  
**Home Loan Outstanding Principal Amount, 128, 131**  
**Home Loan Receivables, 12, 114**  
**IDR, 10**  
**Initial Note Downgrade Event, 141**  
**Initial Required Rating, 25, 141**  
**Insolvency Event, 48, 90**  
**Investor's Currency, 55**  
**Issue Date, 1**  
**Issuer, 1**  
**Issuer Account Bank, 9**  
**Issuer Account Bank Agreement, 40**  
**Issuer Accounts, 17**  
**Issuer Available Cash, 17, 88**  
**Issuer Available Funds, 103**  
**Issuer Calculation Agent, 10**  
**Issuer Calculation Agent's Report, 129**  
**Issuer Cash Management Agreement, 40**  
**Issuer Cash Manager, 10**  
**Issuer Enforcement Notice, 23, 66, 102**  
**Issuer Event of Default, 66**  
**Issuer Operating Account, 136**  
**Issuer Regulations, 1, 8**  
**Issuer Transaction Documents, 10**  
**Issuer Verification Agent, 10**  
**Lead Manager, 1**  
**Lender, 9**  
**Loan Enforcement Notice, 14, 121**  
**Loan Event of Default, 12, 111**  
**Loan Receivable, 11**  
**Loan Receivables Transfer Agreement, 14**  
**Management Company, 1, 8**  
**Masse, 21, 71**  
**Master Servicing Agreement, 15**  
**Mirror Swap Agreement, 25, 141**  
**Mirror Swap Incoming Cashflow, 25, 141**  
**Mirror Swap Net Cashflow, 25, 141**  
**Mirror Swap Outgoing Cashflow, 25, 142**  
**Mirror Swap Transaction, 25, 142**  
**Moody's, 1**  
**NC, 129**  
**New Base Prospectus, 1**  
**Non-Compliance with the Amortisation Test, 19**  
**Non-Compliance with the Amortisation Test, 131**  
**Non-Compliance with the Amortisation Test, 132**  
**Non-Compliance with the Asset Cover Test, 19, 117, 129, 132**  
**Note Interest Amount, 65**  
**Note Principal Amount, 67**  
**Noteholder, 20**  
**Noteholders' Meeting, 71**  
**Notes, 1**  
**Notes Cross Acceleration Event, 66**  
**Notes Full Amortisation Event, 23, 67**  
**Notes Interest Period, 21, 64**  
**Notes Partial Amortisation Event, 23, 66**  
**Notes Payment Date, 21, 64**  
**Originator, 9**  
**Paying Agency Agreement, 42**  
**Paying Agent, 10**

**Pre-Enforcement Priority of Payment Order, 68, 104**  
**Priority of Payment Order, 68**  
**Programme, 1**  
**Programme Documents, 10**  
**Prospectus Directive, 1, 75**  
**Purchase Price, 129**  
*Quarterly Payment Date, 19*  
**R, 128**  
**RA, 130**  
**Rate of Interest, 21, 64, 76**  
**Rating Agencies, 1**  
**Rating Agency, 1**  
**Rating Confirmation, 116**  
**Reference Bank, 21, 77**  
**Relevant Date, 49, 101**  
**Relevant Margin, 21, 64, 76**  
**Relevant Series, 67, 68**  
**Representative, 21, 71**  
**Residual Units, 1**  
**Second Level Specially Dedicated Bank Account Required Credit, 15, 124**  
**Second Subsequent Note Downgrade Event, 141**  
**Second Subsequent Required Rating, 141**  
*Second Update to the 2010 Registration Document, 81*  
**Secured Liabilities, 12**  
**Selected Assets, 49, 101**  
**Selection Date, 12, 114**  
**Seller, 9**  
**Senior Administrative Costs, 68, 104**  
**Series, 20, 63**  
**Servicer, 9, 15**  
**Servicer Event of Default, 98**  
**Servicing Procedures, 14, 118**  
**Servicing Rating Trigger Event, 120**  
**Specially Dedicated Bank Account, 15, 123**  
**Specially Dedicated Bank Account Agreement, 15, 123**  
**Specially Dedicated Bank Account Required Credit, 15, 124**  
**Subscription Agreement, 159**  
**Substitute Collateral Security Servicer, 95, 119**  
**Substitution Asset Limit, 12, 114**  
**Substitution Assets, 12, 114**  
**Swap Agreement, 25, 142**  
**Swap Implementation Trigger Event, 10, 25, 142**  
**Swap Incoming Cashflow, 25, 142**  
**Swap Net Cashflow, 25, 142**  
**Swap Outstanding Cashflow, 25, 142**  
**Swap Transaction, 25, 142**  
**Swap Undertaking Letter, 25, 142**  
**Tax Costs, 68, 104**  
**Terms and Conditions, 20, 58**  
**Terms and Conditions Information Notice, 58, 108**  
*Third Update Update to the 2010 Registration Document, 81*  
**Transfer Date, 14**  
**Transfer Document, 92**  
**Transfer Price, 11**  
**Transferred Aggregate Asset Amount, 130**  
**Transferred Assets, 49, 101**  
**Transferred Home Loan Outstanding Principal Amount, 131**  
**Transferred Receivables, 14, 15**  
**Utilisation Request, 11, 107**  
**Verification Agency Agreement, 42**

**APPENDIX 5  
FINAL TERMS**

**FINAL TERMS**

**Final Terms dated 20 April 2011**

**FCT RED & BLACK - GUARANTEED HOME LOANS**

**Notes issue of € 2,000,000,000**

**under the € 25,000,000,000 Notes Programme**

**Issue Price: 100 per cent.**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 April 2011 which received visa FCT no. 11-04 from the *Autorité des marchés financiers* on 20 April 2011 and which constitutes a base prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the *Prospectus Directive*).

This document constitutes the Final Terms of the 8<sup>th</sup> Series of Notes issued under the Programme and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of Euronext Paris ([www.euronext.com](http://www.euronext.com)) and during normal business hours at the registered office of the Management Company and at the specified office of the Paying Agent where copies may be obtained.

**FINAL TERMS**

1.	<b>Issuer:</b>	FCT Red & Black - Guaranteed Home Loans
2.	<b>Series Number:</b>	8
3.	<b>Issue Date:</b>	26 April 2011
4.	<b>Aggregate nominal amount of Notes issued:</b>	EUR 2,000,000,000
5.	<b>Final Maturity Date:</b>	26 April 2013
6.	<b>Relevant Margin:</b>	0.55 per cent.
7.	<b>ISIN:</b>	FR0011037175
8.	<b>Common Code:</b>	061825754
9.	<b>Business Day:</b>	A day, other than a Saturday or Sunday, on which banks are open to the public for general business to the public in Paris and on which Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or any successor thereto) is open for business

**10. Notes Payment Date:**

The 26<sup>th</sup> day of April, July, October and January in each year. If any Notes Payment Date falls on a day which is not a Business Day, such Notes Payment Date shall be postponed to the next day which is a Business Day, provided that in case an Issuer Enforcement Notice (as defined below) by a Representative, payments of principal and interest under the Notes may fall on a date which is not a scheduled Notes Payment Date.

**11. Rate of interest**

The interest rate payable in respect of the Notes of a given Series in respect of each Notes Interest Period relating thereto (the *Rate of Interest*) will be determined by the Issuer Calculation Agent two (2) Business Days before the relevant Notes Interest Period in accordance with the relevant terms and conditions of the Notes as the rate per annum equal to the aggregate of (i) EURIBOR for 3 month Euro deposits (or, if the length of the first Notes Interest Period (the *Length*) is not equal to 3 months, the EURIBOR applicable on a period of that Length; provided in addition that if that Length does not correspond to an exact number of months or to 1 week, the EURIBOR for such period will be determined through the use of straight-line interpolation by reference to two EURIBOR rates for EUR, one of which shall be determined as if the Length were the period of time for which rates are available next shorter than the Length and the other of which shall be determined as if the Length were the period of time for which rates are available next longer than the Length) and (ii) the Relevant Margin.).

There shall be no minimum or maximum interest rate for the Notes.

For the purpose hereof *EURIBOR* means, in respect of a given period:

- (a) the European Interbank Offered Rate, ie the Euro-zone interbank rate applicable in the Euro-zone calculated by reference to the interbank rates provided by the credit institutions appointed for this purpose by the Banking Federation of the European Union.



The EURIBOR rate for deposits over a given period is published on Reuters Screen EURIBOR01 Page (or such other page as may replace Reuters Screen EURIBOR01 Page on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such equivalent service) as of 11:00 a.m. (Paris time). The EURIBOR rate applicable to a period starting on a given date is determined two (2) Target Business Days prior to that date (a **Determination Date**); or

- (b) if, on any Determination Date, the rate referred to in paragraph (a) above is unavailable at such time on such date, the Lender will request the principal Paris office of each of the Reference Banks, to provide it with their quoted rates to premium banks in the Euro-zone interbank market for euro deposits over the relevant period in the Euro-zone at or about 11.00 a.m. (Paris time) in each case on the relevant Determination Date. The relevant EURIBOR shall be determined on the basis of the offered quotations of those Reference Banks. If, on any such Determination Date, at least two of the Reference Banks provide such offered quotations to the Lender, the relevant EURIBOR for the relevant period shall be the arithmetic means of such quotations.

If, on any such Determination Date, one only or none of the Reference Banks provides the Lender with such an offered quotation, the Lender shall ask two banks (or, where one only of the Reference Banks provides such a quotation, one additional bank) to provide such a quotation or quotations to the Lender and the relevant EURIBOR for the relevant period shall be the arithmetic means of such offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the relevant EURIBOR for the relevant period shall be the relevant EURIBOR in effect for the last preceding period to which paragraph (a) or the foregoing provisions of this paragraph (b) shall have applied.

For the purpose hereof, **Reference Bank** means each of BNP Paribas, Crédit Agricole CIB, HSBC and Natixis.

**LISTING AND ADMISSION TO TRADING APPLICATION**

Application has been made to the *Autorité des Marchés Financiers* for approval of these Final Terms and for the purpose of listing the Notes under these Final Terms on the Paris Stock Exchange (Euronext Paris).

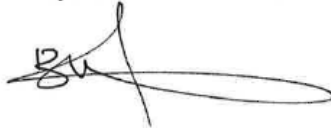
**RESPONSIBILITY**

To our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Final Terms is in accordance with the facts and contains no omission likely to affect its import. For this purpose, the Management Company has provided the *Autorité des Marchés Financiers* with the rating document complying with the provisions of article L. 214-44 of the French Monetary and Financial Code as prepared by each Rating Agency.

In Paris, on 20 April 2011

**Paris Titrisation**  
as Management Company  
17, cours Valmy  
92972 Paris La Défense  
France

By: *Bathine* WANE-SYLLA



**Société Générale**  
as Custodian  
29, boulevard Haussmann  
75009 Paris  
France

By: *Xavier* DEQUIER



**FINAL TERMS**

**Final Terms dated 20 April 2011**

**FCT RED & BLACK - GUARANTEED HOME LOANS**

**Notes issue of € 2,000,000,000**

**under the € 25,000,000,000 Notes Programme**

**Issue Price: 100 per cent.**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 April 2011 which received visa FCT no. 11-04 from the *Autorité des marchés financiers* on 20 April 2011 which constitutes a base prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the *Prospectus Directive*).

This document constitutes the Final Terms of the 9<sup>th</sup> Series of Notes issued under the Programme and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of Euronext Paris ([www.euronext.com](http://www.euronext.com)) and during normal business hours at the registered office of the Management Company and at the specified office of the Paying Agent where copies may be obtained.

**FINAL TERMS**

1.	<b>Issuer:</b>	FCT Red & Black - Guaranteed Home Loans
2.	<b>Series Number:</b>	9
3.	<b>Issue Date:</b>	26 April 2011
4.	<b>Aggregate nominal amount of Notes issued:</b>	EUR 2,000,000,000
5.	<b>Final Maturity Date:</b>	28 April 2014
6.	<b>Relevant Margin:</b>	0.65 per cent.
7.	<b>ISIN:</b>	FR0011037183
8.	<b>Common Code:</b>	061817123
9.	<b>Business Day:</b>	A day, other than a Saturday or Sunday, on which banks are open to the public for general business to the public in Paris and on which Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or any successor thereto) is open for business

**10. Notes Payment Date:**

The 26<sup>th</sup> day of April, July, October and January in each year. If any Notes Payment Date falls on a day which is not a Business Day, such Notes Payment Date shall be postponed to the next day which is a Business Day, provided that in case an Issuer Enforcement Notice (as defined below) by a Representative, payments of principal and interest under the Notes may fall on a date which is not a scheduled Notes Payment Date.

**11. Rate of interest**

The interest rate payable in respect of the Notes of a given Series in respect of each Notes Interest Period relating thereto (the *Rate of Interest*) will be determined by the Issuer Calculation Agent two (2) Business Days before the relevant Notes Interest Period in accordance with the relevant terms and conditions of the Notes as the rate per annum equal to the aggregate of (i) EURIBOR for 3 month Euro deposits (or, if the length of the first Notes Interest Period (the *Length*) is not equal to 3 months, the EURIBOR applicable on a period of that Length; provided in addition that if that Length does not correspond to an exact number of months or to 1 week, the EURIBOR for such period will be determined through the use of straight-line interpolation by reference to two EURIBOR rates for EUR, one of which shall be determined as if the Length were the period of time for which rates are available next shorter than the Length and the other of which shall be determined as if the Length were the period of time for which rates are available next longer than the Length) and (ii) the Relevant Margin.).

There shall be no minimum or maximum interest rate for the Notes.

For the purpose hereof *EURIBOR* means, in respect of a given period:

- (a) the European Interbank Offered Rate, ie the Euro-zone interbank rate applicable in the Euro-zone calculated by reference to the interbank rates provided by the credit institutions appointed for this purpose by the Banking Federation of the European Union.

The EURIBOR rate for deposits over a given period is published on Reuters Screen EURIBOR01 Page (or such other page as may replace Reuters Screen EURIBOR01 Page on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such equivalent service) as of 11:00 a.m. (Paris time). The EURIBOR rate applicable to a period starting on a given date is determined two (2) Target Business Days prior to that date (a **Determination Date**); or

- (b) if, on any Determination Date, the rate referred to in paragraph (a) above is unavailable at such time on such date, the Lender will request the principal Paris office of each of the Reference Banks, to provide it with their quoted rates to premium banks in the Euro-zone interbank market for euro deposits over the relevant period in the Euro-zone at or about 11.00 a.m. (Paris time) in each case on the relevant Determination Date. The relevant EURIBOR shall be determined on the basis of the offered quotations of those Reference Banks. If, on any such Determination Date, at least two of the Reference Banks provide such offered quotations to the Lender, the relevant EURIBOR for the relevant period shall be the arithmetic means of such quotations.

If, on any such Determination Date, one only or none of the Reference Banks provides the Lender with such an offered quotation, the Lender shall ask two banks (or, where one only of the Reference Banks provides such a quotation, one additional bank) to provide such a quotation or quotations to the Lender and the relevant EURIBOR for the relevant period shall be the arithmetic means of such offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the relevant EURIBOR for the relevant period shall be the relevant EURIBOR in effect for the last preceding period to which paragraph (a) or the foregoing provisions of this paragraph (b) shall have applied.

For the purpose hereof, **Reference Bank** means each of BNP Paribas, Crédit Agricole CIB, HSBC and Natixis.

**LISTING AND ADMISSION TO TRADING APPLICATION**

Application has been made to the *Autorité des Marchés Financiers* for approval of these Final Terms and for the purpose of listing the Notes under these Final Terms on the Paris Stock Exchange (Euronext Paris).

**RESPONSIBILITY**

To our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Final Terms is in accordance with the facts and contains no omission likely to affect its import. For this purpose, the Management Company has provided the *Autorité des Marchés Financiers* with the rating document complying with the provisions of article L. 214-44 of the French Monetary and Financial Code as prepared by each Rating Agency.

In Paris, on 20 April 2011

**Paris Titrisation**  
as Management Company  
17, cours Valmy  
92972 Paris La Défense  
France

By: **Barine WANE SYLLA**



**Société Générale**  
as Custodian  
29, boulevard Haussmann  
75009 Paris  
France

By: **Karim DEROUIC**



**FINAL TERMS**

**Final Terms dated 20 April 2011**

**FCT RED & BLACK - GUARANTEED HOME LOANS**

**Notes issue of € 2,000,000,000**

**under the € 25,000,000,000 Notes Programme**

**Issue Price: 100 per cent.**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 April 2011 which received visa FCT no. 11-04 from the *Autorité des marchés financiers* on 20 April 2011 and which constitutes a base prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the *Prospectus Directive*).

This document constitutes the Final Terms of the 10<sup>th</sup> Series of Notes issued under the Programme and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of Euronext Paris ([www.euronext.com](http://www.euronext.com)) and during normal business hours at the registered office of the Management Company and at the specified office of the Paying Agent where copies may be obtained.

**FINAL TERMS**

1.	<b>Issuer:</b>	FCT Red & Black - Guaranteed Home Loans
2.	<b>Series Number:</b>	10
3.	<b>Issue Date:</b>	26 April 2011
4.	<b>Aggregate nominal amount of Notes issued:</b>	EUR 2,000,000,000
5.	<b>Final Maturity Date:</b>	27 April 2015
6.	<b>Relevant Margin:</b>	0.71 per cent.
7.	<b>ISIN:</b>	FR0011037191
8.	<b>Common Code:</b>	061818910
9.	<b>Business Day:</b>	A day, other than a Saturday or Sunday, on which banks are open to the public for general business to the public in Paris and on which Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or any successor thereto) is open for business

**10. Notes Payment Date:**

The 26<sup>th</sup> day of April, July, October and January in each year. If any Notes Payment Date falls on a day which is not a Business Day, such Notes Payment Date shall be postponed to the next day which is a Business Day, provided that in case an Issuer Enforcement Notice (as defined below) by a Representative, payments of principal and interest under the Notes may fall on a date which is not a scheduled Notes Payment Date.

**11. Rate of interest**

The interest rate payable in respect of the Notes of a given Series in respect of each Notes Interest Period relating thereto (the *Rate of Interest*) will be determined by the Issuer Calculation Agent two (2) Business Days before the relevant Notes Interest Period in accordance with the relevant terms and conditions of the Notes as the rate per annum equal to the aggregate of (i) EURIBOR for 3 month Euro deposits (or, if the length of the first Notes Interest Period (the *Length*) is not equal to 3 months, the EURIBOR applicable on a period of that Length; provided in addition that if that Length does not correspond to an exact number of months or to 1 week, the EURIBOR for such period will be determined through the use of straight-line interpolation by reference to two EURIBOR rates for EUR, one of which shall be determined as if the Length were the period of time for which rates are available next shorter than the Length and the other of which shall be determined as if the Length were the period of time for which rates are available next longer than the Length) and (ii) the Relevant Margin.).

There shall be no minimum or maximum interest rate for the Notes.

For the purpose hereof *EURIBOR* means, in respect of a given period:

- (a) the European Interbank Offered Rate, ie the Euro-zone interbank rate applicable in the Euro-zone calculated by reference to the interbank rates provided by the credit institutions appointed for this purpose by the Banking Federation of the European Union.



The EURIBOR rate for deposits over a given period is published on Reuters Screen EURIBOR01 Page (or such other page as may replace Reuters Screen EURIBOR01 Page on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such equivalent service) as of 11:00 a.m. (Paris time). The EURIBOR rate applicable to a period starting on a given date is determined two (2) Target Business Days prior to that date (a **Determination Date**); or

- (b) if, on any Determination Date, the rate referred to in paragraph (a) above is unavailable at such time on such date, the Lender will request the principal Paris office of each of the Reference Banks, to provide it with their quoted rates to premium banks in the Euro-zone interbank market for euro deposits over the relevant period in the Euro-zone at or about 11.00 a.m. (Paris time) in each case on the relevant Determination Date. The relevant EURIBOR shall be determined on the basis of the offered quotations of those Reference Banks. If, on any such Determination Date, at least two of the Reference Banks provide such offered quotations to the Lender, the relevant EURIBOR for the relevant period shall be the arithmetic means of such quotations.

If, on any such Determination Date, one only or none of the Reference Banks provides the Lender with such an offered quotation, the Lender shall ask two banks (or, where one only of the Reference Banks provides such a quotation, one additional bank) to provide such a quotation or quotations to the Lender and the relevant EURIBOR for the relevant period shall be the arithmetic means of such offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the relevant EURIBOR for the relevant period shall be the relevant EURIBOR in effect for the last preceding period to which paragraph (a) or the foregoing provisions of this paragraph (b) shall have applied.

For the purpose hereof, **Reference Bank** means each of BNP Paribas, Crédit Agricole CIB, HSBC and Natixis.

**LISTING AND ADMISSION TO TRADING APPLICATION**

Application has been made to the *Autorité des Marchés Financiers* for approval of these Final Terms and for the purpose of listing the Notes under these Final Terms on the Paris Stock Exchange (Euronext Paris).

**RESPONSIBILITY**

To our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Final Terms is in accordance with the facts and contains no omission likely to affect its import. For this purpose, the Management Company has provided the *Autorité des Marchés Financiers* with the rating document complying with the provisions of article L. 214-44 of the French Monetary and Financial Code as prepared by each Rating Agency.

In Paris, on 20 April 2011

Paris Titrisation  
as Management Company  
17, cours Valmy  
92972 Paris La Défense  
France

By: *Barrine WANE SYLLA*



Société Générale  
as Custodian  
29, boulevard Haussmann  
75009 Paris  
France

By: *Xavier Dequival*



**FINAL TERMS**

**Final Terms dated 20 April 2011**

**FCT RED & BLACK - GUARANTEED HOME LOANS**

**Notes issue of € 2,000,000,000**

**under the € 25,000,000,000 Notes Programme**

**Issue Price: 100 per cent.**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 April 2011 which received visa FCT no. 11-04 from the *Autorité des marchés financiers* on 20 April 2011 and which constitutes a base prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the *Prospectus Directive*).

This document constitutes the Final Terms of the 11<sup>th</sup> Series of Notes issued under the Programme and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of Euronext Paris ([www.euronext.com](http://www.euronext.com)) and during normal business hours at the registered office of the Management Company and at the specified office of the Paying Agent where copies may be obtained.

**FINAL TERMS**

1.	<b>Issuer:</b>	FCT Red & Black - Guaranteed Home Loans
2.	<b>Series Number:</b>	11
3.	<b>Issue Date:</b>	26 April 2011
4.	<b>Aggregate nominal amount of Notes issued:</b>	EUR 2,000,000,000
5.	<b>Final Maturity Date:</b>	26 April 2017
6.	<b>Relevant Margin:</b>	0.82 per cent.
7.	<b>ISIN:</b>	FR0011037209
8.	<b>Common Code:</b>	061819100
9.	<b>Business Day:</b>	A day, other than a Saturday or Sunday, on which banks are open to the public for general business to the public in Paris and on which Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or any successor thereto) is open for business

**10. Notes Payment Date:**

The 26<sup>th</sup> day of April, July, October and January in each year. If any Notes Payment Date falls on a day which is not a Business Day, such Notes Payment Date shall be postponed to the next day which is a Business Day, provided that in case an Issuer Enforcement Notice (as defined below) by a Representative, payments of principal and interest under the Notes may fall on a date which is not a scheduled Notes Payment Date.

**11. Rate of interest**

The interest rate payable in respect of the Notes of a given Series in respect of each Notes Interest Period relating thereto (the *Rate of Interest*) will be determined by the Issuer Calculation Agent two (2) Business Days before the relevant Notes Interest Period in accordance with the relevant terms and conditions of the Notes as the rate per annum equal to the aggregate of (i) EURIBOR for 3 month Euro deposits (or, if the length of the first Notes Interest Period (the *Length*) is not equal to 3 months, the EURIBOR applicable on a period of that Length; provided in addition that if that Length does not correspond to an exact number of months or to 1 week, the EURIBOR for such period will be determined through the use of straight-line interpolation by reference to two EURIBOR rates for EUR, one of which shall be determined as if the Length were the period of time for which rates are available next shorter than the Length and the other of which shall be determined as if the Length were the period of time for which rates are available next longer than the Length) and (ii) the Relevant Margin.).

There shall be no minimum or maximum interest rate for the Notes.

For the purpose hereof *EURIBOR* means, in respect of a given period:

- (a) the European Interbank Offered Rate, ie the Euro-zone interbank rate applicable in the Euro-zone calculated by reference to the interbank rates provided by the credit institutions appointed for this purpose by the Banking Federation of the European Union.

The EURIBOR rate for deposits over a given period is published on Reuters Screen EURIBOR01 Page (or such other page as may replace Reuters Screen EURIBOR01 Page on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such equivalent service) as of 11:00 a.m. (Paris time). The EURIBOR rate applicable to a period starting on a given date is determined two (2) Target Business Days prior to that date (a **Determination Date**); or

- (b) if, on any Determination Date, the rate referred to in paragraph (a) above is unavailable at such time on such date, the Lender will request the principal Paris office of each of the Reference Banks, to provide it with their quoted rates to premium banks in the Euro-zone interbank market for euro deposits over the relevant period in the Euro-zone at or about 11.00 a.m. (Paris time) in each case on the relevant Determination Date. The relevant EURIBOR shall be determined on the basis of the offered quotations of those Reference Banks. If, on any such Determination Date, at least two of the Reference Banks provide such offered quotations to the Lender, the relevant EURIBOR for the relevant period shall be the arithmetic means of such quotations.

If, on any such Determination Date, one only or none of the Reference Banks provides the Lender with such an offered quotation, the Lender shall ask two banks (or, where one only of the Reference Banks provides such a quotation, one additional bank) to provide such a quotation or quotations to the Lender and the relevant EURIBOR for the relevant period shall be the arithmetic means of such offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the relevant EURIBOR for the relevant period shall be the relevant EURIBOR in effect for the last preceding period to which paragraph (a) or the foregoing provisions of this paragraph (b) shall have applied.

For the purpose hereof, **Reference Bank** means each of BNP Paribas, Crédit Agricole CIB, HSBC and Natixis.

**LISTING AND ADMISSION TO TRADING APPLICATION**

Application has been made to the *Autorité des Marchés Financiers* for approval of these Final Terms and for the purpose of listing the Notes under these Final Terms on the Paris Stock Exchange (Euronext Paris).

**RESPONSIBILITY**

To our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Final Terms is in accordance with the facts and contains no omission likely to affect its import. For this purpose, the Management Company has provided the *Autorité des Marchés Financiers* with the rating document complying with the provisions of article L. 214-44 of the French Monetary and Financial Code as prepared by each Rating Agency.

In Paris, on 20 April 2011

**Paris Titrisation**  
as Management Company  
17, cours Valmy  
92972 Paris La Défense  
France

By: *Zoumana WANE SYLLA*



**Société Générale**  
as Custodian  
29, boulevard Haussmann  
75009 Paris  
France

By: *Xavier Desjardins*



**FINAL TERMS**

**Final Terms dated 20 April 2011**

**FCT RED & BLACK - GUARANTEED HOME LOANS**

**Notes issue of € 2,000,000,000**

**under the € 25,000,000,000 Notes Programme**

**Issue Price: 100 per cent.**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 April 2011 which received visa FCT no. 11-04 from the *Autorité des marchés financiers* on 20 April 2011 and which constitutes a base prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the *Prospectus Directive*).

This document constitutes the Final Terms of the 12<sup>nd</sup> Series of Notes issued under the Programme and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of Euronext Paris ([www.euronext.com](http://www.euronext.com)) and during normal business hours at the registered office of the Management Company and at the specified office of the Paying Agent where copies may be obtained.

**FINAL TERMS**

1.	<b>Issuer:</b>	FCT Red & Black - Guaranteed Home Loans
2.	<b>Series Number:</b>	12
3.	<b>Issue Date:</b>	26 April 2011
4.	<b>Aggregate nominal amount of Notes issued:</b>	EUR 2,000,000,000
5.	<b>Final Maturity Date:</b>	26 April 2018
6.	<b>Relevant Margin:</b>	0.88 per cent.
7.	<b>ISIN:</b>	FR0011037217
8.	<b>Common Code:</b>	061819649
9.	<b>Business Day:</b>	A day, other than a Saturday or Sunday, on which banks are open to the public for general business to the public in Paris and on which Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or any successor thereto) is open for business

10. **Notes Payment Date:**

The 26<sup>th</sup> day of April, July, October and January in each year. If any Notes Payment Date falls on a day which is not a Business Day, such Notes Payment Date shall be postponed to the next day which is a Business Day, provided that in case an Issuer Enforcement Notice (as defined below) by a Representative, payments of principal and interest under the Notes may fall on a date which is not a scheduled Notes Payment Date.

11. **Rate of interest**

The interest rate payable in respect of the Notes of a given Series in respect of each Notes Interest Period relating thereto (the *Rate of Interest*) will be determined by the Issuer Calculation Agent two (2) Business Days before the relevant Notes Interest Period in accordance with the relevant terms and conditions of the Notes as the rate per annum equal to the aggregate of (i) EURIBOR for 3 month Euro deposits (or, if the length of the first Notes Interest Period (the *Length*) is not equal to 3 months, the EURIBOR applicable on a period of that Length; provided in addition that if that Length does not correspond to an exact number of months or to 1 week, the EURIBOR for such period will be determined through the use of straight-line interpolation by reference to two EURIBOR rates for EUR, one of which shall be determined as if the Length were the period of time for which rates are available next shorter than the Length and the other of which shall be determined as if the Length were the period of time for which rates are available next longer than the Length) and (ii) the Relevant Margin.).

There shall be no minimum or maximum interest rate for the Notes.

For the purpose hereof *EURIBOR* means, in respect of a given period:

- (a) the European Interbank Offered Rate, ie the Euro-zone interbank rate applicable in the Euro-zone calculated by reference to the interbank rates provided by the credit institutions appointed for this purpose by the Banking Federation of the European Union.



The EURIBOR rate for deposits over a given period is published on Reuters Screen EURIBOR01 Page (or such other page as may replace Reuters Screen EURIBOR01 Page on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such equivalent service) as of 11:00 a.m. (Paris time). The EURIBOR rate applicable to a period starting on a given date is determined two (2) Target Business Days prior to that date (a **Determination Date**); or

- (b) if, on any Determination Date, the rate referred to in paragraph (a) above is unavailable at such time on such date, the Lender will request the principal Paris office of each of the Reference Banks, to provide it with their quoted rates to premium banks in the Euro-zone interbank market for euro deposits over the relevant period in the Euro-zone at or about 11.00 a.m. (Paris time) in each case on the relevant Determination Date. The relevant EURIBOR shall be determined on the basis of the offered quotations of those Reference Banks. If, on any such Determination Date, at least two of the Reference Banks provide such offered quotations to the Lender, the relevant EURIBOR for the relevant period shall be the arithmetic means of such quotations.

If, on any such Determination Date, one only or none of the Reference Banks provides the Lender with such an offered quotation, the Lender shall ask two banks (or, where one only of the Reference Banks provides such a quotation, one additional bank) to provide such a quotation or quotations to the Lender and the relevant EURIBOR for the relevant period shall be the arithmetic means of such offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the relevant EURIBOR for the relevant period shall be the relevant EURIBOR in effect for the last preceding period to which paragraph (a) or the foregoing provisions of this paragraph (b) shall have applied.

For the purpose hereof, **Reference Bank** means each of BNP Paribas, Crédit Agricole CIB, HSBC and Natixis.

**LISTING AND ADMISSION TO TRADING APPLICATION**

Application has been made to the *Autorité des Marchés Financiers* for approval of these Final Terms and for the purpose of listing the Notes under these Final Terms on the Paris Stock Exchange (Euronext Paris).

**RESPONSIBILITY**

To our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Final Terms is in accordance with the facts and contains no omission likely to affect its import. For this purpose, the Management Company has provided the *Autorité des Marchés Financiers* with the rating document complying with the provisions of article L. 214-44 of the French Monetary and Financial Code as prepared by each Rating Agency.

In Paris, on 20 April 2011

**Paris Titrisation**  
as Management Company  
17, cours Valmy  
92972 Paris La Défense  
France

By: *Bartine WANE SYLLA*



**Société Générale**  
as Custodian  
29, boulevard Haussmann  
75009 Paris  
France

By: *Xavier DERVIER*



**FINAL TERMS**

**Final Terms dated 20 April 2011**

**FCT RED & BLACK - GUARANTEED HOME LOANS**

**Notes issue of € 2,000,000,000**

**under the € 25,000,000,000 Notes Programme**

**Issue Price: 100 per cent.**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 April 2011 which received visa FCT no. 11-04 from the *Autorité des marchés financiers* on 20 April 2011 and which constitutes a base prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the *Prospectus Directive*).

This document constitutes the Final Terms of the 13<sup>th</sup> Series of Notes issued under the Programme and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of Euronext Paris ([www.euronext.com](http://www.euronext.com)) and during normal business hours at the registered office of the Management Company and at the specified office of the Paying Agent where copies may be obtained.

**FINAL TERMS**

1.	<b>Issuer:</b>	FCT Red & Black - Guaranteed Home Loans
2.	<b>Series Number:</b>	13
3.	<b>Issue Date:</b>	26 April 2011
4.	<b>Aggregate nominal amount of Notes issued:</b>	EUR 2,000,000,000
5.	<b>Final Maturity Date:</b>	26 April 2019
6.	<b>Relevant Margin:</b>	0.89 per cent.
7.	<b>ISIN:</b>	FR0011037225
8.	<b>Common Code:</b>	061820094
9.	<b>Business Day:</b>	A day, other than a Saturday or Sunday, on which banks are open to the public for general business to the public in Paris and on which Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or any successor thereto) is open for business

**10. Notes Payment Date:**

The 26<sup>th</sup> day of April, July, October and January in each year. If any Notes Payment Date falls on a day which is not a Business Day, such Notes Payment Date shall be postponed to the next day which is a Business Day, provided that in case an Issuer Enforcement Notice (as defined below) by a Representative, payments of principal and interest under the Notes may fall on a date which is not a scheduled Notes Payment Date.

**11. Rate of interest**

The interest rate payable in respect of the Notes of a given Series in respect of each Notes Interest Period relating thereto (the *Rate of Interest*) will be determined by the Issuer Calculation Agent two (2) Business Days before the relevant Notes Interest Period in accordance with the relevant terms and conditions of the Notes as the rate per annum equal to the aggregate of (i) EURIBOR for 3 month Euro deposits (or, if the length of the first Notes Interest Period (the *Length*) is not equal to 3 months, the EURIBOR applicable on a period of that Length; provided in addition that if that Length does not correspond to an exact number of months or to 1 week, the EURIBOR for such period will be determined through the use of straight-line interpolation by reference to two EURIBOR rates for EUR, one of which shall be determined as if the Length were the period of time for which rates are available next shorter than the Length and the other of which shall be determined as if the Length were the period of time for which rates are available next longer than the Length) and (ii) the Relevant Margin.).

There shall be no minimum or maximum interest rate for the Notes.

For the purpose hereof *EURIBOR* means, in respect of a given period:

- (a) the European Interbank Offered Rate, ie the Euro-zone interbank rate applicable in the Euro-zone calculated by reference to the interbank rates provided by the credit institutions appointed for this purpose by the Banking Federation of the European Union.

The EURIBOR rate for deposits over a given period is published on Reuters Screen EURIBOR01 Page (or such other page as may replace Reuters Screen EURIBOR01 Page on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such equivalent service) as of 11:00 a.m. (Paris time). The EURIBOR rate applicable to a period starting on a given date is determined two (2) Target Business Days prior to that date (a **Determination Date**); or

- (b) if, on any Determination Date, the rate referred to in paragraph (a) above is unavailable at such time on such date, the Lender will request the principal Paris office of each of the Reference Banks, to provide it with their quoted rates to premium banks in the Euro-zone interbank market for euro deposits over the relevant period in the Euro-zone at or about 11.00 a.m. (Paris time) in each case on the relevant Determination Date. The relevant EURIBOR shall be determined on the basis of the offered quotations of those Reference Banks. If, on any such Determination Date, at least two of the Reference Banks provide such offered quotations to the Lender, the relevant EURIBOR for the relevant period shall be the arithmetic means of such quotations.

If, on any such Determination Date, one only or none of the Reference Banks provides the Lender with such an offered quotation, the Lender shall ask two banks (or, where one only of the Reference Banks provides such a quotation, one additional bank) to provide such a quotation or quotations to the Lender and the relevant EURIBOR for the relevant period shall be the arithmetic means of such offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the relevant EURIBOR for the relevant period shall be the relevant EURIBOR in effect for the last preceding period to which paragraph (a) or the foregoing provisions of this paragraph (b) shall have applied.

For the purpose hereof, **Reference Bank** means each of BNP Paribas, Crédit Agricole CIB, HSBC and Natixis.

**LISTING AND ADMISSION TO TRADING APPLICATION**

Application has been made to the *Autorité des Marchés Financiers* for approval of these Final Terms and for the purpose of listing the Notes under these Final Terms on the Paris Stock Exchange (Euronext Paris).

**RESPONSIBILITY**

To our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Final Terms is in accordance with the facts and contains no omission likely to affect its import. For this purpose, the Management Company has provided the *Autorité des Marchés Financiers* with the rating document complying with the provisions of article L. 214-44 of the French Monetary and Financial Code as prepared by each Rating Agency.

In Paris, on 20 April 2011

**Paris Titrisation**  
as Management Company  
17, cours Valmy  
92972 Paris La Défense  
France

By: *Bastine WANE SYLLA*



**Société Générale**  
as Custodian  
29, boulevard Haussmann  
75009 Paris  
France

By: *Xavier DEROUICQ*



## FINAL TERMS

Final Terms dated 20 April 2011

### FCT RED & BLACK - GUARANTEED HOME LOANS

Notes issue of € 2,000,000,000

under the € 25,000,000,000 Notes Programme

Issue Price: 100 per cent.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 April 2011 which received visa FCT no. 11-04 from the *Autorité des marchés financiers* on 20 April 2011 and which constitutes a base prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the *Prospectus Directive*).

This document constitutes the Final Terms of the 14<sup>th</sup> Series of Notes issued under the Programme and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of Euronext Paris ([www.euronext.com](http://www.euronext.com)) and during normal business hours at the registered office of the Management Company and at the specified office of the Paying Agent where copies may be obtained.

#### FINAL TERMS

1.	<b>Issuer:</b>	FCT Red & Black - Guaranteed Home Loans
2.	<b>Series Number:</b>	14
3.	<b>Issue Date:</b>	26 April 2011
4.	<b>Aggregate nominal amount of Notes issued:</b>	EUR 2,000,000,000
5.	<b>Final Maturity Date:</b>	27 April 2020
6.	<b>Relevant Margin:</b>	0.91 per cent.
7.	<b>ISIN:</b>	FR0011037233
8.	<b>Common Code:</b>	061820981
9.	<b>Business Day:</b>	A day, other than a Saturday or Sunday, on which banks are open to the public for general business to the public in Paris and on which Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or any successor thereto) is open for business

**10. Notes Payment Date:**

The 26<sup>th</sup> day of April, July, October and January in each year. If any Notes Payment Date falls on a day which is not a Business Day, such Notes Payment Date shall be postponed to the next day which is a Business Day, provided that in case an Issuer Enforcement Notice (as defined below) by a Representative, payments of principal and interest under the Notes may fall on a date which is not a scheduled Notes Payment Date.

**11. Rate of interest**

The interest rate payable in respect of the Notes of a given Series in respect of each Notes Interest Period relating thereto (the *Rate of Interest*) will be determined by the Issuer Calculation Agent two (2) Business Days before the relevant Notes Interest Period in accordance with the relevant terms and conditions of the Notes as the rate per annum equal to the aggregate of (i) EURIBOR for 3 month Euro deposits (or, if the length of the first Notes Interest Period (the *Length*) is not equal to 3 months, the EURIBOR applicable on a period of that Length; provided in addition that if that Length does not correspond to an exact number of months or to 1 week, the EURIBOR for such period will be determined through the use of straight-line interpolation by reference to two EURIBOR rates for EUR, one of which shall be determined as if the Length were the period of time for which rates are available next shorter than the Length and the other of which shall be determined as if the Length were the period of time for which rates are available next longer than the Length) and (ii) the Relevant Margin.).

There shall be no minimum or maximum interest rate for the Notes.

For the purpose hereof *EURIBOR* means, in respect of a given period:

- (a) the European Interbank Offered Rate, ie the Euro-zone interbank rate applicable in the Euro-zone calculated by reference to the interbank rates provided by the credit institutions appointed for this purpose by the Banking Federation of the European Union.



The EURIBOR rate for deposits over a given period is published on Reuters Screen EURIBOR01 Page (or such other page as may replace Reuters Screen EURIBOR01 Page on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such equivalent service) as of 11:00 a.m. (Paris time). The EURIBOR rate applicable to a period starting on a given date is determined two (2) Target Business Days prior to that date (a **Determination Date**); or

- (b) if, on any Determination Date, the rate referred to in paragraph (a) above is unavailable at such time on such date, the Lender will request the principal Paris office of each of the Reference Banks, to provide it with their quoted rates to premium banks in the Euro-zone interbank market for euro deposits over the relevant period in the Euro-zone at or about 11.00 a.m. (Paris time) in each case on the relevant Determination Date. The relevant EURIBOR shall be determined on the basis of the offered quotations of those Reference Banks. If, on any such Determination Date, at least two of the Reference Banks provide such offered quotations to the Lender, the relevant EURIBOR for the relevant period shall be the arithmetic means of such quotations.

If, on any such Determination Date, one only or none of the Reference Banks provides the Lender with such an offered quotation, the Lender shall ask two banks (or, where one only of the Reference Banks provides such a quotation, one additional bank) to provide such a quotation or quotations to the Lender and the relevant EURIBOR for the relevant period shall be the arithmetic means of such offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the relevant EURIBOR for the relevant period shall be the relevant EURIBOR in effect for the last preceding period to which paragraph (a) or the foregoing provisions of this paragraph (b) shall have applied.

For the purpose hereof, **Reference Bank** means each of BNP Paribas, Crédit Agricole CIB, HSBC and Natixis.

**LISTING AND ADMISSION TO TRADING APPLICATION**

Application has been made to the *Autorité des Marchés Financiers* for approval of these Final Terms and for the purpose of listing the Notes under these Final Terms on the Paris Stock Exchange (Euronext Paris).

**RESPONSIBILITY**

To our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Final Terms is in accordance with the facts and contains no omission likely to affect its import. For this purpose, the Management Company has provided the *Autorité des Marchés Financiers* with the rating document complying with the provisions of article L. 214-44 of the French Monetary and Financial Code as prepared by each Rating Agency.

In Paris, on 20 April 2011

**Paris Titrisation**  
as Management Company  
17, cours Valmy  
92972 Paris La Défense  
France

By: ~~Bourine~~ WANE SYLLA



**Société Générale**  
as Custodian  
29, boulevard Haussmann  
75009 Paris  
France

By: Xavier DEQUICQ



**FINAL TERMS**

**Final Terms dated 20 April 2011**

**FCT RED & BLACK - GUARANTEED HOME LOANS**

**Notes issue of € 2,000,000,000**

**under the € 25,000,000,000 Notes Programme**

**Issue Price: 100 per cent.**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 April 2011 which received visa FCT no. 11-04 from the *Autorité des marchés financiers* on 20 April 2011 and which constitutes a base prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the *Prospectus Directive*).

This document constitutes the Final Terms of the 15<sup>th</sup> Series of Notes issued under the Programme and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of Euronext Paris ([www.euronext.com](http://www.euronext.com)) and during normal business hours at the registered office of the Management Company and at the specified office of the Paying Agent where copies may be obtained.

**FINAL TERMS**

1.	<b>Issuer:</b>	FCT Red & Black - Guaranteed Home Loans
2.	<b>Series Number:</b>	15
3.	<b>Issue Date:</b>	26 April 2011
4.	<b>Aggregate nominal amount of Notes issued:</b>	EUR 2,000,000,000
5.	<b>Final Maturity Date:</b>	26 April 2021
6.	<b>Relevant Margin:</b>	0.93 per cent.
7.	<b>ISIN:</b>	FR0011037241
8.	<b>Common Code:</b>	061821414
9.	<b>Business Day:</b>	A day, other than a Saturday or Sunday, on which banks are open to the public for general business to the public in Paris and on which Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or any successor thereto) is open for business

**10. Notes Payment Date:**

The 26<sup>th</sup> day of April, July, October and January in each year. If any Notes Payment Date falls on a day which is not a Business Day, such Notes Payment Date shall be postponed to the next day which is a Business Day, provided that in case an Issuer Enforcement Notice (as defined below) by a Representative, payments of principal and interest under the Notes may fall on a date which is not a scheduled Notes Payment Date.

**11. Rate of interest**

The interest rate payable in respect of the Notes of a given Series in respect of each Notes Interest Period relating thereto (the *Rate of Interest*) will be determined by the Issuer Calculation Agent two (2) Business Days before the relevant Notes Interest Period in accordance with the relevant terms and conditions of the Notes as the rate per annum equal to the aggregate of (i) EURIBOR for 3 month Euro deposits (or, if the length of the first Notes Interest Period (the *Length*) is not equal to 3 months, the EURIBOR applicable on a period of that Length; provided in addition that if that Length does not correspond to an exact number of months or to 1 week, the EURIBOR for such period will be determined through the use of straight-line interpolation by reference to two EURIBOR rates for EUR, one of which shall be determined as if the Length were the period of time for which rates are available next shorter than the Length and the other of which shall be determined as if the Length were the period of time for which rates are available next longer than the Length) and (ii) the Relevant Margin.).

There shall be no minimum or maximum interest rate for the Notes.

For the purpose hereof *EURIBOR* means, in respect of a given period:

- (a) the European Interbank Offered Rate, ie the Euro-zone interbank rate applicable in the Euro-zone calculated by reference to the interbank rates provided by the credit institutions appointed for this purpose by the Banking Federation of the European Union.

The EURIBOR rate for deposits over a given period is published on Reuters Screen EURIBOR01 Page (or such other page as may replace Reuters Screen EURIBOR01 Page on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such equivalent service) as of 11:00 a.m. (Paris time). The EURIBOR rate applicable to a period starting on a given date is determined two (2) Target Business Days prior to that date (a **Determination Date**); or

- (b) if, on any Determination Date, the rate referred to in paragraph (a) above is unavailable at such time on such date, the Lender will request the principal Paris office of each of the Reference Banks, to provide it with their quoted rates to premium banks in the Euro-zone interbank market for euro deposits over the relevant period in the Euro-zone at or about 11.00 a.m. (Paris time) in each case on the relevant Determination Date. The relevant EURIBOR shall be determined on the basis of the offered quotations of those Reference Banks. If, on any such Determination Date, at least two of the Reference Banks provide such offered quotations to the Lender, the relevant EURIBOR for the relevant period shall be the arithmetic means of such quotations.

If, on any such Determination Date, one only or none of the Reference Banks provides the Lender with such an offered quotation, the Lender shall ask two banks (or, where one only of the Reference Banks provides such a quotation, one additional bank) to provide such a quotation or quotations to the Lender and the relevant EURIBOR for the relevant period shall be the arithmetic means of such offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the relevant EURIBOR for the relevant period shall be the relevant EURIBOR in effect for the last preceding period to which paragraph (a) or the foregoing provisions of this paragraph (b) shall have applied.

For the purpose hereof, **Reference Bank** means each of BNP Paribas, Crédit Agricole CIB, HSBC and Natixis.

#### LISTING AND ADMISSION TO TRADING APPLICATION

Application has been made to the *Autorité des Marchés Financiers* for approval of these Final Terms and for the purpose of listing the Notes under these Final Terms on the Paris Stock Exchange (Euronext Paris).

#### RESPONSIBILITY

To our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Final Terms is in accordance with the facts and contains no omission likely to affect its import. For this purpose, the Management Company has provided the *Autorité des Marchés Financiers* with the rating document complying with the provisions of article L. 214-44 of the French Monetary and Financial Code as prepared by each Rating Agency.

In Paris, on 20 April 2011

**Paris Titrisation**  
as Management Company  
17, cours Valmy  
92972 Paris La Défense  
France

By: *Bathine WANE SYLLA*



**Société Générale**  
as Custodian  
29, boulevard Haussmann  
75009 Paris  
France

By: *Xavier DERVIER*



## FINAL TERMS

Final Terms dated 20 April 2011

### FCT RED & BLACK - GUARANTEED HOME LOANS

Notes issue of € 2,000,000,000

under the € 25,000,000,000 Notes Programme

Issue Price: 100 per cent.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 April 2011 which received visa FCT no. 11-04 from the *Autorité des marchés financiers* on 20 April 2011 and which constitutes a base prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the *Prospectus Directive*).

This document constitutes the Final Terms of the 16<sup>th</sup> Series of Notes issued under the Programme and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of Euronext Paris ([www.euronext.com](http://www.euronext.com)) and during normal business hours at the registered office of the Management Company and at the specified office of the Paying Agent where copies may be obtained.

#### FINAL TERMS

1.	<b>Issuer:</b>	FCT Red & Black - Guaranteed Home Loans
2.	<b>Series Number:</b>	16
3.	<b>Issue Date:</b>	26 April 2011
4.	<b>Aggregate nominal amount of Notes issued:</b>	EUR 2,000,000,000
5.	<b>Final Maturity Date:</b>	26 April 2023
6.	<b>Relevant Margin:</b>	0.95 per cent.
7.	<b>ISIN:</b>	FR0011037258
8.	<b>Common Code:</b>	061822267
9.	<b>Business Day:</b>	A day, other than a Saturday or Sunday, on which banks are open to the public for general business to the public in Paris and on which Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or any successor thereto) is open for business

10. **Notes Payment Date:**

The 26<sup>th</sup> day of April, July, October and January in each year. If any Notes Payment Date falls on a day which is not a Business Day, such Notes Payment Date shall be postponed to the next day which is a Business Day, provided that in case an Issuer Enforcement Notice (as defined below) by a Representative, payments of principal and interest under the Notes may fall on a date which is not a scheduled Notes Payment Date.

11. **Rate of interest**

The interest rate payable in respect of the Notes of a given Series in respect of each Notes Interest Period relating thereto (the *Rate of Interest*) will be determined by the Issuer Calculation Agent two (2) Business Days before the relevant Notes Interest Period in accordance with the relevant terms and conditions of the Notes as the rate per annum equal to the aggregate of (i) EURIBOR for 3 month Euro deposits (or, if the length of the first Notes Interest Period (the *Length*) is not equal to 3 months, the EURIBOR applicable on a period of that Length; provided in addition that if that Length does not correspond to an exact number of months or to 1 week, the EURIBOR for such period will be determined through the use of straight-line interpolation by reference to two EURIBOR rates for EUR, one of which shall be determined as if the Length were the period of time for which rates are available next shorter than the Length and the other of which shall be determined as if the Length were the period of time for which rates are available next longer than the Length) and (ii) the Relevant Margin.).

There shall be no minimum or maximum interest rate for the Notes.

For the purpose hereof *EURIBOR* means, in respect of a given period:

- (a) the European Interbank Offered Rate, ie the Euro-zone interbank rate applicable in the Euro-zone calculated by reference to the interbank rates provided by the credit institutions appointed for this purpose by the Banking Federation of the European Union.



The EURIBOR rate for deposits over a given period is published on Reuters Screen EURIBOR01 Page (or such other page as may replace Reuters Screen EURIBOR01 Page on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such equivalent service) as of 11:00 a.m. (Paris time). The EURIBOR rate applicable to a period starting on a given date is determined two (2) Target Business Days prior to that date (a **Determination Date**); or

- (b) if, on any Determination Date, the rate referred to in paragraph (a) above is unavailable at such time on such date, the Lender will request the principal Paris office of each of the Reference Banks, to provide it with their quoted rates to premium banks in the Euro-zone interbank market for euro deposits over the relevant period in the Euro-zone at or about 11.00 a.m. (Paris time) in each case on the relevant Determination Date. The relevant EURIBOR shall be determined on the basis of the offered quotations of those Reference Banks. If, on any such Determination Date, at least two of the Reference Banks provide such offered quotations to the Lender, the relevant EURIBOR for the relevant period shall be the arithmetic means of such quotations.

If, on any such Determination Date, one only or none of the Reference Banks provides the Lender with such an offered quotation, the Lender shall ask two banks (or, where one only of the Reference Banks provides such a quotation, one additional bank) to provide such a quotation or quotations to the Lender and the relevant EURIBOR for the relevant period shall be the arithmetic means of such offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the relevant EURIBOR for the relevant period shall be the relevant EURIBOR in effect for the last preceding period to which paragraph (a) or the foregoing provisions of this paragraph (b) shall have applied.

For the purpose hereof, **Reference Bank** means each of BNP Paribas, Crédit Agricole CIB, HSBC and Natixis.

#### LISTING AND ADMISSION TO TRADING APPLICATION

Application has been made to the *Autorité des Marchés Financiers* for approval of these Final Terms and for the purpose of listing the Notes under these Final Terms on the Paris Stock Exchange (Euronext Paris).

#### RESPONSIBILITY

To our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Final Terms is in accordance with the facts and contains no omission likely to affect its import. For this purpose, the Management Company has provided the *Autorité des Marchés Financiers* with the rating document complying with the provisions of article L. 214-44 of the French Monetary and Financial Code as prepared by each Rating Agency.

In Paris, on 20 April 2011

**Paris Titrisation**  
as Management Company  
17, cours Valmy  
92972 Paris La Défense  
France

By: *Basile WANE-SYLLA*



**Société Générale**  
as Custodian  
29, boulevard Haussmann  
75009 Paris  
France

By: *Xavier DEQUICK*



**FINAL TERMS**

**Final Terms dated 20 April 2011**

**FCT RED & BLACK - GUARANTEED HOME LOANS**

**Notes issue of € 1,000,000,000**

**under the € 25,000,000,000 Notes Programme**

**Issue Price: 100 per cent.**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 April 2011 which received visa FCT no. 11-04 from the *Autorité des marchés financiers* on 20 April 2011 and which constitutes a base prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the *Prospectus Directive*).

This document constitutes the Final Terms of the 17<sup>th</sup> Series of Notes issued under the Programme and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of Euronext Paris ([www.euronext.com](http://www.euronext.com)) and during normal business hours at the registered office of the Management Company and at the specified office of the Paying Agent where copies may be obtained.

**FINAL TERMS**

1.	<b>Issuer:</b>	FCT Red & Black - Guaranteed Home Loans
2.	<b>Series Number:</b>	17
3.	<b>Issue Date:</b>	26 April 2011
4.	<b>Aggregate nominal amount of Notes issued:</b>	EUR 1,000,000,000
5.	<b>Final Maturity Date:</b>	27 April 2026
6.	<b>Relevant Margin:</b>	1.00 per cent.
7.	<b>ISIN:</b>	FR0011037266
8.	<b>Common Code:</b>	061824073
9.	<b>Business Day:</b>	A day, other than a Saturday or Sunday, on which banks are open to the public for general business to the public in Paris and on which Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System (or any successor thereto) is open for business

**10. Notes Payment Date:**

The 26<sup>th</sup> day of April, July, October and January in each year. If any Notes Payment Date falls on a day which is not a Business Day, such Notes Payment Date shall be postponed to the next day which is a Business Day, provided that in case an Issuer Enforcement Notice (as defined below) by a Representative, payments of principal and interest under the Notes may fall on a date which is not a scheduled Notes Payment Date.

**11. Rate of interest**

The interest rate payable in respect of the Notes of a given Series in respect of each Notes Interest Period relating thereto (the *Rate of Interest*) will be determined by the Issuer Calculation Agent two (2) Business Days before the relevant Notes Interest Period in accordance with the relevant terms and conditions of the Notes as the rate per annum equal to the aggregate of (i) EURIBOR for 3 month Euro deposits (or, if the length of the first Notes Interest Period (the *Length*) is not equal to 3 months, the EURIBOR applicable on a period of that Length; provided in addition that if that Length does not correspond to an exact number of months or to 1 week, the EURIBOR for such period will be determined through the use of straight-line interpolation by reference to two EURIBOR rates for EUR, one of which shall be determined as if the Length were the period of time for which rates are available next shorter than the Length and the other of which shall be determined as if the Length were the period of time for which rates are available next longer than the Length) and (ii) the Relevant Margin.).

There shall be no minimum or maximum interest rate for the Notes.

For the purpose hereof *EURIBOR* means, in respect of a given period:

- (a) the European Interbank Offered Rate, ie the Euro-zone interbank rate applicable in the Euro-zone calculated by reference to the interbank rates provided by the credit institutions appointed for this purpose by the Banking Federation of the European Union.

The EURIBOR rate for deposits over a given period is published on Reuters Screen EURIBOR01 Page (or such other page as may replace Reuters Screen EURIBOR01 Page on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such equivalent service) as of 11:00 a.m. (Paris time). The EURIBOR rate applicable to a period starting on a given date is determined two (2) Target Business Days prior to that date (a *Determination Date*); or

- (b) if, on any Determination Date, the rate referred to in paragraph (a) above is unavailable at such time on such date, the Lender will request the principal Paris office of each of the Reference Banks, to provide it with their quoted rates to premium banks in the Euro-zone interbank market for euro deposits over the relevant period in the Euro-zone at or about 11.00 a.m. (Paris time) in each case on the relevant Determination Date. The relevant EURIBOR shall be determined on the basis of the offered quotations of those Reference Banks. If, on any such Determination Date, at least two of the Reference Banks provide such offered quotations to the Lender, the relevant EURIBOR for the relevant period shall be the arithmetic means of such quotations.

If, on any such Determination Date, one only or none of the Reference Banks provides the Lender with such an offered quotation, the Lender shall ask two banks (or, where one only of the Reference Banks provides such a quotation, one additional bank) to provide such a quotation or quotations to the Lender and the relevant EURIBOR for the relevant period shall be the arithmetic means of such offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the relevant EURIBOR for the relevant period shall be the relevant EURIBOR in effect for the last preceding period to which paragraph (a) or the foregoing provisions of this paragraph (b) shall have applied.

For the purpose hereof, *Reference Bank* means each of BNP Paribas, Crédit Agricole CIB, HSBC and Natixis.

**LISTING AND ADMISSION TO TRADING APPLICATION**

Application has been made to the *Autorité des Marchés Financiers* for approval of these Final Terms and for the purpose of listing the Notes under these Final Terms on the Paris Stock Exchange (Euronext Paris).

**RESPONSIBILITY**

To our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Final Terms is in accordance with the facts and contains no omission likely to affect its import. For this purpose, the Management Company has provided the *Autorité des Marchés Financiers* with the rating document complying with the provisions of article L. 214-44 of the French Monetary and Financial Code as prepared by each Rating Agency.

In Paris, on 20 April 2011

**Paris Titrisation**  
as Management Company  
17, cours Valmy  
92972 Paris La Défense  
France

By: **Bastine WANE SYLLA**



**Société Générale**  
as Custodian  
29, boulevard Haussmann  
75009 Paris  
France

By: **Xavier DEQUICK**



**ISSUER**

**FCT RED & BLACK - GUARANTEED HOME LOANS**

**Management Company**

Paris Titrisation  
17, Cours Valmy  
92972 Paris La Défense  
France

**Custodian**

Société Générale  
29, boulevard Haussmann  
75009 Paris  
France

**Statutory auditor to the Issuer**

Ernst & Young  
41, rue de Ybry  
92200 Neuilly-sur-Seine  
France

**Issuer Verification Agent**

Cailliau Dedouit et Associés  
19, rue Clément Marot  
75008 Paris  
France

**Issuer Account Bank**

Société Générale  
29, boulevard Haussmann  
75009 Paris  
France

**Issuer Cash Manager**

Société Générale  
29, boulevard Haussmann  
75009 Paris  
France

**Issuer Calculation Agent**

Société Générale  
29, boulevard Haussmann  
75009 Paris  
France

**Paying Agent**

Société Générale  
29, boulevard Haussmann  
75009 Paris  
France

**Lead Manager**

Société Générale  
29, boulevard Haussmann  
75009 Paris  
France

**Legal Advisers to the Issuer and Lead Manager**

Freshfields Bruckhaus Deringer LLP  
2-4, rue Paul Cézanne  
Paris 75008  
France