

## DEFINITIONS

### **Accelerated Loan:**

means a Loan which has been declared in default by the Servicer or, where applicable, the Replacement Servicer, and advised as such to the Borrower.

### **Accelerated Redemption:**

means the procedure for accelerated redemption of Class A1,  $\alpha$ 1, A2 and  $\alpha$ 2 Units in the event that one of the cases of accelerated redemption mentioned in the paragraph headed *Redemption of the Units and Interest Payments* in the Information Memorandum and the Fund Regulations should occur.

### **Acceleration:**

means, with respect to a Loan, the fact that the Servicer has declared the Loan in default; the amount in default shall be the Principal Amount Outstanding in respect of the Loan at the time of Acceleration.

### **Act:**

means Act No. 88-1201 of 23 December 1988 as amended.

### **Amended Normal Redemption:**

means, under the Normal Redemption procedure, the procedure for reallocating cash-flows in favour of the holders of Class A1,  $\alpha$ 1, A2 and  $\alpha$ 2 Units in the event that one of the cases mentioned in the paragraph headed *Amendment of the Basis of Redemption* in the Information Memorandum and the Fund Regulations should occur.

### **Bad Debt:**

means, in respect of all or part of an Unpaid Loan or an Accelerated Loan, the fact that the Servicer considers that the cost of legal proceedings to recover such a Loan would be greater than the amount which is likely to be recovered and that it is therefore inappropriate to pursue the recovery procedures;  
the amount of a Bad Debt is the amount outstanding in principal and/or interest in respect of which the recovery procedures have been abandoned

### **Basic Commissions:**

means the following commissions payable by the Fund:

- the Servicer's commission, payable quarterly throughout the life of the Fund;

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- the Management Company's commission, including the Statutory Auditor's fee, payable quarterly throughout the life of the Fund;
- the Custodian's commission, payable quarterly throughout the life of the Fund.

**Basis of Redemption of Priority Units:**

means, under the Normal Redemption procedure, for each Reference Quarter until the Priority Units have been redeemed in full, an amount equal to the sum of the Monthly Basis of Redemption of Priority Units for each Reference Month constituting such Reference Quarter up to the limit of the Principal Amount Outstanding in respect of the Priority Units on expiry of the Payment Date relating to the preceding Reference Quarter;

in the event of Amended Normal Redemption, the amount of the Basis of Redemption of Priority Units is amended under the conditions set forth in the paragraph headed *Amendment of the Basis of Redemption* in the Information Memorandum and the Fund Regulations.

**Basis of Redemption of Subordinate Units:**

means, under the Normal Redemption procedure, for each Reference Quarter until the Subordinate Units have been redeemed in full, an amount equal to the sum of the Monthly Basis of Redemption of Subordinate Units for each Reference Month constituting such Reference Quarter up to the limit of the Principal Amount Outstanding in respect of the Subordinate Units on expiry of the Payment Date relating to the preceding Reference Quarter;

in the event of Amended Normal Redemption, the amount of the Basis of Redemption of Class B Units is amended under the conditions set forth in the paragraph headed *Amendment of the Basis of Redemption* in the Information Memorandum and the Fund Regulations.

**Borrower:**

means the Borrower or joint and several Borrowers of one or more Loans, together with any joint and several obligors.

**Borrower Account:**

means the account opened in a Borrower's name with the Crédit Lyonnais or any other credit institution or similar institution from which Crédit Lyonnais is authorised directly to debit the monthly instalments payable in respect of the Borrower's Loan.

**Business Day:**

means a day from Monday to Friday on which banks are open to settle interbank payments and determine market reference rates in Paris.

**Cash Collateral:**

means the cash collateral constituted by the Originator in the Fund's favour, initially being the sum of FRF 50,000,000 credited to the Cash Collateral Account on the Fund Creation Date, and subsequently increased at each Remittance Date under the conditions set forth in the Information Memorandum and the Fund Regulations; additional contributions may also be made by the Originator during the life of the Fund under the conditions set forth in the Information Memorandum and the Fund Regulations.

**Cash Collateral Account:**

means the account opened in the Fund's name by the Custodian with the Retail Bank for the purpose of holding the Cash Collateral.

**Cash Collateral Amount:**

means, at any time during the life of the Fund, an amount equal to:

- the amount of the Cash Collateral initially provided by the Originator at the Fund Creation Date and increased at each Remittance Date as set forth in the paragraph headed *Cash Collateral* in the Information Memorandum and the Fund Regulations,
- plus any additional contributions made by the Originator during the life of the Fund as set forth in the paragraph headed *Cash Collateral* in the Information Memorandum and the Fund Regulations.

**Closing Date:**

means, with respect to a calendar month during the life of the Fund, the last calendar day of that month.

**Commission Arrears:**

means, at a given Remittance Date and where applicable, the amount at that date under the conditions set forth in the paragraph headed *Redemption of the Units and Interest Payments* in the Information Memorandum and the Fund Regulations, equal to the positive difference, if any, between:

- the amount of Basic Commissions payable from the Fund Creation Date until the abovementioned Remittance Date, inclusive, in accordance with the provisions of the Information Memorandum and the Fund Regulations, and
- the amount of Basic Commissions actually paid to the beneficiaries thereof during the same period.

**Counterparty:**

means Crédit Lyonnais New York Branch acting under the Crédit Lyonnais Derivatives Program.

**Coupon:**

means, for one or more classes of Units and at a given Payment Date, the amount in interest payable at that date in respect of such class of Units, in accordance with the provisions of the Information Memorandum and the Fund Regulations;

according to the class or classes of Units concerned, reference is made to the A1 Coupon,  $\alpha$ 1 Coupon, A2 Coupon,  $\alpha$ 2 Coupon, B Coupon,  $\beta$  Coupon and Residual Coupon.

**Coupon Arrears:**

means, for a given class of A1,  $\alpha$ 1, A2,  $\alpha$ 2, B or  $\beta$  Units, at a given Payment Date and where applicable, the amount at the Remittance Date falling one Business Day before that date, under the conditions set forth in the paragraph headed *Redemption of the Units and Interest Payments* in the Information Memorandum and the Fund Regulations, equal to the positive difference, if any, between:

- the amount in interest payable in respect of the class of Units concerned from the Fund Creation Date until the abovementioned date, inclusive, in accordance with the rules for the remuneration of the Units set forth in the Information Memorandum and the Fund Regulations, and
- the amount in interest actually paid to the holders of Units in that class during the same period.

**Credit Rating:**

means, at any given moment and for a given class of Units, the rating granted to such class of Unit by a Rating Agency.

**Custodian:**

means Crédit Lyonnais, in its capacity as the credit institution acting as the Custodian for the Fund's assets.

**Decree:**

means Decree No. 89-158 of 9 March 1989 as amended.

**Definitions:**

means the definitions contained herein.

**Final Unit Redemption Date:**

means 25 June 2021, the date on which all classes of Units must be redeemed in full; if the Fund sells Loans still forming part of its assets under the provisions of the paragraph headed *Terms of Dissolution and Liquidation of the Fund* in the Information Memorandum and the Fund Regulations, the Final Unit Redemption Date shall be brought forward to the Payment Date relating to the Reference Quarter in which the sale takes place.

**Fixed Payments:**

means, at a given Payment Date, the fixed amounts of interest payable by the Fund at that date under the Interest Rate Swap Agreements.

**Floating Payments:**

means, at a given Payment Date, the floating amounts of interest payable by the Fund at that date under the Interest Rate Swap Agreements.

**Founders:**

means the Management Company and the Custodian.

**FRF:**

means the currency which is currently legal tender in Metropolitan France, or its legal equivalent in any other currency which might subsequently replace it.

**Frozen Margin Account:**

means the account opened in the Fund's name by the Custodian with the Retail Bank for the purpose of holding the Frozen Margin, under the conditions set forth in the Information Memorandum and the Fund Regulations.

**Fund:**

means the debt mutual fund TITRILOG 11-98.

**Fund Creation Date:**

means 2 December 1998.

**Fund Regulations:**

means the Fund Regulations, prepared by the Founders in accordance with the Law and in particular with Article 40 V thereof.

**General Account:**

means the account opened in the Fund's name by the Custodian with the Settlement Bank.

**Gross Loss Ratio:**

means, at a given Payment Date, the ratio on the Closing Date of the third month of the Reference Quarter between:

- the Principal Amount Outstanding in respect of Accelerated Loans declared since the beginning of the Fund's life at the Acceleration date of each such Loan, and
- the Principal Amount Outstanding in respect of the Loans at the Fund Creation Date.

**Incidentals:**

means any sum due by a Borrower in respect of a Loan, other than sums due in principal and interest, including the following:

- penalty interest;
- other penalties of any kind;
- costs and disbursements of any kind.

Incidentals shall be retained by Crédit Lyonnais as additional remuneration in its capacity as the Servicer, subject, for each Loan concerned, to the payment of all sums in principal and interest due and payable to the Fund in respect of the Loan.

**Information Memorandum:**

means the information memorandum relating to the Fund, prepared by the Founders in accordance with Article 37, Paragraph 3 of the Act, Article 18 of COB Regulation No. 94-01 relating to debt mutual funds and the COB instruction of 1 July 1994 implementing the said regulation, and approved by the Stock Exchange Operations Commission (*Commission des Opérations de Bourse*) on 10 November 1998.

**Interest Period:**

means one of the Interest Periods which serves as a basis for calculating the interest due to the Units holders on the Payment Date relating to that Interest Period;  
the first Interest Period shall commence on the Fund Creation Date, inclusive, and end on the first Payment Date, exclusive; each subsequent Interest Period shall commence on the preceding Payment Date, inclusive, and end on the following Payment Date, exclusive.

**Interest Rate Swap:**

means one of the six interest rate swap agreements governed by the AFB Master Swap Agreement, entered into between the Management Company, on behalf of the Fund, and Crédit Lyonnais New York Branch acting under the Credit Lyonnais Derivatives Program.

**Lead Manager:**

means Crédit Lyonnais, in its capacity as the credit institution which underwrites the issue and heads the placement syndicate for the Class A1 and Class A2 Units.

**Loan:**

means any one of the loans acquired by the Fund from the Originator.

**Loan Assignment and Management Agreement:**

means the agreement entered into between the Founders, the Originator/Servicer and Replacement Servicer, which contains the terms and conditions governing the Fund's acquisition of the Loans from the Originator and the management and collection of sums due thereunder by the Servicer and, where applicable, the Replacement Servicer.

**Management Company:**

means ABC Gestion, in its capacity as the institution responsible for managing the Fund.

**Monthly Basis of Redemption of Priority Units:**

means, under the Normal Redemption procedure, for each Reference Month until the Priority Units have been redeemed in full, an amount equal to:

- (i) the product:
  - of the Priority Ratio applicable to the Reference Month concerned;
  - of the sum:
    - . of the amount in principal expected during the Reference Month concerned in respect of the Outstanding Loans at the Closing Date of the Reference Month concerned, and
    - . the Principal Amount Outstanding at the Closing Date of the Reference Month concerned of Loans accelerated during such Reference Month;
- (ii) plus the amount of principal prepaid in respect of the Outstanding Loans during the Reference Month concerned.

**Monthly Basis of Redemption of Subordinate Units:**

means, under the Normal Redemption procedure, for each Reference Month until the Priority Units have been redeemed in full, an amount equal to the product:

- of the Subordinate Ratio applicable to the Reference Month concerned;
- of the sum:
  - . of the amount in principal expected during the Reference Month concerned in respect of the Outstanding Loans at the Closing Date of the Reference Month concerned, and
  - . the Principal Amount Outstanding at the Closing Date of the Reference Month concerned of Loans accelerated during such Reference Month;

means, under the Normal Redemption procedure, for each Reference Month after the Priority Units have been redeemed in full and until the Subordinate Units have been redeemed in full, an amount equal to the sum:

- of the amount in principal expected during the Reference Month concerned in respect of the Outstanding Loans at the Closing Date of the Reference Month concerned ;
- the Principal Amount Outstanding at the Closing Date of the Reference Month concerned of Loans accelerated during such Reference Month
- the amount of principal prepaid in respect of the Outstanding Loans during the Reference Month concerned.

### **Net Loss Ratio:**

means, at a given Payment Date, the ratio on the Closing Date of the third month of the Reference Quarter between:

- the Principal Amount Outstanding in respect of Accelerated Loans declared since the beginning of the Fund's life at the Acceleration date of each such Loan, less the cumulative amount of Recoveries since the beginning of the Fund's life, and
- the Principal Amount Outstanding in respect of the Loans at the Fund Creation Date.

### **Net Payments:**

means, at a given Payment Date, the amounts remaining due, if any, by the Fund to Crédit Lyonnais or by Crédit Lyonnais to the Fund at that date under the Interest Rate Swap Agreements, after netting the Fixed Payments and the Floating Payments.

### **Normal Redemption:**

means the normal redemption procedure for Class A1,  $\alpha 1$ , A2,  $\alpha 2$ , B and  $\beta$  Units in the absence of any case of Accelerated Redemption.

### **Originator:**

means Crédit Lyonnais, in its capacity as the institution assigning the Loans to the Fund.

### **Outstanding Loan:**

means a Loan which has neither been declared an Accelerated Loan, nor repaid in full, nor declared a Bad Debt.

### **Outstanding Payments Ratio:**

means, for a given Reference Month, the ratio between (i) the Principal Amounts Outstanding in respect of Unpaid Loans more than one month in arrears at the Closing Date of that Reference

Month, and (ii) the Principal Amounts Outstanding of all Outstanding Loans at that same Closing Date.

**Paying Agent:**

means the institution responsible for distributing the amounts due to the Holders under the Units; the short-term securities issued by the Paying Agent must be assigned a credit rating at least equal to P1 (Moody's) and F-1 (Fitch IBCA);

failing that, the Paying Agent's commitments in respect of distribution to Unit holders of sums remitted to it for that purpose on the Management Company's instructions under the conditions set forth above must be guaranteed by an institution authorised to give such guarantee whose short-term securities are assigned a credit rating of at least P1 (Moody's) and F-1 + (Fitch IBCA) or whose short-term securities are deemed to have a credit quality equivalent to P1 by Moody's and F-1 + by Fitch IBCA;

failing that, the Management Company shall promptly appoint a new Paying Agent meeting the abovementioned credit rating conditions;

initially the Paying Agent shall be Crédit Lyonnais.

**Payment Date:**

means a date on which interest and principal payments are due and payable to the Unit holders, being 25 February, 25 May, 25 August and 25 November of each year during the life of the Fund or, if any such day is not a Business Day, the next following Business Day, the first Payment Date being 25 February 1999.

With respect to such a Payment Date:

- the Reference Quarter shall be the calendar quarter comprising the three months preceding the month in which the Payment Date falls;
- the Interest Period shall be the period beginning on the previous Payment Date inclusive and ending on the said Payment Date exclusive.

**PIBOR (French franc 3 months):**

means, for a given Interest Period, the annual rate calculated and published by AFB-Telerate (currently available on TELERATE screen No. 20 041) at approximately 11 o'clock (Paris time) one Business Day prior to the start of that Interest Period, at which French franc deposits are offered on the Paris interbank market for the Interest Period concerned, or if the rate is unavailable, the annual rate determined by the Management Company as being the arithmetic mean (rounded down to one sixteenth of one per cent) of the rates offered by BNP, Crédit Lyonnais, Société Générale and Caisse Nationale de Crédit Agricole for French franc deposits for the Interest Period concerned on the Paris interbank market at approximately 11 o'clock (Paris time) one Business Day prior to the start of the Interest Period.

If any of the said banks has not quoted a rate to the Management Company by approximately 11 o'clock (Paris time) on that day, the rate shall be determined by the Management Company as being the arithmetic mean of the rates quoted by the other reference banks.

In the event of a change affecting the composition and/or definition of the rate and index to which reference is made in the present agreement, or if the rate or index should disappear and be replaced by a rate or index of the same type or equivalent, or in the event of a change affecting the body publishing it or them or affecting the methods of publication, in particular following the switch to a single European currency, the rate or index resulting from such change or substitution shall automatically apply.



**Prepayment:**

means, in respect of a Loan, any partial or full repayment received by the Servicer prior to the due date thereof;

the amount of a Prepayment is the amount of principal repaid prior to the due date thereof;

with respect to the Fund, the following shall be deemed to be Prepayments:

- any compensation received from insurance companies;
- sums paid to the Fund by the Originator pursuant to the assignment of a Loan being rescinded;
- sums paid to the Fund pursuant to the sale of the Loans forming part of the Fund's assets upon its dissolution.

**Principal Amount Outstanding:**

means, with respect to one or more Outstanding Loans at a given date, the principal actually remaining outstanding on the Loan or Loans at that date, to the exclusion of all principal amounts due and not yet paid;

means, for an Accelerated Loan at the Closing date of the Reference Month during which the Acceleration was declared, an amount equal to what the Principal Amount Outstanding would be at that date if the Loan were still an Outstanding Loan.

**Priority Ratio:**

means, in respect of the first Payment Date and its Reference Quarter, a ratio equal to 90.75%;

means, in respect of each subsequent Payment Date and its Reference Quarter, a ratio equal to the ratio between:

- the Principal Amounts Outstanding in respect of Class A1,  $\alpha$ 1, A2 and  $\alpha$ 2 Units only on expiry of the preceding Payment Date, and
- the Principal Amounts Outstanding in respect of Outstanding Loans on the Closing Date preceding the previous Payment Date.

**Priority Unit:**

means the priority class A1,  $\alpha$ 1, A2 and  $\alpha$ 2 Units issued by the Fund.

**Rating Agencies:**

means Moody's France and Fitch IBCA, in their capacity as the institutions responsible for assigning a credit rating to the Units.

**Recoveries:**

means, with respect to a given Reference Quarter, any sums received by the Fund in respect of Loans previously declared to be Accelerated Loans or Bad Debts.

**Redemption Arrears:**

means, for a class of A1,  $\alpha$ 1, A2,  $\alpha$ 2, B or  $\beta$  Units, at a given Payment Date and where applicable, the amount at the Remittance Date falling one Business Day before that date, under the conditions set forth in the paragraph headed *Redemption of the Units and Interest Payments* in the Information Memorandum and the Fund Regulations, equal to the positive difference, if any, between:

- the amount in principal payable in respect of the class of Units concerned from the Fund Creation Date until the abovementioned date, inclusive, in accordance with the rules for the redemption of the Units set forth in the Information Memorandum and the Fund Regulations, and
- the amount in principal actually paid to the holders of Units in that class during the same period.

**Reference Month:**

means a calendar month during the life of the Fund;  
with respect to a given Closing Date, the Reference Month is the calendar month of which such Closing Date is the last day.

**Reference Quarter:**

means, with respect to a Payment Date, the calendar quarter immediately preceding the month in which that Payment Date falls.

**Remittance Date:**

means 24 February, 24 May, 24 August and 24 November of each year during the life of the Fund or, if any such day is not a Business Day, the next following Business Day, the first Remittance Date being 24 February 1999;  
with respect to such a Remittance Date, the Reference Quarter shall be the calendar quarter comprising the three months preceding the month in which the Remittance Date falls.

**Replacement Servicer:**

means the credit institution scheduled, should it prove necessary, to replace the Servicer with a view to managing and collecting certain Loans on behalf of the Fund, in accordance with the Replacement Loan Management Agreement entered into by the Management Company, the Servicer and the said credit institution; initially, the Replacement Servicer shall be Crédit Logement.

**Reserve Limit:**

means, under the Normal Redemption procedure, at a given Remittance Date or Payment Date, an amount equal to:

- 0.75% of the initial nominal amount of the Units, if none of the cases mentioned below has materialised at that date, or if the Amended Normal Redemption procedure has been applied under the conditions set forth in the paragraph headed *Amendment of the Basis of Redemption* in the Information Memorandum and the Fund Regulations;
- 1.50% of the initial nominal amount of the Units, if one of the cases mentioned below has materialised at that date and the Amended Normal Redemption procedure has not been applied:
  - . the average, calculated over the last two Reference Quarters, of the aggregate Principal Amount Outstanding in respect of Unpaid Loans more than one month in arrears at the last Closing Date of each of the abovementioned two Reference Quarters is greater than 6%;
  - . the Gross Loss Ratio calculated at the last Closing Date of the Reference Quarter is higher than:
    - . 1.10%, for the first four Reference Quarters, or

- . 2.30%, for the fifth to the eighth Reference Quarters, or
- . 3.60%, for the ninth to the twelfth Reference Quarters, or
- . the Net Loss Ratio at the last Closing Date for the Reference Quarter is higher than:
  - . 4.0% for the thirteenth to sixteenth Reference Quarters;
  - . 4.10% for the seventeenth to twentieth Reference Quarters;
  - . 4.0% for the following Reference Quarters.

**Residual Unit:**

means the Unit issued by the Fund and subscribed by the Originator, redeemed in full on the closing date of the liquidation of the Fund by distribution of any resulting liquidation surplus.

**Retail Bank:**

means the credit institution which holds the Cash Collateral Account and the Frozen Margin Account;

initially the Retail Bank shall be Caisse Centrale de Réescompte.

If, however, the Retail Bank's credit rating falls below P1 (Moody's) and F-1 + (Fitch Ibca) for its short-term securities, or below a credit quality deemed to be equivalent to P1 by Moody's and F-1 + by Fitch Ibca, or below A1 (Moody's) and AA- (Fitch Ibca) for its medium- or long-term securities, or below a credit quality deemed to be equivalent to A1 by Moody's and AA- by Fitch Ibca, the aforesaid Accounts shall be transferred to another credit institution whose ratings are at least equal to those mentioned above.

**Servicer:**

means the credit institution appointed to manage and collect amounts due under the Loans on behalf of the Fund;

initially the Servicer shall be Crédit Lyonnais.

**Settlement Bank:**

means the credit institution which holds the General Account;

the short-term securities issued by the Settlement Bank must be assigned a credit rating at least equal to P1 (Moody's) and F-1 (Fitch Ibca);

failing that, the Settlement Bank's undertakings with regard to restitution of the credit balance on the General Account must be guaranteed by an institution authorised to give such guarantee whose short-term securities are assigned a credit rating of at least P1 (Moody's) and F-1 + (Fitch Ibca) or whose short-term securities are deemed to have a credit quality equivalent to P1 by Moody's and F-1 + by Fitch Ibca;

failing that, the Management Company or the Custodian shall promptly appoint a new Settlement Bank meeting the abovementioned credit rating conditions;

initially, the Settlement Bank shall be Crédit Lyonnais.

**Subordinate Ratio:**

means, for any Payment Date and its Reference Quarter, a ratio equal to the difference between 100% and the Priority Ratio at that date.

**Subordinate Unit:**

means the subordinate Class B and  $\beta$  Units, special in the meaning of Article 9 of the Decree, issued by the Fund.

**Swap Arrears:**

means, at a given Payment Date and where applicable, the amount at the Remittance Date falling one Business Day before that date, under the conditions set forth in the paragraph headed *Redemption of the Units and Interest Payments* in the Information Memorandum and the Fund Regulations, equal to the positive difference, if any, between:

- the net amount due and payable by the Fund to the Counterparty in respect of Interest Rate Swap Agreements from the Fund Creation Date until the abovementioned date, inclusive, and
- the net amount actually paid to the Counterparty in respect of such Interest Rate Swap Agreements during the same period.

**Technical Advance Payment:**

means a payment made in the Fund's favour by the Servicer in respect of sums due and payable to the Fund by a Borrower that have not yet been paid, under the conditions set forth in the Information Memorandum and the Fund Regulations; if, in accordance with the provisions of the Information Memorandum and the Fund Regulations, the Management Company, acting in agreement with the Servicer responsible for making the Technical Advance Payments, introduces another protection mechanism in the place of the Technical Advance Payment mechanism, the term Technical Advance Payment shall mean a payment made to the Fund pursuant to said substitute protection mechanism.

**Technical Advance Payments Outstanding:**

means, at a given date, an amount equal to the difference between:

- the aggregate amount of Technical Advance Payments made, where appropriate, by the Servicer since the Fund Creation Date, and
- the aggregate amount of repayments of such Technical Advance Payments since that date.

**Technical Ceiling:**

means, at a given Remittance Date, the maximum amount of Technical Advance Payments Outstanding, being the sum:

- of the Principal Amounts Outstanding on the Class B and  $\beta$  Units taking into account the redemption of such Units to occur on the Payment Date falling one Business Day after that quarterly Remittance Date, and
- the aggregate credit balances of the Cash Collateral Account and Frozen Margin Account at that date.

**Unit:**

means an A1,  $\alpha 1$ , A2,  $\alpha 2$ , B,  $\beta$  or Residual unit issued by the Fund.

**Unpaid Loan:**

means a Loan:

- in respect of which all or part of the sums due and payable by the Borrower have not yet been paid;

- which has neither been repaid in full nor declared an Accelerated Loan.