

Offering Circular dated 21 January 2005



NATEXIS BANQUES POPULAIRES

€300,000,000 Undated Deeply Subordinated Floating Rate Notes

The Proceeds of Which Constitute Tier 1 Regulatory Capital

Issue Price: 100 per cent

The €300,000,000 Undated Deeply Subordinated Floating Rate Notes (the "**Notes**") of Natexis Banques Populaires (the "**Issuer**") will be issued outside the Republic of France and, except as provided in "Terms and Conditions of the Notes – Interest and Interest Suspension" and "Terms and Conditions of the Notes – Loss Absorption and Return to Financial Health" below, will bear interest from and including 25 January 2005 (the "**Issue Date**") at a floating rate per annum equal to the 10-year CMS Rate plus 1.00 per cent per annum, subject to a minimum rate of interest of 3.75 per cent per annum and a maximum rate of interest per annum equal to 6 times the difference between the 10-year CMS Rate and the 2-year CMS Rate, payable annually in arrear on 25 January in each year, commencing on 25 January 2006 (See "Terms and Conditions of the Notes – Interest and Interest Suspension" herein).

For so long as the compulsory interest provisions do not apply, the Issuer may elect, and in certain circumstances shall be required, not to pay interest falling due on the Notes on any Interest Payment Date (as defined in "Terms and Conditions of the Notes – Definitions" herein), with a view to allowing the Issuer to ensure the continuity of its activities without weakening its financial structure. Any interest not paid on such date shall be forfeited and no longer be due and payable by the Issuer (See "Terms and Conditions of the Notes – Interest and Interest Suspension" herein).

The Notes are undated and have no final maturity. The Notes may, at the option of the Issuer but subject to the prior approval of the *Secrétariat général* of the *Commission bancaire* ("**SGCB**"), be redeemed (in whole but not in part) on 25 January 2010 and on any Interest Payment Date thereafter. In addition, the Notes may, in case of certain tax or regulatory events, be redeemed at any time (in whole but not in part), subject to the prior approval of the SGCB. (See "Terms and Conditions of the Notes – Redemption and Purchase" herein.). The principal amount of the Notes may be written down if the Issuer incurs losses and certain regulatory capital events occur, subject to restoration in certain cases described herein.

Application has been made to list the Notes on the Luxembourg Stock Exchange. The Notes have been assigned a rating of "A2" by Moody's Investors Service, Inc. and "A-" by Standard & Poor's Ratings Group. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agency.

See "**Investment Considerations**" below for certain information relevant to an investment in the Notes.

The Notes have been accepted for clearance through Euroclear France S.A. ("**Euroclear France**"), Clearstream Banking, *société anonyme* ("**Clearstream Luxembourg**") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**"). The Notes will on the Issue Date be entered (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes - Form, Denomination and Title" below) including the depositary banks for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in bearer form in the denomination of €1,000 each. The Notes will at all times be represented in book entry form (*dématérialisé*) in the books of the Account Holders in compliance with article L.211-4 of the French *Code monétaire et financier*. No physical document of title will be issued in respect of the Notes.

This Offering Circular has not been submitted to the approval of the *Autorité des Marchés Financiers*.

DEUTSCHE BANK
Global Coordinator and Structuring Adviser
Joint Lead Manager

NATEXIS FUNDING
Joint Lead Manager

DZ BANK AG
Co Lead Manager

The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains all information with respect to the Issuer, the Issuer and its subsidiaries and affiliates taken as a whole (the "**Issuer Group**") and the Notes which is material in the context of the issue and offering of the Notes, that the statements contained in this Offering Circular relating to the Issuer, the Issuer Group and the Notes are in every material respect true and accurate and not misleading, that the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Issuer Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, and that there are no other facts in relation to the Issuer, the Issuer Group or the Notes the omission of which would, in the context of the issue of the Notes, make any information or statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and matters and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.

This Offering Circular does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuer or the Managers (as defined in "Subscription and Sale" below) or any affiliate of any of them to subscribe for or purchase, any Notes in any jurisdiction by any person to whom it is unlawful to make such an offer, invitation or solicitation in such jurisdiction. The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions, including the United States, the United Kingdom and the Republic of France, may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Notes and distribution of this Offering Circular, see "Subscription and Sale" below. No person is authorised to give any information or to make any representation other than those contained in this Offering Circular 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 or on behalf of the Issuer or the Managers. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date. In making an investment decision regarding the Notes, prospective investors must rely on their own independent investigation and appraisal of the Issuer, its business and the terms of the offering, including the merits and risks involved. The contents of this Offering Circular are not to be construed as legal, business or tax advice. Each prospective investor should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. The Managers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers as to the accuracy or completeness of the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Notes or their distribution.

This Offering Circular may only be used for the purposes for which it has been published.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")).

In this Offering Circular, unless otherwise specified or the context requires, references to "euro", "EUR" and "€" are to the single currency of the participating member states of the European Economic and Monetary Union.

In connection with this issue, Deutsche Bank AG London (the "Stabilising Agent") or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Agent or any agent of the Stabilising Agent to do this. Such stabilising, if commenced, may be discontinued at any time, must be brought to an end after a limited period and will be carried out in compliance with all applicable laws and regulations.

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SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES

The following summary is qualified in its entirety by the more detailed information included elsewhere in this Offering Circular. Capitalised terms used but not defined in this summary shall bear the respective meanings ascribed to them under “Terms and Conditions of the Notes”. Prospective investors should also consider carefully, amongst other things, the factors set out under “Investment Considerations”.

Issuer:	Natexis Banques Populaires
Description:	€300,000,000 Undated Deeply Subordinated Floating Rate Notes
Joint Lead Managers:	Deutsche Bank AG London and Natexis Funding
Co Lead Manager:	DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
Amount:	€300,000,000
Issue Price:	100 per cent
Fiscal Agent and Principal Paying Agent:	Banque Générale du Luxembourg S.A.
Paying Agent in Luxembourg:	Banque Générale du Luxembourg S.A.
Paying Agent in Paris:	Natexis Banques Populaires
Luxembourg Listing Agent:	Banque Générale du Luxembourg S.A.
Calculation Agent:	Banque Générale du Luxembourg S.A.
Denomination:	€1,000
Maturity:	The Notes are undated perpetual obligations in respect of which there is no fixed redemption date.
Status of the Notes:	<p>The Notes are deeply subordinated notes issued pursuant to the provisions of article L. 228-97 of the French <i>Code de commerce</i>, as amended by law n° 2003-706 on financial security dated 1 August 2003.</p> <p>The principal and interest on the Notes (which constitute <i>obligations</i> under French law) are direct, unconditional, unsecured and deeply subordinated obligations of the Issuer and rank and will rank <i>pari passu</i> among themselves and with all other present and future Deeply Subordinated Obligations and Support Agreement Claims but shall be subordinated to the</p>

present and future *prêts participatifs* granted to the Issuer and present and future *titres participatifs*, Ordinarily Subordinated Obligations and Unsubordinated Obligations of the Issuer. In the event of liquidation, the Notes shall rank in priority to any payments to holders of any classes of share capital and of any other equity securities issued by the Issuer.

There will be no limitations on issuing debt, at the level of the Issuer or of any consolidated subsidiaries.

Regulatory Treatment:

The proceeds of the issue of the Notes will be treated, for regulatory purposes, as consolidated *fonds propres de base* for the Issuer. *Fonds propres de base* ("**Tier 1 Capital**") shall have the meaning given to it in Article 2 of *Règlement* n° 90-02 dated 23 February 1990, as amended, of the *Comité de la Réglementation Bancaire et Financière* (the "**CRBF Regulation**"), or otherwise recognised as *fonds propres de base* by the *Secrétariat général de la Commission bancaire* ("**SGCB**"). The CRBF Regulation should be read in conjunction with the press release of the Bank for International Settlements dated 27 October 1998 concerning instruments eligible for inclusion in Tier 1 Capital (the "**BIS Press Release**"). The French language version of the BIS Press Release is attached to the report published annually by the SGCB entitled "*Modalités de calcul du ratio international de solvabilité*".

Negative Pledge:

There is no negative pledge in respect of the Notes.

Events of Default:

There will be no events of default in respect of the Notes, except in the case of liquidation of the Issuer.

Interest:

Each Note bears interest on its Current Principal Amount from and including the Issue Date at a floating rate per annum equal to the 10-year CMS Rate plus 1.00 per cent per annum, subject to a minimum rate of interest of 3.75 per cent per annum and a maximum rate of interest per annum equal to 6 times the difference between the 10-year CMS Rate and the 2-year CMS Rate, payable annually in arrear on 25 January in each year, commencing on 25 January 2006.

Payment of interest will only be compulsory on a Compulsory Interest Payment Date.

For so long as the compulsory interest provisions do not apply, the Issuer may elect not to pay interest on any Optional Interest Payment Date, in particular with a view to allowing the Issuer to ensure the continuity of its activities without weakening its financial structure. Any interest not paid on an Optional Interest

Payment Date shall be forfeited and no longer be due and payable by the Issuer.

Payment of interest will be automatically suspended upon the occurrence of a Supervisory Event, unless such interest is compulsorily due. The amount of Accrued Interest may be reduced following a Supervisory Event.

Compulsory Interest

Payment Date:

Compulsory Interest Payment Date means each Interest Payment Date as to which at any time during a period of one year prior to such Interest Payment Date:

- (a) the Issuer has declared or paid a dividend (whether in cash, shares or any other form but excluding a dividend paid in newly issued shares), or more generally made a payment of any nature, on any class of share capital or on other equity securities issued by the Issuer, in each case to the extent categorised as Tier 1 Capital, or on Deeply Subordinated Obligations or under any Support Agreement, unless such payment on Deeply Subordinated Obligations or under Support Agreements was required to be made as a result of a dividend or other payment having been made on any class of share capital or on other equity securities issued by the Issuer; or
- (b) any subsidiary of the Issuer has declared or paid a dividend on any Parity Securities, unless such dividend was required to be paid as a result of a dividend or other payment having been made on any class of share capital or on other equity securities issued by the Issuer or on any other Parity Securities,

provided, however, that if a Supervisory Event occurred during the Interest Period immediately preceding such Interest Payment Date, such Interest Payment Date shall only be a Compulsory Interest Payment Date if such Supervisory Event had occurred prior to the relevant event described in sub-paragraph (a) or (b) above.

Loss Absorption Upon Supervisory Event:

The amount of Accrued Interest, if any, and thereafter, if necessary, of the Current Principal Amount of the Notes may be reduced following a Supervisory Event (unless the Issuer first completes a capital increase), on the occasion of the publication of each set of consolidated half year results, so as to enable the Issuer to absorb losses in order to ensure the continuity of its

activities.

Supervisory Event:

Supervisory Event means the first date on which either of the following events occurs:

- (a) the risk-based consolidated capital ratio of the Issuer and its consolidated subsidiaries, calculated in accordance with the Applicable Banking Regulations, falls below the minimum percentage required in accordance with Applicable Banking Regulations; or
- (b) the notification by the SGCB to the Issuer, that it has determined, in its sole discretion, in view of the deteriorating financial condition of the Issuer, that the foregoing clause (a) would apply in the near term.

End of Supervisory Event:

End of Supervisory Event means, following a Supervisory Event, the first date on which either of the following events occurs:

- (a) if the Supervisory Event occurred pursuant to paragraph (a) of the definition of Supervisory Event, the risk-based consolidated capital ratio of the Issuer and its consolidated subsidiaries, calculated in accordance with the Applicable Banking Regulations, complies with the minimum percentage required in accordance with Applicable Banking Regulations; or
- (b) if the Supervisory Event occurred pursuant to paragraph (b) of the definition of Supervisory Event, the notification by the SGCB to the Issuer that it has determined, in its sole discretion, in view of the financial condition of the Issuer, that the circumstances which resulted in the Supervisory Event have ended.

Return to Financial Health:

Return to Financial Health means a positive Consolidated Net Income recorded for at least two consecutive financial years following the End of Supervisory Event. The Current Principal Amount of the Notes shall be reinstated following a Return to Financial Health, to the extent any such reinstatement does not trigger the occurrence of a Supervisory Event.

Whether or not a Return to Financial Health has occurred, the Issuer shall increase the Current Principal Amount of the Notes up to the Original Principal Amount in certain circumstances, including payment of dividends on share capital, redemption of

the Notes or liquidation of the Issuer.

Early Redemption:

The Notes may be redeemed at par (in whole but not in part) on 25 January 2010 and on any Interest Payment Date thereafter, at the option of the Issuer. Any such redemption will be at the Original Principal Amount.

The Issuer will also have the right, and in certain circumstances the obligation, to redeem the Notes at par at any time (in whole but not in part) in case of imposition of withholding tax, in case of loss of deductibility for corporate income tax purposes and in case of loss of Tier 1 Capital status. Any such redemption will be at the Original Principal Amount.

Any early redemption is subject to the prior approval of the SGCB.

Taxation:

The Notes will, upon issue, benefit from an exemption from deduction for withholding tax. If French law shall require any such deduction, the Issuer shall, to the extent permitted by law and subject to certain exceptions, pay additional amounts.

**Representation of
Noteholders:**

The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* governed by the provisions of the French *Code de commerce* and by French *décret* no. 67-236 of 23 March 1967 subject to certain exceptions and provisions.

Form of Notes:

The Notes will, upon issue on 25 January 2005, be entered in the books of Euroclear France which shall credit the accounts of the Account Holders including the depositary bank for Clearstream Luxembourg and Euroclear.

The Notes will be issued in bearer dematerialised form (*au porteur*) and will at all times be represented in book entry form in compliance with article L.211-4 of the *Code monétaire et financier*.

Listing:

Application has been made to list the Notes on the Luxembourg Stock Exchange.

Selling Restrictions:

There are restrictions on the sale of the Notes and the distribution of offering material in various jurisdictions.

Ratings:

The Notes have been assigned a rating of "A2" by Moody's Investors Service, Inc. and "A-" by Standard & Poor's Ratings Group. A rating is not a recommendation to buy, sell or hold

securities and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agency.

Governing Law:

French law

INCORPORATION BY REFERENCE

The Issuer's *Document de Référence* deposited with the *Autorité des Marchés Financiers* on 2 April 2004 under number D.04-0392, including the audited non-consolidated and consolidated financial statements of the Issuer as at, and for the years ended, 31 December 2001, 31 December 2002 and 31 December 2003 and the related notes thereto, as well as the update of the *Document de Référence* deposited with the *Autorité des Marchés Financiers* on 28 September 2004 under number D.04-0392-A1, including the interim financial statements of the Issuer as at and for the interim periods ended, 30 June 2003 and 30 June 2004 and the related notes thereto are incorporated by reference in this Offering Circular.

All documents incorporated by reference in this Offering Circular may be obtained, free of charge, at the specified office of each of the Paying Agents set out below during normal business hours so long as any of the Notes is outstanding, as described in "General Information" below.

INVESTMENT CONSIDERATIONS

The following is a summary of certain aspects of the offering of the Notes of which prospective investors should be aware. Prior to making an investment decision, prospective investors should consider carefully all of the information set out and incorporated by reference in this Offering Circular, including in particular the investment considerations detailed below. This summary is not intended to be exhaustive and prospective investors should make their own independent evaluations of all investment considerations and should also read the detailed information set out elsewhere in this Offering Circular. Terms defined in "Terms and Conditions of the Notes" below shall have the same meaning where used below.

The Notes are Deeply Subordinated Obligations

The Issuer's obligations under the Notes are deeply subordinated obligations of the Issuer which are the most junior debt instruments of the Issuer, ranking *pari passu* among themselves and with all other present and future claims against the Issuer pursuant to Support Agreements and with Deeply Subordinated Obligations of the Issuer and subordinated to and ranking behind the claims of all other unsubordinated and ordinarily subordinated creditors of the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer and holders of *titres participatifs* issued by the Issuer. The Issuer's obligations under the Notes rank in priority only to any classes of shares and any other equity securities of the Issuer.

Securities qualifying as Tier 1 capital

The Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Tier 1 capital for the Issuer. See "Terms and Conditions of the Notes - Status of the Notes and Subordination" and "Information relating to Solvency Ratios and Issues of Securities Qualifying as Tier 1" below. Such eligibility depends upon a number of conditions being satisfied and which are reflected in the terms and conditions of the Notes. One of these relates to the ability of the Notes and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, in certain circumstances and/or upon the occurrence of certain events, payments of interest under the Notes may be restricted and, in certain cases, forfeited and the amount of Accrued Interest and the Current Principal Amount of the Notes may be reduced.

Interest Rate

The coupon on the Notes for each Interest Period is linked to the 10-year Constant Maturity Swap rate (CMS 10), the annual rate for euro interest rate swap transactions with a maturity of 10 years. The CMS 10 is a variable rate and as such is not pre-defined for the lifespan of the Notes; conversely it allows investors to follow market changes with an instrument reflecting changes in the levels of yields. Higher rates mean a higher coupon and lower rates mean a lower coupon.

Curve shape changes will also affect the market value of the Notes: any steepening of the long end of the yield curve will increase the market value of the Notes and conversely any flattening of the long end will decrease the market value of the Notes. Any steepening of the short end of the yield curve will decrease the market value of the Notes and vice versa.

The Interest Rate applicable to the Notes on each Interest Payment Date is subject to a minimum of 3.75 per cent per annum and a maximum which depends on the evolution of the spread between the CMS 10 and the 2-year Constant Maturity Swap rate. This maximum means that if interest rates increase generally but the difference between short term and long term interest rates does not change, decreases or increases to a lesser extent than interest rates generally, interest may accrue on the Notes at a relatively lower rate than the then prevailing interest rates for investments with a comparable maturity. See "Terms and Conditions of the Notes - Interest and Interest Suspension".

Restrictions on Payment

For so long as the compulsory interest provisions do not apply, the Issuer may elect, and in certain circumstances shall be required, not to pay interest falling due on the Notes on any Interest Payment Date, with a view to allowing the Issuer to ensure the continuity of its activities without weakening its financial structure. Any interest not so paid on any such Interest Payment Date shall be forfeited and shall therefore no longer be due and payable by the Issuer, save as otherwise provided. See "Terms and Conditions of the Notes – Interest and Interest Suspension".

In addition, in certain circumstances, payment of interest will be suspended automatically upon the occurrence of a Supervisory Event. See "Terms and Conditions of the Notes – Interest and Interest Suspension".

The Accrued Interest and the Current Principal Amount of the Notes may be reduced, as required, on one or more occasions following a Supervisory Event, on a semi-annual basis. See "Terms and Conditions of the Notes – Loss Absorption and Return to Financial Health".

No Limitation on Issuing Debt

There is no restriction on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank senior in priority of payment to the Notes. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including suspension of interest and reduction of interest and principal and, if the Issuer were liquidated (whether voluntarily or involuntarily), loss by Noteholders of their entire investment.

Undated Securities

The Notes are undated securities, with no specified maturity date. The Issuer is under no obligation to redeem the Notes at any time (except as provided in "Terms and Conditions of the Notes – Redemption and Purchase").

The Noteholders have no right to require redemption of the Notes, except if a judgment is issued for the insolvent judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason. See "Terms and Conditions of the Notes - Event of Default" below.

Redemption Risk

The Notes are undated perpetual obligations in respect of which there is no fixed redemption date. Nevertheless, the Notes may be redeemed at the option of the Issuer, in whole but not in

part, (i) on the First Call Date and on any Interest Payment Date thereafter and (ii) at any time for certain tax or regulatory reasons. See "Terms and Conditions of the Notes – Redemption and Purchase".

In certain circumstances for tax reasons (see “Terms and Conditions of the Notes – Redemption and Purchase”), the Issuer will be required to redeem the Notes in whole (but not in part).

In each case, early redemption of the Notes is subject to the prior approval of the *Secrétariat général* of the *Commission bancaire*.

There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Notes.

No Prior Market for the Notes

There is currently no existing market for the Notes, and there can be no assurance that any market will develop for the Notes or that Noteholders will be able to sell their Notes in the secondary market. There is no obligation to make a market in the Notes. Application has been made for the Notes to be listed on the Luxembourg Stock Exchange.

TERMS AND CONDITIONS OF THE NOTES

The issue outside the Republic of France of the €300,000,000 Undated Deeply Subordinated Floating Rate Notes (the "**Notes**") of Natexis Banques Populaires (the "**Issuer**") was decided on 14 January 2005 by Yves Lanaud, Deputy Chief Financial Officer (*adjoint au Directeur financier*) of the Issuer, acting pursuant to resolutions of the board of directors (*conseil d'administration*) of the Issuer dated 7 July 2004 and 17 November 2004. The Notes are issued with the benefit of a fiscal agency agreement (the "**Fiscal Agency Agreement**") dated 25 January 2005 between the Issuer, Banque Générale du Luxembourg S.A. as fiscal agent and principal paying agent (the "**Fiscal Agent**", which expression shall, where the context so admits, include any successor for the time being of the Fiscal Agent), the other paying agents named therein (together, the "**Paying Agents**", which expression shall, where the context so admits, include the Fiscal Agent and any successors for the time being of the Paying Agents or any additional paying agents appointed thereunder from time to time) and Banque Générale du Luxembourg S.A. as calculation agent (the "**Calculation Agent**", which expression shall, where the context so admits, include any successor for the time being of the Calculation Agent). Reference below to the "**Agents**" shall be to the Fiscal Agent, the Paying Agents and/or the Calculation Agent, as the case may be. Copies of the Fiscal Agency Agreement are available for inspection at the specified offices of the Paying Agents. References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs below.

1. DEFINITIONS

For the purposes of these Conditions:

"**Accrued Interest**" is only applicable with respect to an Interest Period whose Interest Payment Date is an Optional Interest Payment Date and means, with respect to the period from (and including) the immediately preceding Interest Payment Date (or in the case of the first Interest Payment Date, the Issue Date) to (but excluding) the date of the occurrence of a Supervisory Event, the amount of interest accrued on the Notes during such period as calculated by the Calculation Agent.

"**Applicable Banking Regulations**" means, at any time, the capital adequacy regulations then in effect of the regulatory authority in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other relevant jurisdiction) having authority to adopt capital adequacy regulations with respect to the Issuer.

"**Compulsory Interest Payment Date**" means each Interest Payment Date as to which at any time during a period of one year prior to such Interest Payment Date:

- (i) the Issuer has declared or paid a dividend (whether in cash, shares or any other form but excluding a dividend paid in newly issued shares), or more generally made a payment of any nature, on any class of share capital or on other equity securities issued by the Issuer, in each case to the extent categorised as Tier 1 Capital, or on Deeply Subordinated Obligations or under any Support Agreement, unless such payment on Deeply Subordinated Obligations or under Support Agreements was required to be made as a result of a dividend or other payment having been made on any class of share capital or on other equity securities issued by the Issuer; or

- (ii) any subsidiary of the Issuer has declared or paid a dividend on any Parity Securities, unless such dividend was required to be paid as a result of a dividend or other payment having been made on any class of share capital or on other equity securities issued by the Issuer or on any other Parity Securities,

provided, however, that if a Supervisory Event occurred during the Interest Period immediately preceding such Interest Payment Date, such Interest Payment Date shall only be a Compulsory Interest Payment Date if such Supervisory Event had occurred prior to the relevant event described in sub-paragraph (i) or (ii) above.

For the avoidance of doubt, there will be no Compulsory Interest Payment Date in the event of a redemption or repurchase by the Issuer or any subsidiary of the Issuer of any Parity Securities, Deeply Subordinated Obligations (including the Notes) or any other securities issued by the Issuer or any loans granted to the Issuer which rank *pari passu* with the Notes or in the event of a redemption, repurchase or other acquisition by the Issuer of any class of its share capital or of its other equity securities.

"Consolidated Net Income" means the consolidated net income (excluding minority interests) of the Issuer, as calculated and set out in the audited annual consolidated accounts of the Issuer adopted by the Issuer's shareholders' general meeting.

"Current Principal Amount" means at any time the principal amount of the Notes, calculated on the basis of the Original Principal Amount of the Notes as such amount may be reduced, on one or more occasions, pursuant to the application of the Loss Absorption mechanism and/or reinstated on one or more occasions following a Return to Financial Health, as the case may be, pursuant to Conditions 5.1 and 5.2.

"Deeply Subordinated Obligations" means deeply subordinated obligations of the Issuer, whether in the form of notes or loans or otherwise, which rank *pari passu* among themselves and with the Notes and behind the *prêts participatifs* granted to the Issuer, the *titres participatifs* issued by the Issuer, Ordinarily Subordinated Obligations and Unsubordinated Obligations.

"Early Redemption Date" means the date set for redemption under Condition 6.2.

"End of Supervisory Event" means, following a Supervisory Event, the first date on which either of the following events occurs:

- (a) if the Supervisory Event occurred pursuant to paragraph (a) of the definition of Supervisory Event, the risk-based consolidated capital ratio of the Issuer and its consolidated subsidiaries, calculated in accordance with the Applicable Banking Regulations, complies with the minimum percentage required in accordance with Applicable Banking Regulations; or
- (b) if the Supervisory Event occurred pursuant to paragraph (b) of the definition of Supervisory Event, the notification by the SGCB to the Issuer that it has determined, in its sole discretion, in view of the financial condition of the Issuer, that the circumstances which resulted in the Supervisory Event have ended.

An End of Supervisory Event shall be deemed to occur pursuant to paragraph (a) above on the date on which the Issuer publishes its annual or half year results indicating that the risk-based consolidated capital ratio has been restored to the relevant level, or on any such other date on which the Issuer determines that such ratio has been so restored.

"Euro-zone" means the region comprised of member states of the European Union which have adopted or adopt the Euro in accordance with the Treaty establishing the European Community, as amended.

"Existing Support Agreements" means the following support agreements:

- (a) the Support Agreement, dated as of 30 June 1998 and as amended from time to time, between the Issuer and Natexis AMBS Company L.L.C. relating to Natexis AMBS Company L.L.C.'s 8.44% Noncumulative Preferred Securities, Series A;
- (b) the Support Agreement, dated as of 28 June 2000, between the Issuer and NBP Preferred Capital I, L.L.C., relating to the 8.32% Noncumulative Company Preferred Securities of NBP Preferred Capital I, L.L.C.;
- (c) the Support Agreement, dated as of 30 July 2002, between the Issuer and NBP Preferred Capital II, L.L.C., relating to the 6.603% Noncumulative Company Preferred Securities of NBP Preferred Capital II, L.L.C.; and
- (d) the Support Agreement, dated as of 27 October 2003, between the Issuer and NBP Preferred Capital III, L.L.C., relating to the 7.375% Noncumulative Company Preferred Securities of NBP Preferred Capital III, L.L.C..

"First Call Date" means 25 January 2010.

"Interest Amount" has the meaning set forth in Condition 4.

"Interest Payment Date" has the meaning set forth in Condition 4.

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

"Loss Absorption" has the meaning set forth in Condition 5.

"Noteholders" means the holders of the Notes.

"Optional Interest Payment Date" means any Interest Payment Date other than a Compulsory Interest Payment Date.

"Ordinarily Subordinated Obligations" means subordinated obligations of the Issuer, whether in the form of notes or loans or otherwise, which rank in priority to the *prêts participatifs* granted to the Issuer, the *titres participatifs* issued by the Issuer, Support Agreement Claims, Deeply Subordinated Obligations and the Notes.

"Original Principal Amount" means the nominal amount of the Notes on the Issue Date (i.e. €300,000,000) not taking into account any Loss Absorption or Reinstatement.

"Parity Securities" means any preferred securities or preferred or preference shares issued by any subsidiary of the Issuer, the proceeds of which are eligible as consolidated *fonds propres de base* for the Issuer, to the extent that such subsidiary benefits from any Support Agreement.

"Return to Financial Health" has the meaning set forth in Condition 5.

"Supervisory Event" means the first date on which either of the following events occurs:

- (a) the risk-based consolidated capital ratio of the Issuer and its consolidated subsidiaries, calculated in accordance with the Applicable Banking Regulations, falls below the minimum percentage required in accordance with Applicable Banking Regulations; or
- (b) the notification by the SGCB to the Issuer, that it has determined, in its sole discretion, in view of the deteriorating financial condition of the Issuer, that the foregoing paragraph (a) of this definition would apply in the near term.

A Supervisory Event shall be deemed to occur pursuant to paragraph (a) above on the date on which the Issuer publishes its annual or half year results indicating that the risk-based consolidated capital ratio has fallen below the relevant level, or on any such other date on which the Issuer determines that such ratio has fallen below such level.

"Support Agreement" means the Existing Support Agreements and any other guarantee, support agreement or other agreement or instrument issued by the Issuer in favour of an issuer of Parity Securities and having a similar effect to the Existing Support Agreements, if claims under such guarantee, support agreement or other agreement or instrument rank behind present and future *prêts participatifs* granted to the Issuer, *titres participatifs* issued by the Issuer, Ordinarily Subordinated Obligations and Unsubordinated Obligations and in priority to any payments to holders of any classes of share capital and of any other equity securities issued by the Issuer.

"Support Agreement Claim" means any claim against the Issuer by any subsidiary of the Issuer pursuant to a Support Agreement.

"SGCB" means the *Secrétariat général de la Commission bancaire* which reference shall, where applicable, include any other authority having supervisory authority with respect to the Issuer.

"TARGET Business Day" means a day on which the TARGET System is operating.

"TARGET System" means the Trans European Automated Real Time Gross Settlement Express Transfer System or any successor thereto.

"Unsubordinated Obligations" means direct, unconditional, unsecured and unsubordinated obligations of the Issuer which rank in priority to Ordinarily Subordinated Obligations.

"10-year CMS Rate" means the mid-market annual swap rate expressed as a percentage for a EUR interest rate swap transaction with a term equal to 10 years which appears on the Reuters

screen page 'ISDAFIX2' at 11:00 a.m. Paris time on the second TARGET Business Day immediately preceding the first day of the respective Interest Period.

"**2-year CMS Rate**" means the mid-market annual swap rate expressed as a percentage for a EUR interest rate swap transaction with a term equal to 2 years which appears on the Reuters screen page 'ISDAFIX2' at 11:00 a.m. Paris time on the second TARGET Business Day immediately preceding the first day of the respective Interest Period.

2. **FORM, DENOMINATION AND TITLE**

The Notes are issued in dematerialised bearer form (*au porteur*) in the denomination of €1,000. Title to the Notes will be evidenced in accordance with article L.211-4 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article 7 of *décret* no. 83-359 dated 2 May 1983) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France S.A. ("**Euroclear France**") which shall credit the accounts of the Account Holders. For the purpose of these Conditions, "**Account Holder**" shall mean any authorised financial intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes the depositary banks for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

3. **STATUS OF THE NOTES AND SUBORDINATION**

The Notes are deeply subordinated notes of the Issuer issued pursuant to the provisions of article L. 228-97 of the French *Code de commerce*, as amended by law n°2003-706 on financial security dated 1 August 2003.

The proceeds of the issue of the Notes will be treated for regulatory purposes as consolidated *fonds propres de base* for the Issuer. *Fonds propres de base* ("**Tier 1 Capital**") shall have the meaning given to it in Article 2 of *Règlement* n° 90-02 dated 23 February 1990, as amended, of the *Comité de la Réglementation Bancaire et Financière* (the "**CRBF Regulation**"), or otherwise recognised as *fonds propres de base* by the SGCB. The CRBF Regulation should be read in conjunction with the press release of the Bank for International Settlements dated 27 October 1998 concerning instruments eligible for inclusion in Tier 1 Capital (the "**BIS Press Release**"). The French language version of the BIS Press Release is attached to the report published annually by the SGCB entitled "*Modalités de calcul du ratio international de solvabilité*".

The principal and interest on the Notes (which constitute *obligations* under French law) are direct, unconditional, unsecured and deeply subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and with all other present and future Support Agreement Claims and Deeply Subordinated Obligations but shall be subordinated to the present and future *prêts participatifs* granted to the Issuer and present and future *titres participatifs*, Ordinarily Subordinated Obligations and Unsubordinated Obligations of the Issuer.

In the event of liquidation of the Issuer, the Notes shall rank in priority to any payments to holders of any classes of share capital and of any other equity securities issued by the Issuer.

4. INTEREST AND INTEREST SUSPENSION

4.1 General

The Notes bear interest on their Current Principal Amount from (and including) 25 January 2005 (the "**Issue Date**") at a floating rate per annum equal to the 10-year CMS Rate plus 1.00 per cent per annum, subject to a minimum rate of interest of 3.75 per cent per annum and a maximum rate of interest per annum equal to 6 times the difference between the 10-year CMS Rate and the 2-year CMS Rate (the "**Interest Rate**") as determined by the Calculation Agent in accordance with Condition 4.2 below payable annually in arrear on 25 January in each year (each an "**Interest Payment Date**"), commencing on 25 January 2006.

Interest will cease to accrue on the Notes on the due date for redemption thereof unless, upon such due date, payment of principal is improperly withheld or refused or if default is otherwise made in respect of payment thereof. In such event, interest will continue to accrue at the relevant rate as specified in the preceding paragraph (as well after as before judgment) on the Original Principal Amount of the Notes until the day on which all sums due in respect of the Notes up to that day are received by or on behalf of the relevant Noteholder.

4.2 Interest Rate

4.2.1 The Notes bear interest at the Interest Rate from and including the Issue Date, payable on each Interest Payment Date.

The Interest Rate for each Interest Period will be determined by the Calculation Agent on the following basis:

- (a) the Calculation Agent will determine the 10-year CMS Rate and the 2-year CMS Rate for the relevant Interest Period on the second TARGET Business Day before the first day of the relevant Interest Period (the "**Interest Determination Date**");
- (b) if such rate does not appear on the relevant screen page, the Calculation Agent will:
 - (A) request the principal Euro-zone office of each of five major banks in the Euro-zone interbank market (as selected by the Calculation Agent) to provide a quotation of its mid-market ten year or, as the

case may be, two year euro swap rate for which the relevant floating rate is six month EURIBOR, as at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date; and

- (B) determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; and
- (c) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the relevant swap rate as the fair market mid-market ten year or, as the case may be, two year euro swap rate for which the relevant floating rate is six month EURIBOR, as at 11.00 a.m. (Brussels time) on the Interest Determination Date,

and the Interest Rate for such Interest Period shall be equal to the 10-year CMS Rate so determined plus 1.00 per cent per annum, subject to a minimum Interest Rate of 3.75 per cent per annum and a maximum Interest Rate equal to 6 times the difference between the 10-year CMS Rate and the 2-year CMS Rate; *provided, however, that* if the Calculation Agent is unable to determine a rate in accordance with the above provisions in relation to any Interest Period, the Interest Rate applicable to the Notes during such Interest Period will be the rate last determined in relation to the Notes in respect of a preceding Interest Period.

4.2.2 Determination of Interest Rate and Calculation of Interest Amount by the Calculation Agent

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Brussels Time) on each Interest Determination Date in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Interest Rate for such Interest Period to the Current Principal Amount of such Note as determined, if the Current Principal Amount of the Notes is less than the Original Principal Amount for a portion of such Interest Period, from time to time within such Interest Period, multiplying the product by the Actual/Actual-ISMA day count fraction for each relevant portion of such Interest Period, adding the results for all such portions and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

For the purpose of this Condition 4:

"**Actual/Actual-ISMA**" means, in respect of any period, the number of days in any portion of a Regular Period during which the Current Principal Amount is the same, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls; and

"**Regular Period**" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

4.2.3 Publication of Interest Rate and Interest Amount

The Calculation Agent will cause the Interest Rate and the Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal Agent and the Luxembourg Stock Exchange and any other stock exchange on which the Notes are for the time being listed and the Calculation Agent will cause publication thereof in accordance with Condition 11 as soon as possible after their determination but in no event later than the fourth TARGET Business Day thereafter. The Interest Payment Date so published may subsequently be amended (or appropriate arrangements made by way of adjustment). If the Notes become due and payable under Condition 6.2(b) or 6.3 or under Condition 9 after the First Call Date other than on an Interest Payment Date, the Interest Amount and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously described by the Calculation Agent in accordance with this Condition 4 until the Notes are actually repaid but no publication of the Interest Rate or the Interest Amount so calculated need be made.

4.3 Compulsory Interest and Optional Interest

4.3.1 On any Compulsory Interest Payment Date

The Issuer shall, on each Compulsory Interest Payment Date, for so long as the compulsory interest provisions apply (as set out in the definition of "Compulsory Interest Payment Date"), pay interest in respect of the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Compulsory Interest Payment Date.

Interest accrued and payable on any Compulsory Interest Payment Date is not subject to reduction in accordance with Condition 5.1.

4.3.2 On any Optional Interest Payment Date

For so long as the compulsory interest provisions do not apply, the Issuer may elect not to pay interest on any Optional Interest Payment Date in particular with a view to allowing the Issuer to restore its regulatory capital in order to ensure the continuity of its activities without weakening its financial structure.

On any Optional Interest Payment Date, the Issuer may, at its option, pay interest in respect of the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Optional Interest Payment Date, but the Issuer shall have, subject to such election and decision having been made as described above, no obligation to make such payment and any such failure to pay shall not constitute a default by the Issuer under the Notes or for any other purpose.

Notice of non-payment of all or any interest under the Notes on any Optional Interest Payment Date shall be given to the Noteholders in accordance with Condition 11 and (for so long as the Notes are listed on the Luxembourg Stock

Exchange and the rules of that exchange so require) to the Luxembourg Stock Exchange. Such notice shall be given at least seven days prior to the relevant Optional Interest Payment Date.

Save as otherwise provided, any interest not paid on an Optional Interest Payment Date will be forfeited and accordingly will no longer be due and payable by the Issuer.

The amount of Accrued Interest in respect of the Interest Period ending immediately prior to any Optional Interest Payment Date may be reduced following a Supervisory Event, as provided in Condition 5.1.

Payment of interest will automatically be suspended upon the occurrence of a Supervisory Event (and until the occurrence of an End of Supervisory Event), unless the relevant Interest Payment Date is a Compulsory Interest Payment Date.

4.4 Optional Interest and Supervisory Event

4.4.1 Interest Payable on Optional Interest Payment Dates Following the Occurrence of a Supervisory Event

In the event that a Supervisory Event has occurred during the Interest Period immediately preceding an Optional Interest Payment Date:

- (x) the accrual of interest, if any, in respect of the Notes shall automatically be suspended. In addition, the amount of Accrued Interest may be reduced to absorb losses in accordance with Condition 5.1; and
- (y) no interest on the Notes shall accrue nor be payable by the Issuer with respect to the remaining period in such Interest Period or any other Interest Period during the period starting on the date of the Supervisory Event and ending on the date of the End of Supervisory Event.

4.4.2 Interest Payable on Optional Interest Payment Dates after End of Supervisory Event

At the option of the Issuer, any Accrued Interest, to the extent not reduced to absorb losses in accordance with Condition 5.1, may be paid on the first Optional Interest Payment Date falling on or after the date of the End of Supervisory Event. Any Accrued Interest not paid by the Issuer on such first Optional Interest Payment Date will be forfeited.

In respect of any Optional Interest Payment Date which occurs on or after the End of Supervisory Event, interest on the Notes will recommence accruing on its Current Principal Amount, on the basis of the number of days elapsed during the period from (and including) the date of End of Supervisory Event to (but excluding) the next succeeding Interest Payment Date as calculated by the Calculation Agent in accordance with Condition 4.2 or, as the case may be, 4.3. At the option of the Issuer, such interest may be paid on the next succeeding

Optional Interest Payment Date occurring as from the date of the End of Supervisory Event (inclusive). Any such Interest not paid by the Issuer on such first Optional Interest Payment Date will be forfeited.

5. **LOSS ABSORPTION AND RETURN TO FINANCIAL HEALTH**

5.1 Loss Absorption

In the event of the occurrence of a Supervisory Event, the board of directors of the Issuer will convene an extraordinary shareholders' meeting during the 3 months following the occurrence of the Supervisory Event in order to propose a share capital increase or any measure regarded as necessary or useful to remedy the Supervisory Event. If the share capital increase or any proposed measures are not accepted by the extraordinary shareholders' meeting or if the share capital increase is not sufficiently subscribed to remedy the Supervisory Event, or if the Supervisory Event remains on the last day of the financial half year during which the Supervisory Event has occurred, the board of directors of the Issuer will implement, within 10 business days following the last day of this financial half year, a reduction of the amount of Accrued Interest, if any, and thereafter, if necessary, of the Current Principal Amount of the Notes ("**Loss Absorption**"). A Loss Absorption will firstly be implemented by partially or fully reducing the amount of the Accrued Interest, if any. If the total reduction of Accrued Interest is not sufficient for the purpose of the Loss Absorption, a further Loss Absorption will be implemented by partially or fully reducing the Current Principal Amount of the Notes. Such reductions will be recorded as a profit in the Issuer's consolidated accounts (whether audited annual or unaudited semi-annual).

The amounts by which Accrued Interest and, as the case may be, the Current Principal Amount of the Notes are reduced (the "**Reduction Amounts**") to enable the Issuer to absorb losses in order to ensure the continuity of its activities, will be the lower of (i) the amount of consolidated losses of the Issuer which, following a Supervisory Event, have not been allocated to its shareholders funds (*capitaux propres*) as set out in its consolidated accounts and (ii) the sum of the amounts of Accrued Interest, if any, and the Current Principal Amount of the Notes before such reduction.

Notwithstanding any other provision, the Current Principal Amount of each Note shall never be reduced to an amount lower than one cent of one euro.

For the avoidance of doubt, the first remedy to the Supervisory Event will be the share capital increase or the implementation of any other measures adopted by the extraordinary shareholders' meeting of the Issuer to remedy such Supervisory Event. To the extent such increase of share capital or other measures are not sufficient, the Loss Absorption will be applied first against the amount of Accrued Interest, if any, and thereafter, if necessary, against the Current Principal Amount of the Notes as herein described.

Accrued Interest and the Current Principal Amount of the Notes pursuant to the above provision may be reduced on one or more occasions, as required.

In the event that other Deeply Subordinated Obligations which would be subject to such reductions are outstanding, such reductions will be applied on a pro-rata basis among the Notes and such other Deeply Subordinated Obligations.

Interest accrued and payable on any Compulsory Interest Payment Date is not subject to reduction.

Notice of any Supervisory Event and of any End of Supervisory Event shall be given to the Noteholders in accordance with Condition 11 and (for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require) the Luxembourg Stock Exchange. Such notice shall be given as soon as practicable following the occurrence of a Supervisory Event and of any End of Supervisory Event. Notice of any reduction of the Current Principal Amount of the Notes shall be given to the Noteholders in accordance with Condition 11 and (for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require) the Luxembourg Stock Exchange. Such notice shall be given at least seven days prior to the relevant reduction of the Current Principal Amount.

5.2 Return to Financial Health

If a positive Consolidated Net Income is recorded for at least two consecutive financial years following the End of Supervisory Event (a "**Return to Financial Health**"), the Issuer shall increase the Current Principal Amount of the Notes (a "**Reinstatement**") to the extent any such Reinstatement (either up to the Original Principal Amount or up to any other amount lower than the Original Principal Amount) does not trigger the occurrence of a Supervisory Event.

Whether or not a Return to Financial Health has occurred, the Issuer shall increase the Current Principal Amount of the Notes up to the Original Principal Amount (which shall also constitute a "**Reinstatement**") prior to:

- (i) any declaration or payment of a dividend (whether in cash, shares or any other form but excluding a dividend paid in additional shares), or more generally any payment of any nature, by the Issuer, on any class of share capital or on other equity securities issued by the Issuer, in each case to the extent categorised as Tier 1 Capital, or on Deeply Subordinated Obligations or on any Support Agreement, unless such payment on Deeply Subordinated Obligations or Support Agreements was required to be made as a result of a dividend or other payment having been made on any class of such share capital or on other such equity securities issued by the Issuer; or
- (ii) any declaration or payment by any subsidiary of the Issuer of a dividend on any Parity Securities, unless such dividend was required to be paid as a result of a dividend or other payment having been made on any class of such share capital or on other such equity securities issued by the Issuer or on any other Parity Securities; or
- (iii) any optional redemption by the Issuer of the Notes in accordance with their terms.

No payments will be made to holders of shares of any class whatsoever of the share capital of the Issuer or of any other equity securities issued by the Issuer, in each case to the extent categorised as Tier 1 Capital, before all amounts due, but unpaid, to all Noteholders under the Notes have been paid by the Issuer.

No such Reinstatement shall be made in the event of a redemption or repurchase by the Issuer or any subsidiary of the Issuer of any Parity Securities, other Deeply Subordinated Obligations or any other securities issued by the Issuer or any loans granted to the Issuer which rank *pari passu* with the Notes or in the event of a redemption, repurchase or other acquisition by the Issuer of any class of its share capital or of its other equity securities.

Any Reinstatement shall be recorded by the Issuer in its consolidated accounts as a loss of an amount corresponding to such Reinstatement.

The amount of any Reinstatement will not exceed the amount of the latest positive Consolidated Net Income of the Issuer.

For the avoidance of doubt, any Reinstatement shall be made up to such maximum amount, to the extent any such Reinstatement does not trigger the occurrence of a Supervisory Event or, except with respect to Condition 5.2 (iii) above, a worsening of a Supervisory Event.

In the event that other Deeply Subordinated Obligations are outstanding and may also benefit from a reinstatement or an increase of their Current Principal Amount in accordance with their terms, any Reinstatement will be applied on a pro-rata basis with other reinstatements or increases of the principal amount made on such other Deeply Subordinated Obligations.

Such Reinstatement or increase of the Current Principal Amount of the Notes shall be made on one or more occasions in the conditions described above until the Current Principal Amount of the Notes has been reinstated to the Original Principal Amount (save in the event of occurrence of another Supervisory Event).

Any Accrued Interest that has been reduced pursuant to Condition 5.1 shall not be reinstated pursuant to this Condition 5.2.

Notice of any Return to Financial Health shall be given to the Noteholders in accordance with Condition 11 and (for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require) the Luxembourg Stock Exchange. Such notice shall be given as soon as practicable, following the occurrence of a Return to Financial Health. Notice of any Reinstatement and any increase of the Current Principal Amount of the Notes shall be given to the Noteholders in accordance with Condition 11 and (for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require) to the Luxembourg Stock Exchange. Such notice shall be given at least seven days prior to the relevant Reinstatement.

6. REDEMPTION AND PURCHASE

The Notes may not be redeemed otherwise than in accordance with this Condition 6.

6.1 No Final Redemption

The Notes are undated perpetual obligations in respect of which there is no fixed redemption date.

6.2 Issuer's Call Options Subject to the Approval of the SGCB

(a) General Call Option

On the First Call Date and on any Interest Payment Date thereafter, the Issuer, subject to having given not less than 30, and not more than 60, days' prior notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 11, and subject to prior approval of the SGCB, may, at its option, redeem all but not some of the Notes at their Original Principal Amount, together with any amounts outstanding thereon, including accrued Interest.

(b) Redemption for Taxation Reasons or Regulatory Reasons

- (i) If by reason of any change in French law, any change in Applicable Banking Regulations, or any change in the official application or interpretation of such laws or regulations, becoming effective on or after the Issue Date, the proceeds of the Notes cease to be eligible as Tier 1 Capital for the Issuer, the Issuer may, at its option, at any time, subject to having given not more than 45 nor less than 30 days' notice to Noteholders (which notice shall be irrevocable) in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes at their Original Principal Amount provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest date on which the proceeds of the Notes could qualify as Tier 1 Capital.
- (ii) If by reason of any change in the laws or regulations of the Republic of France, or any political subdivision therein or any authority thereof or therein having power to tax, any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), or any other change in the tax treatment of the Notes, becoming effective on or after the Issue Date, interest payment under the Notes is no longer tax-deductible by the Issuer for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes, the Issuer may, at its option, at any time, subject to having given not more than 45 nor less than 30 days' notice to Noteholders (which notice shall be irrevocable) in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes at their Original Principal Amount provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make such payment with interest payable being tax deductible for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes.

- (iii) If by reason of a change in the laws or regulations of the Republic of France, or any political subdivision therein or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), becoming effective on or after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8, the Issuer may, at any time, subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes at their Original Principal Amount provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.
- (iv) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes then outstanding at their Original Principal Amount provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal and interest payable without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.

6.3 Purchases

The Issuer may at any time purchase Notes in the open market or otherwise at any price provided that the prior approval of the SGCB shall have to be obtained.

6.4 Cancellation

All Notes which are purchased or redeemed by the Issuer pursuant to paragraphs 6.2 to 6.3 of this Condition 6 will be cancelled and accordingly may not be reissued or sold.

7. PAYMENTS AND CALCULATIONS

7.1 Method of Payment

Payments in respect of principal and interest on the Notes will be made in Euro by credit or transfer to a Euro denominated account (or any other account to which Euro may be credited or transferred) specified by the payee with a bank in a country within the

TARGET System. Such payments shall be made for the benefit of the Noteholders to the Account Holders (including the depositary banks for Euroclear and Clearstream, Luxembourg) and all payments validly made to such Euroclear France Account Holders in favour of Noteholders will be an effective discharge of the Issuer and the Fiscal Agent, as the case may be, in respect of such payment.

Payments in respect of principal and interest on the Notes will, in all cases, be made subject to any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable in respect of such payments but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged by the Issuer, the Fiscal Agent or any Paying Agent to the Noteholders in respect of such payments.

7.2 Payments on Business Days

If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day (as defined below), payment shall not be made of the amount due and credit or transfer instructions shall not be given in respect thereof until the next following Business Day and the Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

For the purposes of this Condition, "**Business Day**" means any day, not being a Saturday or a Sunday, (i) on which exchange markets and commercial banks are open for business in Paris, (ii) on which Euroclear France, Euroclear and Clearstream, Luxembourg are operating and (iii) which is a TARGET Business Day.

7.3 Fiscal Agent, Paying Agents and Calculation Agent

The name and specified office of the initial Fiscal Agent, the name and specified office of the other initial Paying Agent and the name and specified office of the initial Calculation Agent are as follows:

FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT

Banque Générale du Luxembourg S.A.
50, avenue J.F. Kennedy
L-2951 Luxembourg

PARIS PAYING AGENT

Natexis Banques Populaires
45, rue St Dominique
75007 Paris

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent(s), Calculation Agent and/or appoint a substitute Fiscal Agent, Paying Agent, Calculation Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent, the Calculation Agent or any Paying Agent acts, provided that there will at all times be (i) a Fiscal Agent having a specified office in a European city, (ii) so long as the Notes are listed on the

Luxembourg Stock Exchange and the rules of that Exchange so require, a Paying Agent having a specified office in Luxembourg (which may be the Fiscal Agent), and (iii) so long as any Note is outstanding, a Calculation Agent having a specified office in a European city. If the Calculation Agent is unable or unwilling to continue to act as such or if the Calculation Agent fails to make any calculations in relation to the Notes, the Issuer shall appoint some other leading European bank engaged in the Euro inter-bank market (acting through its principal Paris or Luxembourg office) to act in its place, subject to having given notice to the Noteholders in accordance with Condition 11 not more than 45 nor less than 30 days prior to such appointment. The Calculation Agent may not resign its duties without a successor having been so appointed. Any notice of a change in Fiscal Agent, Paying Agent, Calculation Agent or their specified office shall be given to Noteholders as specified in Condition 11.

7.4 Certificates to be final

All certificates, communications, opinion, determinations, calculation, quotations and decisions given, expressed, made or obtained for the purpose of the provisions of these Conditions whether by the Calculation Agent or the relevant banks in the Euro-zone interbank market (or any of them) shall (in the absence of wilful default or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents, the Fiscal Agent, the relevant banks in the Euro-zone interbank market, and all the Noteholders. No Noteholder shall (in the absence as aforesaid) be entitled to proceed against the Calculation Agent or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions.

8. TAXATION

8.1 Withholding Tax Exemption

The Notes constituting *obligations* under French law and being denominated in Euro and accordingly deemed to be issued outside France for taxation purposes, payments of interest and other revenues made by the Issuer in respect of the Notes to non-French tax residents who do not invest from a permanent establishment or a fixed base situated in France benefit under present law (as interpreted in the *Instruction* of the *Direction Générale des Impôts* 5 I-11-98 dated 30 September 1998) from the exemption provided for in article 131 *quater* of the French *Code Général des Impôts* (General Tax Code) from deduction of tax at source. Accordingly, such payments do not give the right to any tax credit from any French source.

Under certain conditions, a portion of the payments of interest on the Notes to a non-French tax resident Noteholder who does not invest from a permanent establishment or a fixed base situated in France and who is concurrently a shareholder of the Issuer, may be subject to a withholding tax at the rate of 25%, subject to the application of double tax treaties, if any, which may reduce or eliminate this withholding tax.

8.2 Additional Amounts

If French law should require that payments of principal or interest in respect of any Note be subject to deduction or withholding in respect of any present or future taxes, duties,

assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Note, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such deduction or withholding; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a Noteholder (or beneficial owner (*ayant droit*)):

- (a) who is subject to such taxes, duties, assessments or other governmental charges in respect of such Note by reason of his having some present or former connection with the Republic of France other than the mere holding of such Note; or
- (b) more than 30 days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to such additional amounts on the last day of such period of 30 days; or
- (c) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusion of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

For this purpose, the "**Relevant Date**" in relation to any Note means whichever is the later of (A) the date on which the payment in respect of such Note first becomes due and payable, and (B) if the full amount of the moneys payable on such date in respect of such Note has not been received by the Fiscal Agent on or prior to such date, the date on which notice is given in accordance with Condition 11 to Noteholders that such moneys have been so received.

References in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 8.

8.3 Supply of Information

Each Noteholder shall be responsible for supplying to the Paying Agent, in a timely manner, any information as may be reasonably required by the latter in order for it to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any European Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

9. EVENT OF DEFAULT

If any judgement is issued for the insolvent judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer has been liquidated for any other reason, then the Notes shall become immediately due and payable as described below.

The rights of the Noteholders in the event of a liquidation of the Issuer will be calculated on the basis of the Original Principal Amount of the Notes together with interest accrued and due in accordance with the Conditions and any other outstanding payments under the Notes. No payments will be made to the Noteholders before all amounts due, but unpaid, to all other creditors of the Issuer (including creditors of Unsubordinated Obligations of the Issuer, creditors of Ordinarily Subordinated Obligations of the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer and holders of *titres participatifs* issued by the Issuer, but excluding Deeply Subordinated Obligations and Support Agreement Claims, which will be paid *pro rata* with the Notes) have been paid by the Issuer, as ascertained by the judicial liquidator.

No payments will be made to holders of shares of any class whatsoever of the share capital of the Issuer before all amounts due, but unpaid, to all Noteholders under the Notes have been paid by the Issuer, as ascertained by the judicial liquidator.

10. REPRESENTATION OF THE NOTEHOLDERS

The Noteholders will be grouped automatically for the defence of their respective common interests in a masse (hereinafter referred to as the *Masse*).

The Masse will be governed by the provisions of the French *Code de Commerce* (with the exception of the provisions of articles L. 228-48, L. 228-59, and L.228-65-II thereof) and by French *décret* no. 67-236 dated 23 March 1967, as amended (with the exception of the provisions of Articles 218, 222, 224 and 226 thereof) subject to the following provisions.

10.1 Legal Personality

The Masse will be a separate legal entity and will be acting in part through one representative (hereinafter called "**Representative**") and in part through a general assembly of the Noteholders.

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

10.2 Representative

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

- (a) the Issuer, the members of its board of directors (*conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or

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

The following person is designated as Representative:

Amélie Dromain
22 bis, rue des Mortes Fontaines
92370 Chaville

The alternative representative (the "**Alternative Representative**") shall be:

Rosmarie François
12, rue Claude Manet
78250 Meulan

In the event of death, incompatibility, resignation or revocation of the Representative, such Representative will be replaced by the Alternative Representative and all references to the "Representative" will be deemed to be references to the "Alternative Representative". The Alternative Representative shall have the same powers as the Representative.

In the event of death, incompatibility, resignation or revocation of the Alternative Representative, a replacement will be elected by a meeting of the general assembly of the Noteholders.

The Issuer shall pay to the Representative an amount of €200 per year payable on the anniversary of the Issue Date in each year, commencing on the first such anniversary in 2006. The Alternative Representative will only become entitled to the annual remuneration of €200 if it exercises the duties of Representative on a permanent basis; such remuneration will accrue from the day on which it assumes such duties.

All interested parties will at all times have the right to obtain the name and address of the Representative and the Alternative Representative at the head office of the Issuer and at the offices of any of the Paying Agents.

10.3 Powers of the Representative

The Representative shall, in the absence of any decision to the contrary of the general assembly of Noteholders, have the power to take all acts of management to defend the

common interests of the Noteholders. All legal proceedings against the Noteholders or initiated by them, must be brought against the Representative or by it.

The Representative may not interfere in the management of the affairs of the Issuer.

10.4 General Assemblies of Noteholders

General assemblies of the Noteholders may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of outstanding Notes may address to the Issuer and the Representative a demand for convocation of the general assembly. If such general assembly has not been convened within two months from such demand, such Noteholders may commission one of themselves to petition a Court sitting in the jurisdiction of the Court of Appeal of Paris to appoint an agent (*mandataire*) who will call the meeting.

Notice of the date, hour, place, agenda of any general assembly will be published as provided under Condition 11.

Each Noteholder has the right to participate in general assemblies in person or by proxy. Each Note carries the right to one vote.

10.5 Powers of General Assemblies

A general assembly is empowered to deliberate on the fixing of the remuneration of the Representative and the Alternative Representative and their dismissal and replacement, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act as plaintiff or defendant.

A general assembly may further deliberate on any proposal relating to the modification of the Terms and Conditions of the Notes including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that a general assembly may not increase amounts payable by Noteholders, nor establish any unequal treatment between the Noteholders, nor decide to convert the Notes into shares, and that no amendment to the status of the Notes may be approved until the consent of the SGCB has been obtained in relation to such amendment.

Meetings of a general assembly may deliberate validly on first convocation only if Noteholders present or represented hold at least a quarter of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by the Noteholders attending such meeting or represented thereat.

Decisions of the general assemblies must be published in accordance with the provisions set forth in Condition 11.

10.6 Information to the Noteholders

Each Noteholder or representative thereof will have the right, during the 15 day period preceding the holding of each general assembly, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the general assembly, which will be available for inspection at the principal office of the Issuer, at the specified offices of the Paying Agents and at any other place specified in the notice of the general assembly given in accordance with Condition 11.

10.7 Expenses

The Issuer will pay all expenses incurred in the operation of the Masse, including expenses relating to the calling and holding of general assemblies and the expenses which arise by virtue of the remuneration of the Representative, and more generally all administrative expenses resolved upon by a general assembly of the Noteholders, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes.

11. NOTICES

Any notice to the Noteholders will be valid if delivered to the Noteholders through Euroclear France, Euroclear or Clearstream, Luxembourg, for so long as the Notes are cleared through such clearing systems. So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, any notice shall also be published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*). If any such publication is not practicable, notice shall be validly given if published in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

12. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed 10 years (in the case of principal) and 5 years (in the case of interest) from the due date for payment thereof.

13. FURTHER ISSUES

The Issuer may from time to time, subject to the prior written approval of the SGCB but without the consent of the Noteholders, issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated (*assimilables*) notes will for the defence of their common interests be grouped in a single Masse having legal personality.

14. GOVERNING LAW AND JURISDICTION

The Notes are governed by, and shall be construed in accordance with, the laws of the Republic of France.

In relation to any legal action or proceeding arising out of or in connection with the Notes, the Issuer irrevocably submits to the jurisdiction of the competent courts in Paris.

USE OF PROCEEDS

The net proceeds of the issue of the Notes amount to approximately €295,500,000 and will be used by the Issuer for general corporate purposes.

INFORMATION RELATING TO SOLVENCY RATIOS AND ISSUES OF SECURITIES QUALIFYING AS TIER 1

European Solvency Ratio Equivalent ("ESR Equivalent")

The ESR Equivalent of the Issuer Group (equal to 8 per cent of the CAD Coverage Ratio as defined below) as of 31 December 2003 was 12.3 per cent, including a Tier 1 Ratio Equivalent of 8.2 per cent.

Capital adequacy

In 1988, the Basle Committee on Banking Regulations and Supervisory Practices (the "**Basle Committee**"), consisting of representatives of the central banks and supervisory authorities from the "Group of ten countries" (comprised today of the following eleven countries: Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, the UK and the US) and from Luxembourg and Switzerland, recommended the adoption of a set of standards for risk-weighting and minimum desired levels of regulatory capital. Under these recommendations, international credit institutions must maintain capital equal to a minimum of 8% of their total credit risks (also known as the Cooke ratio), 4% of which must be Tier 1 capital. In 1989, the Council of the European Community adopted two regulatory directives that set the framework of capital adequacy with respect to credit risks (also known as the European solvency ratio or ESR) within the European Community.

Two significant amendments have since been made to the standards previously introduced: first, at the European level, by the "**European Capital Adequacy Directive**", and second, at the international level, by the Basle Committee's adoption of revised BIS (Bank for International Settlements) standards.

The European Capital Adequacy Directive

General features

In 1993, the European capital adequacy directives applying to investment firms and credit institutions extended the scope of application of the European capital adequacy regulations to include market risks.

In France, these directives have been implemented through a series of regulations successively adopted by the *Comité de la Réglementation Bancaire et Financière* (collectively referred to as the "**CAD Regulations**").

Since 1 January 1996, under CAD Regulations, French banks have been subject to capital adequacy requirements with respect to their trading activities that are supplemental to those in force in respect of their commercial banking activities.

In addition to credit risk, the CAD Regulations specify standards for investment entities' trading activities designed to reflect interest rate risk, market risk and settlement risk. The CAD Regulations also require banks to maintain additional capital measured by reference to the foreign exchange risk of all their activities, including commercial banking and trading. Under the CAD Regulations, a French bank's capital adequacy ratio ("**CAD Coverage Ratio**") is calculated by dividing the total available capital (including capital classified as Tier 1 and Tier 2 and certain other items) by the amount of capital required in respect of the different types of risk to which it is exposed, each type of risk being evaluated on the basis of specific weightings whose rates are fixed according to a predetermined scale. In compliance with CAD Regulations, the CAD Coverage Ratio must be at least equal to 100%.

At 31 December 2003, the Issuer Group's CAD Coverage Ratio and ESR Equivalent stood at 154 per cent and 8.2 per cent respectively (compared with 136 per cent and 7.3 per cent respectively at 31 December 2002).

Group / CAD Coverage Ratio

In Million €	31/12/2003	31/12/2002	31/12/2001	31/12/2000
Credit risks				
Total weighted risks	48 617.3	52 803.5	51 486.4	50 060.5
Capital requirement for credit risk	3 889.4	4 224.3	4 118.9	4 004.8
Market risks	3 468.5	3 201.1	4 257.8	3 216.1
Total capital requirement	4 166.9	4 480.4	4 459.5	4 262.1
Available Capital				
tier 1	4 292.0	4 092.6	4 135.0	3 875.8
tier 2	1 923.6	1 710.0	1 544.2	1 917.3
tier 3	366.8	297.2	231.2	103.5
Deductions	-178.2	-26.7	-23.1	-22.5
Total available capital	6 404.1	6 073.0	5 887.2	5 874.0
Ratios				
CAD Coverage Ratio	154 %	136 %	132 %	138 %
ESR Equivalent	12.3 %	10.9 %	10.6 %	11.0 %
(8 % * CAD Coverage Ratio)				
Tier 1 Coverage Ratio	103%	91%	93 %	91 %
Tier 1 Ratio Equivalent	8.2 %	7.3 %	7.4 %	7.3 %

The International Solvency Ratio

General features

In 1996, the Basle Committee significantly amended the BIS standards to provide a specific capital cushion for market risks in addition to banks' credit risks. This amendment defines market risks as (i) the risks pertaining to interest rate-related instruments and equity positions in a bank's trading book; and (ii) foreign exchange risks and commodities risks held on the bank's books. As amended in 1996 and refined in September 1997 by the Basle Committee, the revised BIS standards continue to require a capital ratio with respect to credit risks. In addition, they require a credit institution to quantify its market risks in figures equivalent to credit risks and to maintain a capital ratio of 8% with respect to the sum of its credit and market risks. The French *Commission Bancaire* (Banking Commission) regularly issues opinions regarding the application and calculation of the International Solvency Ratio ("*Notices Méthodologiques*"). Nevertheless, the International Solvency Ratio has no regulatory force.

As at 31 December 2003, the Issuer Group's International Solvency Ratio stood at 11.4 per cent (compared with 10.2 per cent at 31 December 2002).

Reform of BIS standards

Since 1998, the Basle Committee has been studying a reform of its recommendations with regard to the international bank solvency ratios. This reform will replace the current agreement by a new one based on a more qualitative approach to the measurement of risk exposure. Credit risk will be assessed on the basis of one of the following two methods: a "standard" method relying on a weighting matrix depending on external ratings of counterparties, distinguished between governments, banks, public bodies and business enterprises; and the second, "alternative", method relying on banks' internal scoring methods, which are required to take into account the probability of default, risk exposure and loan recovery rates. In addition, the new ratio will cover banks' operational risks, i.e. risks of malfunction and legal risks. The reform also stresses the role of internal capital adequacy control procedures and the disclosure obligations regarding the structure and allocation of capital and on risk exposure.

Following consultation initiated in January 2001, the Basle Committee received more than 250 comments and therefore decided to launch a study, between October and December 2002, of the impact of the envisaged new mechanism on data at 31 March 2002. Further consultations with the banking industry took place in the second quarter of 2003, based on a consultative document circulated in May 2003.

On 26 June 2004, the central bank governors and heads of bank supervisory authorities in the "Group of ten countries" endorsed the publication of the new BIS standards, the "International Convergence of Capital Measurement and Capital Standards: a Revised Framework".

For banks applying IRBF method, introduction is planned for 31 December 2006, following a year (2006) in which both ratios (the existing Cooke ratio and the McDonough reform) will be calculated.

For banks applying IRBA method, introduction is planned for 31 December 2007, after 2 years (2006 and 2007) with calculation of both ratios.

The Issuer Group objective is to qualify for the IRBF Method to calculate its capital requirement for credit risk from the very day when the New Accord is in effect and to implement the method selected to calculate its capital requirements for operational risk, which is the Standardized Approach.

As calculated in accordance with the Applicable Banking Regulations, the total available capital of the Issuer Group can be detailed as follows:

In Million €	31/12/2003
Capital and consolidated retained earnings	3 706.7
Including results	145.4
Hybrid tier 1 capital	691.5
Minority interests	54.5
Reserve for general banking risks	242.4
Deductions (intangible assets ,goodwill,...)	- 548.4
TIER 1	4 292.0
Subordinated debt	1 878.6
Public subsidy	45.0
TIER 2	1 923.6
TIER 3	366.8
Deductions (holdings in credit institutions,...)	- 178.2
Total deductions	-178.2
Total available capital	6 404.1

The Hybrid tier 1 component of the total available Tier 1 capital as at 31 December 2003 can be detailed as follows :

Issuer	Issue date	Maturity date	Interest rate	Amount outstanding	Amount eligible as tier 1 (M€)
Natexis ABMS L.L.C.	30 June 1998	perpetual	8.44 %	275 M\$	215.5 M€
NBP Preferred Capital I L.L.C.	28 June 2000	perpetual	8.32 %	200 M€	200.0 M€
NBP Preferred	30 July 2002	perpetual	6.603 %	150 M\$	117.9 M€

Capital II L.L.C.					
NBP Preferred Capital III L.L.C.	27 October 2003	perpetual	7.375 %	200 M\$	158.1 M€
Total					691.5 M€

The tier 2 component of the total available capital of the Issuer Group as at December 31, 2003 can be detailed as follows :

Issuer	issue date	maturity date	currency	outstanding amount (K€)	tier 2 amount (K€)
Undated subordinated debt					
NBP		perpetual	FRF	99 845	99 845
NBP		perpetual	FRF	32 014	32 014
NBP		perpetual	FRF	9 909	9 909
NBP		perpetual	FRF	19 056	19 056
NBP		perpetual	FRF	8 690	8 690
Subtotal–				169 515	169 515
Dated subordinated debt					
Interfinance	12/04/1989	25/02/2004	USD	5 615	5 615
Natexis Factorem	01/02/1992	01/03/2004	FRF	2 897	579
Natexis Lease	01/02/1992	01/03/2004	FRF	7 622	1 524
Natexis Factorem	01/03/1992	01/06/2004	FRF	3 201	640
Natexis Lease	01/05/1992	01/06/2004	FRF	7 622	1 524
NBP	01/10/1993	17/11/2005	FRF	44 210	17 684
NBP	01/02/1994	29/03/2006	FRF	35 063	21 038
Fructicomi	01/06/1994	01/03/2006	FRF	1 524	915
Fructicomi	01/06/1994	01/07/2006	FRF	2 287	1 372
NBP	17/06/1994	17/06/2004	LUF	39 663	7 933
NBP	01/07/1994	18/07/2006	FRF	33 539	20 123
NBP	01/07/1994	01/07/2004	LUF	47 607	9 521
NBP	13/07/1994	13/07/2004	LUF	24 230	4 846
NBP	05/08/1994	05/08/2004	LUF	36 937	7 387
NBP	01/03/1995	05/04/2007	FRF	12 196	9 757
NBP	01/09/1995	06/11/2007	FRF	20 581	16 464
NBP	01/11/1995	18/12/2007	FRF	41 509	33 207
NBP	01/03/1996	15/04/2006	FRF	3 811	2 287
NBP	01/05/1996	29/11/2005	USD	158 353	63 341
NBP	01/07/1996	15/07/2006	FRF	55 034	33 020
NBP	01/08/1996	29/11/2005	USD	39 588	15 835
NBP	01/10/1996	21/12/2006	FRF	22 562	13 537
NBP	01/12/1996	28/03/2007	FRF	16 769	13 416
NBP	01/03/1997	25/06/2007	FRF	129	103
NBP	01/07/1997	21/12/2009	FRF	48 021	48 021
Natexis Factorem	01/02/1998	01/06/2010	FRF	9 147	9 147
NBP	01/05/1998	27/06/2008	FRF	438	438
NBP	01/07/1998	27/07/2008	FRF	457	91
NBP	01/07/1998	27/07/2008	FRF	610	610
NBP	01/07/1998	27/09/2008	FRF	457	457
Natexis Factorem	01/07/1998	01/07/2004	FRF	3 049	610
NBP	01/10/1998	27/12/2008	FRF	305	305
NBP	01/12/1998	05/02/2009	FRF	305	305
NBP	01/02/1999	02/03/2009	EUR	200	200

NBP	01/04/1999	28/05/2009	EUR	17 700	17 700
Sofingest	01/04/1999	01/05/2009	FRF	5 000	5 000
NBP	01/06/1999	04/07/2009	EUR	80 000	80 000
Natexis Factorem	01/11/1999	01/11/2009	FRF	2 300	2 300
NBP	25/04/2000	25/04/2010	EUR	299 626	299 626
Natexis Factorem	01/05/2000	01/05/2010	EUR	7 600	7 600
Natexis Factorem	01/10/2000	21/12/2010	EUR	4 650	4 650
NBP	08/06/2001	15/07/2011	EUR	16 600	16 600
Natexis Arbitrage	01/07/2001	15/07/2011	EUR	6 100	6 100
NBP	10/09/2001	16/10/2011	EUR	16 000	16 000
NBP	19/11/2001	09/01/2012	EUR	9 700	9 700
Natexis Arbitrage	11/12/2001	09/01/2012	EUR	4 000	4 000
NBP	11/02/2002	27/03/2012	EUR	20 500	20 500
NBP	18/06/2002	18/06/2012	EUR	299 000	299 000
NBP	02/12/2002	04/02/2013	EUR	150 000	150 000
NBP	20/06/2003	20/06/2013	EUR	400 000	400 000
Natexis Coficiné		30/04/2004	FRF	762	152
Natexis Coficiné		29/12/2005	FRF	762	305
Natexis Private Banking		01/12/2007	FRF	10 000	8 000
Subtotal-				2 075 840	1 709 087

The tier 2 component amounting to 1 878.6 million euros complies with the following regulatory requirements :

- the rate of amortisation is set at 20% per annum in the last five years of each instalment ;
- it shall not exceed the sum of 100% of the core capital.

DESCRIPTION OF THE ISSUER GROUP

Natexis Banques Populaires is a French *société anonyme*, registered with the Paris Trade and Companies Register (*Registre du Commerce et des Sociétés de Paris*) under number B 542 044 524, and governed by French commercial law and by regulations applicable to French credit institutions (*établissements de crédit*). Natexis' registered office is located at 45, rue Saint-Dominique, 75007 Paris, France.

Natexis has a share capital of EUR 768,921,808 as of 30 June, 2004, represented by 48,057,613 fully-paid ordinary shares, with a par value of EUR 16 each. A double voting right is granted for all fully paid-up registered shares for which proof is provided of registration for at least two years in the name of the same shareholder. As of 30 June, 2004, there were 81,765,964 voting rights.

Profile

Natexis Banques Populaires is the Banque Populaire Group's financing, investment banking and service bank and is currently developing a unique offering in receivables management. It is also the Group's listed vehicle.

Natexis Banques Populaires stands apart from other banking institutions. Drawing on its expertise in a wide range of complementary areas, it offers not only traditional banking services but also high value-added technology-based services. The Bank serves the Banque Populaire regional banks and also builds long-term partnerships with its own clientele of large and medium-sized companies, institutional investors, banking and financial institutions, at both the national and international level.

Natexis Banques Populaires holds leading positions in each of its business lines. It is a major player in the financing market, serving substantially all major French companies. Its Coface subsidiary is a world leader in credit insurance and credit management services. The Bank is also ranked among the leaders in private equity and financial engineering, and is an active player in debt and equity brokerage. It is the number one provider of high-tech services for banks and financial institutions. A well-known and highly respected player in the "bancassurance" and asset management sectors, it is the leading employee savings plan manager in France.

History

Natexis was incorporated on 20th November, 1919 under the name "Crédit National".

In 1996, Crédit National acquired Banque Française du Commerce Extérieur ("**BFCE**"), which became its wholly-owned subsidiary. In June 1997, Crédit National, which had become Natexis S.A., transferred to BFCE (renamed Natexis Banque) its entire banking activity, becoming the Natexis group holding company.

In October 1997, the Banque Populaire Group, a major French mutual banking organisation, acquired a 23.35% interest in Natexis S.A. At the end of June 1998, following a friendly tender offer, the Banque Populaire Group acquired majority control of Natexis S.A., with a 74.36% stake.

In July 1999, Natexis Banques Populaires was created from the combination of the banking activities of the Caisse Centrale des Banques Populaires (“CCBP”) and Natexis S.A. CCBP was the central financing arm of the Banque Populaire Group, and was also responsible for Banque Populaire Group’s corporate and investment banking activities. CCBP transferred to Natexis S.A. all of its operating activities, subsidiaries, investments and human resources. Natexis S.A. took the name Natexis Banques Populaires S.A. In December 1999, CCBP was renamed Banque Fédérale des Banques Populaires (“BFBP”). At the end of 2003, the Banque Populaire Group held a 77.58% interest in Natexis.

BFBP continues to operate, acting as the central body of the Banque Populaire Group, and is the majority shareholder of Natexis.

Ownership Structure

As of 30 June 2004, the principal Natexis Banques Populaires shareholders were as follows:

	% common stock	% voting rights
Banque Fédérale des Banques Populaires.....	75.32	84.69
<i>of which employee shareholders (FCPE Alizé Levier)</i>	<i>2.21</i>	<i>2.60</i>
Employees (ESOP) and others FCPE	1.82	2.11
Banques Populaires regional banks and CASDEN BP.....	3.12	2.72
Amhold & S. Bleichroeder Holdings	2.92	1.71
DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main	1.89	1.11
Maine Services ¹	1.35	0.85
IKB Financière France	0.89	1.05
MAAF Assurances & MAAF Vie	0.63	0.37

¹ a wholly owned subsidiary of Banque Fédérale des Banques Populaires.

Markets on which NBP securities are listed:

NBP shares are listed on the Paris Euronext Premier Marché and qualify for deferred settlement (ISIN Code: FR0000120685). NBP securities are included in the SBF 120 and SBF 250 indices.

OVERVIEW OF ACTIVITIES OF NATEXIS BANQUES POPULAIRES

When presenting its half-year results on 9 September 2004, Natexis announced in more detail plans for its new organisation. This new organisation has consisted of extensively redefining Natexis’ businesses in order to increase revenues from existing clients and to better leverage its solid expertise in key business areas in expanding markets.

Natexis is now organised in four business lines:

- Corporate and Institutional Banking and Markets, headed by Olivier Schatz
- Private Equity and Private Banking, headed by Jean Duhau de Berenx
- Services, headed by Jean-Pierre Morin (for the Asset Management and Insurance business) and Jean-Yves Forel (for the Banking, Financial and Technology Services business)
- Trade Receivables Management headed by Jerome Cazes

- **Corporate and Institutional Banking and Markets (CIBM)**

Natexis offers a full range of integrated banking services to large and medium-sized companies, institutions and banks in France and abroad, including 90 per cent of the top 350 French groups.

The CIBM business line comprises six divisions.

The **Corporate France division** is in charge of corporate, interbank and institutional lending, cash management and lease financing (real estate and equipment lease financing products).

The **International Group division** is responsible for all international operations and for supervising the network (European network, North America and international network).

The **Commodities division** (energy, metals and soft) offers services such as export and domestic prefinancing, corporate financing and trade finance, financing through inventory acquisition and hedging strategy designed by Natexis Metals.

The **Structured Financing and Capital Markets division** includes the structured financing business unit which develops asset financing, syndication, financial engineering, acquisition financing and LBO financing solutions. The capital markets business unit offers a full range of fixed income, credit and foreign exchange products.

The **Equity and Arbitrage division** comprises brokerage and origination activities (through Natexis Bleichroeder located in Paris, New York and London) equity derivatives business and arbitrage activities (through Natexis Arbitrage and Natexis ABM. Corp).

Finally, the CIBM business line includes a **Mergers and Acquisitions division**.

- **Private Equity and Private Banking**

The Private Equity business is spearheaded by Natexis Private Equity, which provides financing at each stage of a company's development, from seed capital to mezzanine finance. It invests on behalf of Banques Populaires and external investors. It is organised around three units: Growth Capital, Buy-Out/Buy-In Capital and Venture Capital.

The Private Banking business comprises Banque Privée St Dominique and Natexis Private Banking Luxembourg, both of which are currently undergoing a strategic repositioning.

- **Services**

Banking, Financial and Technology Services

The Banking, Financial and Technology Services business line is responsible for all back office activities for stock-market, securities and payment transactions handled by Natexis Banques Populaires and Banques Populaires.

It has also developed, over many years, an offer of services to a broad range of customers: bank branch networks, specialised banks with or without branch networks and financial institutions.

The financial services division provides custody and securities handling services while the banking services division handles payment cards and other payment transactions. The business

line also includes a Retail services unit, which is developing a multi-channel banking service.

Asset Management and Insurance

The Asset Management and Insurance business line covers several businesses such as insurance, fund management and employee savings plans. It offers the clients of the Banque Populaire Group a very broad range of savings, investment and insurance products and services through several subsidiaries such as Natexis Assurances, Natexis Asset Management, Natexis Asset Square, Natexis Immo Placement, Natexis Interépargne, Natexis Epargne Entreprise and Natexis Intertitres.

Together, these subsidiaries develop a comprehensive skill-set tailored to the needs of all clients, including private individuals, self-employed professionals, companies and institutions.

- **Trade Receivables Management**

It comprises credit insurance, credit management services and factoring, that is to say Coface's and Natexis Factorem's businesses.

Coface

With nearly sixty years experience and a widespread international presence, Coface is one of the leading credit insurance and credit management companies. It offers companies solutions for managing, protecting and financing their customer/supplier business transactions by outsourcing, totally or in part, the management and the risk of business transactions.

Alongside its four main businesses, i.e. credit insurance, business intelligence, factoring and trade receivables management, Coface has developed three other activities: surety and bonding, training for receivables managers and, in France, export credit insurance for major government contracts.

Coface currently has operations in 57 countries and can offer its services in 91 countries thanks to its partners in the CreditAlliance international network.

Natexis Factorem

Natexis Factorem is a factoring company. It offers receivables management outsourcing solutions that help companies optimize their cash position and reduce customer credit risks. Four types of service are offered: receivables management, receivables collection, bad debt guarantees and receivables financing.

MANAGEMENT STRUCTURE OF NATEXIS BANQUES POPULAIRES (as at June 30, 2004)

EXECUTIVE MANAGEMENT COMMITTEE

Philippe Dupont, Chairman

François Ladam, Chief Executive Officer

François Casassa, General Secretariat

Jérôme Cazes, Credit insurance, Credit management and Factoring

Jean Duhau de Berenx, Private Equity and Wealth Management

Jean-Yves Forel, Banking, Financial and Technology Services

Luc Jarny, Information Systems and Logistics

Jean-François Masson, Human Resources and Communications

Jean-Pierre Morin, Asset Management and Insurance

André-Jean Olivier, Finance Department

Olivier Schatz, Corporate and Institutional Banking and Markets

BOARD OF DIRECTORS

Philippe Dupont, Chairman

François Ladam, Chief Executive Officer

Directors

Philippe Dupont, Chairman of Natexis Banques Populaires

Banque Fédérale des Banques Populaires, represented by René Clavaud, Chairman of Banque Populaire Centre Atlantique

Vincent Bolloré, Chairman and Chief Executive Officer of Groupe Bolloré

Christian Brevard, Deputy Vice Chairman of Banque Populaire d'Alsace

Jean-François Comas, Chief Executive Officer of Banque Populaire Côte d'Azur

Claude Cordel, Chairman of Banque Populaire du Midi

Daniel Duquesne, Chief Executive Officer of Banque Populaire Loire et Lyonnais

Stève Gentili, Chairman of BRED Banque Populaire

Jean de La Chauvinière

Yvan de la Porte du Theil, Chief Executive Officer of Banque Populaire Val-de-France

Richard Nalpas, Chief Executive Officer of Banque Populaire Toulouse-Pyrénées

Francis Thibaud, Chief Executive Officer of Banque Populaire du Sud-Ouest

Jean-Louis Turret, Chairman of Banque Populaire Provençale et Corse

Robert Zolade, Chairman of H.B.M. (Holding Bercy Management)

Jean-Pierre Chavaillard, representing employee shareholders

Non-Voting Director

Michel Goudard, Deputy Chief Executive Officer of Banque Federale des Banques Populaires

Board Secretary

Jean-Rene Burel

Auditors

Deloitte & Associés, Salustro Reydel, Barbier Frinault et Autres

Substitute Auditors

BEAS François Chevreux Pascal Macioce

THE BANQUE POPULAIRE GROUP

The Banques Populaires Group comprises three key dimensions:

(i) The cooperative dimension

The 21 Banques Populaires Regional Banks (as of 30 June 2004), key players in their regional economies, CASDEN Banque Populaire, a national bank dedicated to serving the employees and employer-institutions of the French national systems of education, research and culture and Credit Cooperatif, a key player in the social economy sector, together constitute the Group's parent companies. They are owned by their 2.4 million member-stakeholders.

(i) The federal dimension

Banque Fédérale des Banques Populaires is the central body of the Banques Populaires and is the holding company of NBP. Banque Fédérale des Banques Populaires determines Group strategy and is also responsible for overseeing and coordinating Group operations.

(ii) The listed-company dimension

NBP, listed on the Paris Stock Exchange, is the Group's financing, investment and service bank. The majority of its 200,000 private shareholders are member-stakeholders and clients of the Banques Populaires Banks.

RECENT DEVELOPMENTS

The following is a press release published by Natexis Banques Populaires on 19 January 2005:

Paris, January 19, 2005

NATEXIS BANQUES POPULAIRES:

NET BANKING INCOME UP BY AN ESTIMATED 9%

TOTAL ESTIMATED NET BANKING INCOME FOR 2004 IS UP 9% TO €2,680 MILLION FROM €2,455 MILLION IN 2003.

The main change in Group structure compared with 2003 is Coface's acquisition of ORT, effective April 1, 2004. To permit meaningful comparisons, 2003 figures have been restated where necessary. Unless otherwise stated, the changes presented in this press release have been calculated on a reported basis. The 2004 figures presented are estimates and subject to statutory audit.

The figures presented in this press release are based on the new organization structure introduced in mid-2004, with the following four business lines:

- *Corporate and Institutional Banking and Markets*
- *Private Equity and Private Banking*
- *Services*
- *Trade Receivables Management*

Corporate and Institutional Banking and Markets comprises Corporate France (including lease financing), International, Structured Financing & Capital Markets, Commodities, Equity & Arbitrage Group, and Mergers & Acquisitions.

Private Equity and Private Banking comprises private equity business and the private banking activities of Banque Privée St Dominique and Natexis Private Banking Luxembourg.

Services comprises Banking, Financial & Technology Services, together with Asset Management & Insurance (other than Private Banking).

Trade Receivables Management comprises Coface and Natexis Factorem (factoring).

Based on estimates presented yesterday to the Board of Directors, **total net banking income** amounted to €2,680 million, an increase of 9% compared with 2003 and 8% on a comparable basis.

Net banking income from the business lines came to €2,571 million, an increase of 7% on a comparable basis, broken down as follows:

€ millions	2004 (estimates)	2004/2003 change on a comparable basis
CORPORATE AND INSTITUTIONAL BANKING AND MARKETS	1,114	+5%
PRIVATE EQUITY AND PRIVATE BANKING	178	+43%
SERVICES	606	+8%
- Banking, Financial & Technology Services	236	-4%
- Asset Management & Insurance	370	+17%
TRADE RECEIVABLES MANAGEMENT	642	+4%
TOTAL NBI FROM BUSINESS LINES	2,571	+7%

Corporate and Institutional Banking and Markets delivered 5% growth in net banking income (8% at constant dollar rates), driven by a recovery in Equity business and a good performance in Structured Financing. In Capital Markets, Credit activities performed well, but the Fixed-Income markets were difficult. Corporate France and International suffered a squeeze on margins but delivered strong growth in new lending. Commodities produced good results despite the weaker dollar.

Private Equity and Private Banking delivered strong growth, principally due to capital gains generated by Private Equity. Investments have now reached over €300 million, a sharp increase on 2003.

Services achieved 8% growth in net banking income, driven by a 17% increase in the contribution from Asset Management, principally due to its fund management activities. Employee savings had a good year in an environment marked by withdrawals driven by tax incentives to support consumer spending. Assets under management, excluding Private Banking, amounted to €82.6 billion, an increase of 7% compared with end-December 2003. Net new money came to €2.8 billion.

In Banking, Financial and Technology Services, a number of unprofitable activities have been wound up, leading to a decline in revenue from financial services. However, revenue from banking services rose due to growth in electronic payment systems. Assets held in custody rose by 7% compared with end-December 2003, to €390 billion.

Trade Receivables Management posted 4% growth in net banking income compared with 2003. The rise in Coface's equivalent net banking income came mainly from credit insurance. Natexis Factorem consolidated its market share and posted an increase in net banking income despite the persistently competitive environment, although there has been some recovery in the market after two years of slowdown.

Other net banking income totalled €109 million compared with €91 million in 2003, primarily due to a good performance in information systems activities and proprietary portfolio.

Estimated gross operating income will be up significantly on 2003.

Final figures for full year 2004 will be presented to the Board of Directors of Natexis Banques Populaires on February 24, 2005 and will be published the next morning.

CAPITALISATION TABLE OF THE ISSUER

in € million

30/06/2004

Shareholders' equity

Shareholders' equity - Group share (excl. FRBG)	4,027
<i>Of which:</i>	
Share capital (consisting of 48,057,613 ordinary shares with a nominal value of € 16, which are fully issued and subscribed)	769
Share premiums	1,792
Consolidated reserves and other reserves	1,258
Profit for the year	208
FRBG (Reserve for general banking risks)	242

Provisions

Technical reserves of insurance companies	21,423
Provisions for risks and charges	844

Liabilities (excluding related debt)

Long-term liabilities (due in more than 1 year)	
Due to credit institutions	6,296
Due to customers	547
Debt represented by securities	9,624
Subordinated debt	2,506.5 ¹
Current liabilities (due in less than 1 year)	
Due to credit institutions	26,388
Due to customers	17,853
Debt represented by securities	21,420
Subordinated debt	112

Save as disclosed below, there has been no material change in the consolidated capitalisation of the Issuer since 30 June 2004.

The Issuer issued the following Notes since 30 June 2004:

- (i) EUR 56,600,000 Zero coupon Notes due 2011, issued on 6 August 2004;
- (ii) EUR 20,000,000 Floating Rate Notes due 2014, issued on 20 August 2004;
- (iii) EUR 200,000,000 Floating Rate Notes due 2008, issued on 15 September 2004;
- (iv) CZK 750,000,000 Zero coupon Notes due 2006, issued on 15 September 2004;
- (v) GBP 100,000,000 Fixed Rate Notes due 2009, issued on 21 September 2004;
- (vi) GBP 200,000,000 Floating Rate Notes due 2006, issued on 18 October 2004;

¹ Includes the proceeds of issue of the Notes which are the subject of this Offering Circular. Such Notes have not been issued at the date of this Offering Circular but will be issued on the Issue Date.

- (vii) EUR 450,000,000 Subordinated Floating Rate Notes due 2016, issued on 4 November 2004;
- (viii) EUR 75,000,000 Floating Rate Notes due 2007, issued on 19 November 2004;
- (ix) USD 15,000,000 Fixed Rate Notes due 2006, issued on 24 November 2004;
- (x) EUR 15,000,000 Floating Rate Notes due 2019, issued on 30 November 2004;
- (xi) EUR 75,000,000 Floating Rate Notes due 2007, issued on 16 December 2004;
- (xii) GBP 200,000,000 Floating Rate Notes due 2007, issued on 5 January 2005;
- (xiii) EUR 3,000,000 Zero coupon Notes due 2007, issued on 6 January 2005;
- (xiv) EUR 523,000 Fixed Rate Notes due 2006, issued on 6 January 2005.

The Issuer redeemed the following Notes since 30 June 2004:

- (i) EUR 49,578,800 Fixed Rate Notes on 1 July 2004;
- (ii) EUR 24,789,400 Fixed Rate Notes on 13 July 2004;
- (iii) EUR 100,000,000 Floating Rate Notes on 26 July 2004;
- (iv) EUR 37,184,710 Fixed Rate Notes on 5 August 2004;
- (v) GBP 30,000,000 Floating Rate Notes on 17 September 2004;
- (vi) EUR 768,038,149 Fixed Rate Notes on 22 November 2004;
- (vii) EUR 49,578,705 Fixed Rate Notes on 14 December 2004;
- (viii) EUR 50,000,000 Floating Rate Notes on 10 January 2005;
- (ix) EUR 50,000,000 Floating Rate Notes on 10 January 2005.

The Issuer purchased and cancelled since 30 June 2004:

- (i) EUR 60,000 Zero coupon Notes on 1 July 2004;
- (ii) EUR 60,000 Zero coupon Notes on 1 July 2004;
- (iii) EUR 10,000 Zero coupon Notes on 13 July 2004;
- (iv) EUR 165,000 Zero coupon Notes on 15 July 2004;
- (v) EUR 200,000 Zero coupon Notes on 16 July 2004;
- (vi) EUR 150,000 Zero coupon Notes on 19 July 2004;
- (vii) EUR 40,000 Zero coupon Notes on 27 July 2004;
- (viii) EUR 3,682,000 Zero coupon Notes on 29 July 2004;
- (ix) EUR 67,800 Zero coupon Notes on 30 July 2004;
- (x) EUR 2,426,000 Zero coupon Notes on 6 August 2004;
- (xi) EUR 10,000 Zero coupon Notes on 11 August 2004;
- (xii) EUR 15,000 Zero coupon Notes on 12 August 2004;
- (xiii) EUR 4,000,000 Zero coupon Notes on 17 August 2004;
- (xiv) EUR 2,000,000 Zero coupon Notes on 25 August 2004;
- (xv) EUR 250,000 Zero coupon Notes on 8 September 2004;
- (xvi) EUR 30,000 Zero coupon Notes on 10 September 2004;
- (xvii) EUR 20,000 Zero coupon Notes on 22 September 2004;
- (xviii) EUR 2,292,000 Zero coupon Notes on 6 October 2004;

- (xix) EUR 10,000 Zero coupon Notes on 13 October 2004;
- (xx) EUR 15,000 Zero coupon Notes on 22 October 2004;
- (xxi) EUR 190,000 Zero coupon Notes on 22 December 2004;
- (xxii) EUR 5,000 Zero coupon Notes on 12 January 2005.

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

To the shareholders,

In accordance with the assignment entrusted to us by the General Meeting of Shareholders, we have audited the consolidated financial statements of Natexis Banques Populaires for the year ended 31 December 2003 as appended to this report.

The consolidated financial statements were prepared by the Board of Directors. It is our duty to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We have conducted our audit in accordance with auditing standards applicable in France. These standards require that we perform such tests and procedures as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and of significant estimates made in preparing the financial statements, and an evaluation of the overall adequacy of the presentation of these statements. We believe that our audit provides a reasonable basis for the opinion expressed below.

In our opinion, the consolidated financial statements, which have been prepared in accordance with generally accepted French accounting principles, give a true and fair view of the assets, liabilities, and financial position, as well as of the results of the group formed by the companies included in the consolidation scope.

Without qualifying our opinion, we draw your attention to note 2.17 of the notes to the financial statements, which describes the changes in accounting methods introduced during the year as the result of the application for the first time of CRC regulation no. 2002-03 relating to the accounting for credit risk in companies that fall within the scope of the French Financial and banking regulations committee (*Comité de la réglementation bancaire et financière*) and of CRC regulation no. 2002-10 relating to the depreciation and impairment of assets.

II. Justification of assessment

In application of Article L. 225-235 of the Commercial Code relating to the justification of our assessments, introduced by the French financial security law of 1 August 2003 and applicable for the first time to the financial year just ended, we inform you of the following:

- Your group has constituted provisions to cover the risks inherent in its activities. In the context of our assessment of the significant estimates used in the preparation of the financial statements, we have examined the control procedures for monitoring credit risk, the assessment of the risk of non-collection and the coverage of these risks by specific provisions, as well as by sector and geographic general reserves.

Also, note 2.17 of the notes to the financial statements describes a change in the method of accounting for doubtful debts resulting from the application of CRC regulation no. 2002-03. As this relates to loans restructured in previous financial years on ex-market terms, the discount has been recognised by a deduction of € 11m from shareholders' equity. This change of accounting method is justified by the application of the new rule and its application complies with the applicable principles.

- As it is indicated in note 9 of the notes to the financial statements, and in application of the recommendation of the French financial markets regulator (*Autorité des Marchés Financiers*), your company has, for the preparation of the financial statements for the year ended 31 December 2003, made an assessment of the intangible assets and goodwill recorded in the consolidated balance sheet. Said assessments, for the most significant of them, were based on the appraisal of an independent firm. In the context of our assessment of the significant estimates used in the preparation of the financial statements, we have reviewed the independent expert's conclusions and verified that these were taken into account in preparing the consolidated balance sheet as at 31 December 2003.

These assessments form part of the audit of the consolidated financial statements, taken all together, and have therefore contributed to forming our unqualified opinion expressed in the first part of this report.

III. Specific verification

We have also verified the information contained in the board of directors report. We have no comment to make on the fairness of this information or on its consistency with the consolidated financial statements.

29 March 2004

The Statutory Auditors

DELOITTE TOUCHE TOHMATSU
- AUDIT

RSM SALUSTRO REYDEL

BARBIER FRINAULT & AUTRES

Philippe Vassor

Michel Savioz

Richard Olivier
Durand

Oliver

(This is a certified translation of the original French text for information purposes only.)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF THE ISSUER

AUDITED COMPARATIVE CONSOLIDATED BALANCE SHEET

	As at 31 December		
	2003	2002	2001
	<i>(in Euro millions)</i>		
ASSETS			
Interbank assets and equivalent	46,987	42,084	22,757
<i>Of which institutional activities</i>	421	1,379	1,267
Customer loans	33,467	33,021	34,204
<i>Of which institutional activities</i>	1,099	96	251
Lease financing and equivalent	5,434	5,404	5,204
Bonds, equities and other fixed- and variable-income securities	16,351	19,166	19,498
Insurance company investments	20,943	19,181	17,302
Participating interests, investments in equity affiliates and other long-term equity investments	1,585	1,686	489
Tangible and intangible fixed assets	977	971	529
Goodwill	375	429	238
Prepayments, accrued income and miscellaneous assets	9,790	11,458	10,133
<i>Of which institutional activities</i>	0	0	1
TOTAL ASSETS	135,909	133,400	110,354
<i>Of which institutional activities</i>	<i>1,520</i>	<i>1,475</i>	<i>1,519</i>

	As at 31 December		
	2003	2002	2001
	<i>(in Euro millions)</i>		
LIABILITIES & SHAREHOLDERS' EQUITY			
Interbank liabilities and equivalent	36,100	46,184	35,624
<i>Of which institutional activities</i>	515	1,453	1,279
Customer deposits	29,389	22,820	14,264
<i>Of which institutional activities</i>	1,137	106	36
Debt materialized by securities	27,819	23,621	23,411
<i>Of which institutional activities</i>	0	0	305
Insurance company underwriting provisions	20,614	18,997	17,254
Accrued expenses, deferred income and miscellaneous liabilities	13,693	13,956	12,366
<i>Of which institutional activities</i>	98	108	106
Discounts on acquisition	76	89	103
Provisions for liabilities and charges	811	796	758
Long-term subordinated debt	2,417	2,209	2,023
Fund for General Banking Risks	242	242	263
Minority interests	835	726	620
Shareholders' equity attributable to the Group (excluding FGBR)	3,913	3,760	3,668
<i>Common stock subscribed</i>	769	759	709
<i>Additional paid-in capital</i>	1,791	1,750	1,579
<i>Consolidated reserves and other</i>	1,088	1,143	1,089
<i>Net income for the year</i>	265	108	291
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	135,909	133,400	110,354
<i>Of which institutional activities</i>	<i>1,750</i>	<i>1,667</i>	<i>1,726</i>

AUDITED COMPARATIVE CONSOLIDATED OFF-BALANCE SHEET STATEMENTS

	As at 31 December		
	2003	2002	2001
	<i>(in Euro millions)</i>		
Commitments given			
Commitments given by Corporate and International Banking Activities	34,432	37,086	35,630
- Financing commitments given in favor of:	21,892	21,386	19,774
. credit institutions	2,317	3,614	3,503
. customers	19,575	17,772	16,271
<i>Of which institutional activities</i>	-	-	13
- Guarantees given on behalf of:	12,211	15,237	15,237
. credit institutions	1,514	1,687	1,480
. customers	10,697	13,550	13,757
<i>Of which institutional activities</i>	5	9	28
- Commitments on securities	329	463	619
<i>Of which securities with repurchase options</i>	-	-	-
Commitments received			
Commitments received by Corporate and International Banking Activities	8,512	4,899	4,142
- Financing commitments received from credit institutions	3,931	964	1,665
- Guarantees received from credit institutions	3,985	3,499	2,195
- Commitments on securities of which securities sold with repurchase options	596	436	282

AUDITED COMPARATIVE CONSOLIDATED INCOME STATEMENTS OF THE ISSUER

(Management accounts format)

	Year ended 31 December		
	2003	2002	2001
	<i>(in Euro millions)</i>		
Interest and similar income	4,110	5,748	5,272
Interest and similar expenses	(3,445)	(5,056)	(5,096)
Income from variable-income securities	42	40	48
Net commission	561	499	549
Net gains/(losses) on trading portfolio transactions	121	(59)	396
Net gains/(losses) on securities held for sale and similar	126	4	293
Other net banking income/(expenses)	76	114	115
Gross margin on insurance activities	694	395	204
Net income from other activities	170	108	59
Net banking income	2,455	1,793	1,840
General operating expenses	(1,651)	(1,379)	(1,184)
Depreciation, amortization and provisions charged against intangible and tangible fixed assets	(88)	(67)	(43)
Gross operating income	716	347	613
Cost of risk	(211)	(193)	(184)
Net operating income	505	154	429
Share of net income/(losses) of equity affiliates	10	3	13

Gains/(losses) on fixed assets	13	53	3
Current income before taxes	528	210	445
Exceptional items	13	(16)	3
Corporate income tax	(154)	(13)	(79)
Goodwill amortization	(64)	(38)	(20)
Allocation to FGBR	-	21	-
Minority interests	(58)	(56)	(58)
Attributable net income for the year	265	108	291
Adjusted earnings per share			
Attributable consolidated net income per share, based on the average number of shares outstanding during the year	5.57	2.42	6.73
Diluted earnings per share			
Attributable consolidated net income per share, based on the number of shares outstanding at the year end	5.53	2.28	6.57

AUDITORS' OPINION ON THE UPDATE OF THE REFERENCE DOCUMENT

For the period January 1, 2004 to June 30, 2004

This is a free translation into English of the statutory auditors' report on the update of the reference document issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' reports on the individual company interim financial statements and consolidated interim financial statements, referred to in this report, include information specifically required by French law in all audit reports, whether qualified or not, and this is presented after the opinion on the interim financial statements. This information includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the individual company interim financial statements and consolidated interim financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the individual company interim financial statements and consolidated interim financial statements. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

Dear Natexis Banques Populaires shareholders,

As statutory auditors of Natexis Banques Populaires and in accordance with Regulation No. 98-01 of the *Commission des Opérations de Bourse* and professional standards applicable in France, we have performed certain procedures on the information contained in this update of the "Reference Document" relating to the historical financial statements of the Company.

This update completes the reference document filed with the *Autorité des Marchés Financiers* (AMF) on April 2, 2004 under the number D.04-0392, on which Barbier Frinault & Autres, RSM Salustro Reydel and Deloitte Touche Tohmatsu have already issued their report on March 31, 2004. They concluded that based on the procedures performed, they had no comment to make as to the fair presentation of the information relating to the financial situation and the financial statements presented in the reference document.

Mr. François Ladam, Chief Executive Officer, is responsible for the update of the "Reference Document". Our responsibility is to report on the fairness of the information presented in the "Reference Document" relating to the financial situation and the financial statements.

We have conducted our work in accordance with professional standards applicable in France. Those standards require that we assess the fairness of the information presented relating to the financial situation and the financial statements and its consistency with the financial statements on which we have issued a report. Our procedures also include reading the other information contained in the update of the "Reference Document" in order to identify material inconsistencies with the information relating to the financial situation and the financial statements and to report any apparent material misstatement of facts that we may have found in reading the other information based on our general knowledge of Natexis Banques Populaires obtained during the course of our engagement. As the update does not contain any prospective data resulting from an organized process, our procedures did not need to take account of management assumptions or the resulting figures.

We have performed a limited review of the consolidated interim financial statements for the period January 1, 2004 to June 30, 2004 approved by the Board of Directors in accordance with professional standards applicable in France. We expressed an unqualified opinion on such financial statements.

The consolidated interim financial statements for the period January 1, 2003 to June 30, 2003 approved by the Board of Directors were subject to a limited review by Barbier Frinault & Autres, RSM Salustro Reydel and Deloitte Touche Tohmatsu in accordance with professional standards applicable in France. They expressed an unqualified opinion on such financial statements. However, the auditors drew attention to Note 2.17 in the notes to the financial statements on the conditions for the implementation of CRC Regulation No. 2002-03 on credit risk and CRC Regulation No. 2002-10 on the depreciation and impairment of assets.

Based on the procedures performed, we have no other matters to report regarding the fairness of the information relating to the financial situation and the financial statements presented in this update.

Paris and Neuilly, September 27, 2004

The Auditors

BARBIER FRINAULT & AUTRES

RSM SALUSTRO REYDEL

DELOITTE TOUCHE TOHMATSU

ERNST & YOUNG

AUDIT

Richard Olivier Olivier Durand

Michel Savioz

José-Luis Garcia

CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER AS AT 30 JUNE 2004

COMPARATIVE CONSOLIDATED BALANCE SHEETS

In EUR millions	June 30, 2004	December 31, 2003	June 30, 2003
ASSETS			
Interbank and money market assets	54,452	46,987	41,881
<i>of which institutional activities</i>	376	421	1,340
Customer loans	37,756	33,467	39,608
<i>of which institutional activities</i>	930	1,099	65
Lease financing	5,625	5,434	5,408
Bonds, equities and other fixed and variable income securities	19,950	16,351	18,686
Insurance company investment portfolios	21,894	20,943	20,054
Investments in affiliates and associated undertakings and other securities held for investment	430	1,585	1,718
Property and equipment and intangible assets	995	977	958
Goodwill	385	375	402
Accrued income, prepaid expenses and other assets	10,216	9,790	11,939
<i>of which institutional activities</i>	-	-	43
TOTAL ASSETS	151,703	135,909	140,654
<i>of which institutional activities</i>	1,306	1,520	1,448
In EUR millions	June 30, 2004	December 31, 2003	June 30, 2003
LIABILITIES & SHAREHOLDERS' EQUITY			
Interbank and money market liabilities	43,171	36,100	33,017
<i>of which institutional activities</i>	460	515	1,300
Customer deposits	31,109	29,389	38,279
<i>of which institutional activities</i>	961	1,137	161
Debt securities	31,266	27,819	26,058
<i>of which institutional activities</i>	-	-	-
Insurance company technical reserves	21,423	20,614	19,766
Deferred income, accrued charges and other liabilities	16,392	13,693	15,441
<i>of which institutional activities</i>	76	98	126
Negative goodwill	69	76	83
Provisions for contingencies and losses	844	811	775
Long-term subordinated debt	2,356	2,417	2,537
Fund for General Banking Risks	242	242	242
Minority interests	804	835	668
Shareholders' equity (excluding FGBR)	4,027	3,913	3,788
<i>Common stock</i>	769	769	763
<i>Additional paid-in capital</i>	1,792	1,791	1,764
<i>Retained earnings</i>	1,258	1,088	1,150
<i>Net income for the period</i>	208	265	111
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	151,703	135,909	140,654

COMPARATIVE CONSOLIDATED OFF-BALANCE SHEET ITEMS

In EUR millions	June 30, 2004	December 31, 2003	June 30, 2003
Commitments given			
Banking operations	44,842	34,432	39,674
- Financing commitments given in favor of:	25,173	21,892	23,071
financial institutions	5,790	2,317	4,924
customers	19,383	19,575	18,147
<i>of which institutional activities</i>	-	-	-
- Guarantees given on behalf of:	17,012	12,211	15,079
financial institutions	1,790	1,514	1,716
customers	15,222	10,697	13,363
<i>of which institutional activities</i>	3	5	7
- Commitments on securities	2,657	329	1,524
high securities acquired with repurchase options	-	-	-
<hr/> Commitments received			
Banking operations	19,321	8,512	8,976
- Financing commitments received from financial institutions	9,138	3,931	3,321
- Guarantees received from financial institutions	7,919	3,985	4,208
- Commitments on securities	2,264	596	1,447
of which securities sold with repurchase options	-	-	-

COMPARATIVE CONSOLIDATED INCOME STATEMENTS

In EUR millions	Half-year ended June 30, 2004	Half-year ended June 30, 2003	Year ended December 31, 2003
Interest income	2,081	2,385	4,110
Interest expense	(1,696)	(1,975)	(3,445)
Income from variable income securities	19	19	42
Net fee and commission income	275	287	561
Net gains/(losses) on trading account securities	100	(73)	121
Net gains on securities held for sale	82	60	126
Other banking revenues and expenses	42	31	76
Gross margin on insurance operations	362	322	694
Other net banking income	91	79	170
Net banking income	1,356	1,135	2,455
General operating expenses	(847)	(792)	(1,651)
Depreciation, amortization and provisions for impairment of property and equipment and intangible assets	(39)	(37)	(88)
Gross operating income	470	306	716
Provisions for loan losses and country risks	(74)	(103)	(211)
Net operating income	396	203	505
Income from companies accounted for by the equity method	4	5	10
Net gains/(losses) on disposals of fixed assets	5	9	13
Income before exceptional items and tax	405	217	528
Exceptional items	(9)	(9)	13
Corporate income tax	(130)	(43)	(154)
Goodwill amortization	(22)	(27)	(64)
Net reversal of/(charge to) FGBR	-	-	-
Minority interests	(36)	(27)	(58)
Net income	208	111	265
Earnings per share			
Consolidated net income per share, based on the average number of shares outstanding during the period	8.68	4.68	5.57
Diluted earnings per share			
Consolidated net income per share, based on the number of shares outstanding at the period-end	8.68	4.68	5.53

SUBSCRIPTION AND SALE

Deutsche Bank AG London and Natexis Funding (the “**Joint Lead Managers**”) and DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (the “**Co Lead Manager**”) (together the “**Managers**”) have, pursuant to an underwriting agreement dated 21 January 2005 (the “**Underwriting Agreement**”), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the Notes at a price equal to 100 per cent of their Original Principal Amount. The Issuer and the Managers have, in the Underwriting Agreement, reached an agreement in relation to commissions and expenses. The Underwriting Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

General

No action has been, or will be, taken in any country or jurisdiction that would permit a public offering of the Notes, or the possession or distribution of this Offering Circular or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any circular, prospectus, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

Republic of France

The Managers and the Issuer have represented and agreed that (i) they have not offered or sold and will not offer or sell, directly or indirectly, the Notes to the public in the Republic of France and (ii) offers and sales of Notes in the Republic of France will be made only to qualified investors (*investisseurs qualifiés*) as defined in and in accordance with article L.411-2 of the French *Code monétaire et financier* and *décret* no. 98-880 dated 1 October 1998, acting for their own account. In addition, the Managers and the Issuer have represented and agreed that they have not distributed or caused to be distributed and will not distribute or cause to be distributed, in the Republic of France this Offering Circular or any other offering material relating to the Notes other than to investors to whom offers and sales of Notes in the Republic of France may be made as described as above.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Managers have agreed that they will not offer or sell the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the date of issue of the Notes, within the United States or to, or for the account or benefit of, U.S. persons and they will have sent to each dealer to which they sell Notes during the distribution compliance period 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.

The Notes are being offered and sold only outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Terms used in this section have the meanings given to them by Regulation S.

United Kingdom

The Managers have represented, warranted and agreed that:

- (i) they have not offered or sold and, prior to the expiry of a period of six months from the issue date of the Notes, will not offer or sell any Notes to persons in the United Kingdom except 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 otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the Financial Services and Markets Act 2000 (the "FSMA");
- (ii) they have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by them 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
- (iii) they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Notes in, from or otherwise involving the United Kingdom.

Federal Republic of Germany

Each Manager has confirmed that it is aware of the fact that no German sales prospectus (*Verkaufsprospekt*) within the meaning of the Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*, the "Act") of the Federal Republic of Germany has been or will be published with respect to the Notes and that it will comply with the Act and other laws and legal and regulatory requirements applicable in the Federal Republic of Germany with respect to the issue, sale and offering of securities. In particular, each of the Managers has represented that it has not engaged and has agreed that it will not engage in a public offering (*öffentliches Angebot*) within the meaning of the Act with respect to any Notes otherwise than in accordance with the Act.

Netherlands

Each Manager has represented and agreed that this Offering Circular may not be distributed and the Notes may not be offered, sold, transferred or delivered as part of their initial distribution or at any time thereafter, directly or indirectly, to individuals or legal entities who or which are established, domiciled or have their residence in The Netherlands ("**Dutch Residents**") other than to the following entities (hereinafter referred to as "**Professional Market Parties**" or "**PMPs**") provided they acquire the Notes for their own account and also trade or invest in securities in the conduct of a business or profession:

- (i) banks, insurance companies, securities firms, collective investment institutions or pension funds that are supervised or licensed under Dutch law;
- (ii) Netherlands collective investment institutions which offer their shares or participations exclusively to professional investors and are not required to be supervised or licensed under Dutch law;
- (iii) the Dutch government (*de Staat der Nederlanden*), DNB, Dutch regional, local or other decentralised governmental institutions, or any international treaty organisations and supranational organisations located in The Netherlands;
- (iv) Netherlands enterprises or entities with total assets of at least €500,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes;
- (v) Netherlands enterprises, entities or individuals with a net equity (*eigen vermogen*) of at least €10,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes and who or which have been active in the financial markets on average twice a month over a period of at least two consecutive years preceding such date;
- (vi) Netherlands subsidiaries of the entities referred to under (i) above provided such subsidiaries are subject to prudential supervision;
- (vii) Netherlands enterprises or entities that have a credit rating from an approved rating agency or whose securities have such a rating; and
- (viii) such other Netherlands entities designated by the competent Netherlands authorities after the date hereof by any amendment of the applicable regulations.

Italy

The offering of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, marketed, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Notes be distributed in Italy - and each Manager has represented and agreed not to effect any offering, marketing, solicitation or selling activity in Italy - except:

- (a) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July 1998, as amended; or
- (b) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998 (the "**Financial Services Act**") and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree no. 385 of 1 September 1993 (the "**Banking Act**");
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and
- (iii) in compliance with any other applicable laws and regulations or requirements or limitation which may be imposed upon the offer of the Notes by CONSOB or the Bank of Italy.

Any investor purchasing the Notes in the offering is solely responsible for ensuring that any further offer or resale of the Notes it purchased occurs in compliance with applicable laws and regulations. The Offering Circular and the information contained therein are intended only for the use of its recipient and are not to be distributed or communicated to any third party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its content.

Spain

The offer of Notes has not been registered with the Comision Nacional del Mercado de Valores (the "CNMV"). Accordingly, each of the Managers has represented, warranted and agreed that it has not offered or sold and will not offer or sell the Notes in the Kingdom of Spain nor has it distributed nor will it distribute any document or offer material in Spain or targeted to Spanish resident investors save in compliance and in accordance with the requirements of the Spanish Securities Market Law and Royal decree 291/1992, both as amended, and the regulations issued thereunder.

Switzerland

No person or entity is authorised (i) to offer or sell the Notes, or (ii) to distribute or disclose this Offering Circular in or from Switzerland other than to a limited circle of fewer than twenty potential investors, who have been approached on an individual basis, or (iii) to make any publicity of any kind for the Notes. This Offering Circular is confidential and may be used and

relied upon by potential investors as identified and approached in the preceding sentence only. It shall not be copied, used by, distributed or disclosed by the addressee to any other person than his professional advisors. The Notes must be acquired by the initial investor for its own account and not with a view to offer, sell or deliver or otherwise facilitate, assist or arrange the offering, selling or delivery of the Notes as part of its distribution or other transfer thereof.

GENERAL INFORMATION

1. The Notes have been accepted for clearance through Euroclear France, Clearstream, Luxembourg and Euroclear. The Common Code number for the Notes is 020975113. The International Securities Identification Number (ISIN) for the Notes is FR0010154278. The German Security Code (WKN) for the Notes is A0DT0X.
2. In connection with the application for the listing of the Notes on the Luxembourg Stock Exchange, the legal notice relating to the issue of the Notes and copies of the constitutive documents of the Issuer have been lodged with the Trade Register in Luxembourg (Registre de Commerce et des Sociétés à Luxembourg) prior to the listing thereof, where such documents are available for inspection and where copies thereof can be obtained.
3. The issuance of the Notes was authorised pursuant to a decision of Yves Lanaud, Deputy Chief Financial Officer (*adjoint au Directeur financier*) of the Issuer dated 14 January 2005 and acting pursuant to resolutions of the board of directors (*conseil d'administration*) of the Issuer dated 7 July 2004 and 17 November 2004.
4. Save as disclosed in the Offering Circular, there has been no material adverse change in the financial or trading position of the Issuer or the Issuer Group since 31 December 2003.
5. Neither the Issuer nor any other member of the Issuer Group is involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes nor so far as the Issuer is aware is any such litigation or arbitration pending or threatened.
6. The Issuer publishes (i) audited annual consolidated and non-consolidated accounts and (ii) semi-annual consolidated and non-consolidated accounts. Copies of the latest and future published financial reports of the Issuer, including its consolidated and non-consolidated accounts, and the latest and future published unaudited semi-annual consolidated and non-consolidated accounts of the Issuer, and copies of the constitutive documents of the Issuer, may be obtained from, and copies of the Fiscal Agency Agreement will be available for inspection at, the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
7. On 3 June 2003, the European Council adopted a new directive regarding the taxation of savings income (the “**Directive**”). Subject to certain conditions being met, it is proposed that Member States will be required as from 1 July 2005, the expected date of implementation of the Directive, to provide to the tax authorities of another Member State details of payments of interest within the meaning of the Directive (interest, products, premiums or other debt income) made by a paying agent within its jurisdiction to or for the benefit of an individual resident in that other Member State (the “**Disclosure of Information Method**”).

In this way, the term “paying agent” is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg, Belgium and Austria) would withhold an amount on interest payments instead of using the Disclosure of Information Method used by other Member States. The rate of such withholding tax would equal 15 per cent. as from 1 July 2005, 20 per cent. as from 1 July 2008, and 35 per cent. as from 1 July 2011.

According to the agreement reached by ECOFIN Council, such transitional period would end if and when the European Community enters into agreements on exchange of information upon request with several jurisdictions (the United States, Switzerland, Liechtenstein, San Marino, Monaco and Andorra).

The Directive was implemented into French law, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner. These reporting obligations will enter into force with respect to interest payments made on or after the effective application date of the Directive, but paying agents are required to identify the beneficial owners of such payments as from 1 January 2004, as set forth in regulations announced but not yet published.

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