



**Euro 45,000,000,000**

## **Euro Medium Term Note Programme Due from 7 days from the date of original issue**

Under the Euro Medium Term Note Programme (the “Programme”) described in this Base Prospectus (the “Base Prospectus”), Banque Fédérative du Crédit Mutuel (“BFCM” or the “Issuer”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the “Notes”). The aggregate principal amount of Notes outstanding will not at any time exceed euro 45,000,000,000 (or the equivalent in other currencies). This Base Prospectus supersedes and replaces the Base Prospectus dated 9 July 2008.

Notes will be issued in one or more series (each a “Series”). Notes of each Series shall be in bearer form and may be issued in one or more tranches (each a “Tranche”) on different issue dates and on terms otherwise identical (except in relation to the interest commencement dates and matters related thereto).

Application has been made (i) the Commission de Surveillance du Secteur Financier (“CSSF”), in its capacity as competent authority in Luxembourg under Article 7 of the Luxembourg Law on Prospectuses for Securities implementing Directive 2003/71/EC (the “Prospectus Directive”) for approval of this Base Prospectus and (ii) to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange during the period of 12 months from the date of publication of this Base Prospectus. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of the 2004/39/EC of the European Parliament and of the Council on Markets in Financial Instruments (the “MIFID Directive”) (each such market being a “MIFID Regulated Market”). Application may be made for such Notes to be listed and admitted to trading on any other MIFID Regulated Market (as defined below) in a Member State of the European Economic Area (“EEA”). The Issuer may also issue Notes under the Programme that are listed or admitted to trading on a market, such as the EuroMTF Market of the Luxembourg Stock Exchange (“EuroMTF”), which is not a MIFID Regulated Market, or that are not listed or admitted to trading. The relevant Final Terms (as defined below) in respect of each issue of Notes will specify whether such Notes will be listed and, if so, the relevant MIFID Regulated Market or stock exchange(s). Under the Luxembourg Law dated 10 July 2005 on prospectuses for securities, which implements the Prospectus Directive, prospectuses relating to an offering to the public or to the admission to trading on a regulated market of money market instruments with a maturity at issue of less than 12 months that also comply with the definition of securities are not subject to the approval provisions of such law and do not have to be approved by the CSSF.

Notes of each Tranche of each Series will initially be represented by a temporary global note in bearer form (each, a “Temporary Global Note”) or a permanent global note in bearer form (each, a “Permanent Global Note” and, collectively with any Temporary Global Note, the “Global Notes”), each without interest coupons. Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note on or after the date 40 days after the relevant issue date, upon certification as to non-U.S. beneficial ownership. If the Global Notes are stated in the applicable Final Terms to be issued in new global note (“NGN”) form they are intended to be eligible collateral for Eurosystem monetary policy and the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the “Common Safekeeper”) for Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream banking, société anonyme (“Clearstream, Luxembourg”).

Notes which are not issued in NGN form (“Classic Global Notes” or “CGNs”) will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg or as otherwise agreed between the Issuer and the relevant Dealer (as defined herein). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “Summary of Provisions Relating to the Notes while in Global Form

Tranches of Notes (as defined in “General Description of the Programme – Method of Issue”) will be rated or unrated (as described under “General Description of the Programme – Ratings”). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

### ***Arranger for the Programme***

**BNP PARIBAS**

### ***Dealers***

**BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL  
BNP PARIBAS  
GOLDMAN SACHS INTERNATIONAL  
HSBC  
THE ROYAL BANK OF SCOTLAND**

*This Base Prospectus, containing all relevant information with regard to the Issuer and the Issuer and its subsidiaries and affiliates taken as a whole (the “Group”) as well as the base terms and conditions of the Notes to be issued under the Programme together with (i) any supplements to this Base Prospectus from time to time (each, a “Supplement” and together the “Supplements”) and (ii) the final terms issued in relation to each Tranche of Notes, substantially in the form of the pro forma final terms set out in this Base Prospectus (the “Final Terms”) constitutes a Prospectus for the purposes of Article 5.4 of the Prospectus Directive. In relation to each separate issue of Notes, the final offer price and the amount of such Notes will be determined by the Issuer and the relevant Dealers at the time of the issue of the Notes and will be set out in the relevant Final Terms.*

*This Base Prospectus is to be read in conjunction with any document and/or information which is or may be incorporated herein by reference in accordance with Article 28 of Commission Regulation (“EC”) no. 809/2004 (the “Prospectus Regulation”), as described in “Documents Incorporated by Reference” below. This Base Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus.*

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

*The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of the Notes in the EEA and certain member states thereof, the United Kingdom, Japan and the United States. See “Subscription and Sale” below.*

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S Internal Revenue Code of 1986, as amended and regulations thereafter). For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “Subscription and Sale”.*

*This Base Prospectus does not constitute and may not be used in connection with, an offer, or an invitation to any person to whom it is unlawful to make such offer or invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.*

*To the fullest extent permitted by law, none of the Dealers (other than Banque Fédérative du Crédit Mutuel in its capacity as Dealer) or the Arranger accept any responsibility for the contents of this Base Prospectus or for any other statement, made or proposed to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer (other than*

*Banque Fédérative du Crédit Mutuel in its capacity as Dealer) accordingly disclaims all and any liability whether arising in tort or contract (save as referred to below) which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers (other than Banque Fédérative du Crédit Mutuel in its capacity as Dealer) or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.*

*In connection with the issue of any Tranche (as defined in “General Description of the Programme”) of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) in the applicable Final Terms (the “Stabilising Manager(s)”) (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes (provided that, in the case of any Tranche to be admitted to trading on any MIFID Regulated Market, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but such action must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any Stabilisation action or over-allotment must be conducted by the relevant stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.*

*In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “euro” and “€” are to the single currency which was introduced in the participating member states of the European Union on 1st January 1999, references to “£”, “pounds sterling” and “Sterling” are to the lawful currency of the United Kingdom and references to “U.S.\$” “USD” and “dollars” are to the lawful currency of the United States of America.*

## **Responsibility Statement**

The Issuer accepts responsibility for the information contained in this Base Prospectus. The Issuer declares, having taken all reasonable care to ensure that such is the case, that to the best of the knowledge of the Issuer, the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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## SUMMARY

*This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated herein by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (an “EEA State”), no civil liability will attach to the Issuer in any such Member State solely on the basis of this Summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.*

*Words and expressions defined in “Terms and Conditions of the Notes” below and in the applicable Final Terms shall have the same meanings in this summary.*

### **Issuer**

Banque Fédérative du Crédit Mutuel (“BFCM”)

### **Description of the Issuer**

BFCM is a specialised financial institution established under the French *Code Monétaire et Financier* and is subject to its provisions.

BFCM forms part of the Crédit Mutuel Centre Est Europe Group (the “CMCEE Group” and, together with the Crédit Mutuel Sud-Est Group, the Crédit Mutuel Ile de France and the Crédit Mutuel Savoie Mont Blanc referred to below, the “CEE Group”), which forms part of the French mutualist banking group, the Crédit Mutuel group (the “Crédit Mutuel Group”). The CEE Group operates in 32 *départements* in eastern France (covering the Alsace, Lorraine, Franche-Comté, Bourgogne, Champagne, Lyon Ile de France and Savoie Mont Blanc regions) and is the largest regional banking group in France, with around 4.1 million clients and 709 local branches.

BFCM conducts certain activities in its own right, which include acting as central treasury to the CEE Group and undertaking capital and money market activities on behalf of the CEE Group as well as providing financing to a number of its customers. As an extension of its role as central treasury, BFCM hedges interest rate and exchange risks for the whole CEE Group and places the funds of the CEE Group on deposit in the capital and money markets.

As a holding company, BFCM coordinates and develops the BFCM Group’s business activities which are mainly banking and insurance. BFCM holds, directly or indirectly, a 91.44 per cent. shareholding in Crédit Industriel et Commercial (“CIC”), the holding company of the CIC group (the “CIC Group”), a commercial banking network of 6 mainly regional banks active throughout France and with international branches in New York, London and Singapore.

BFCM’s financial resources originate from deposits collected

by the network of local branches (*caisses locales*), equity funds from the Caisse Fédérale and other credit institutions and funds raised in the capital and money markets. BFCM also refinances loans granted by the *caisses locales*. In 2008 it refinanced a total of euro 57,2 billion of such loans (compared to 50 billion in 2007).

BFCM is also involved in trading securities and arranges interest and exchange rate hedging transactions on behalf of its clients.

BFCM manages payment flows and processes transactions on behalf of CEE Group entities in the Paris Net Settlement System, in the euro Banking Association and the German Real Time Gross System.

As a holding company, BFCM coordinates and develops the BFCM Group's business activities undertaken through its minority and majority holdings in financial establishments, insurance, real estate and service companies.

#### **Financial Summary:**

At 31 December 2008, BFCM had consolidated assets of €425.22 billion (compared to €395.91 billion as at 31 December 2007) and shareholders' equity, Group share, of €7.63 billion (compared to €9.49 billion as at 31 December 2007). Net profit on ordinary activities before taxation for the year ended 31 December 2008 was €-166 million (compared to €2,253 million for the year ended 31 December 2007). Net profit, Group share, for the year ended 31 December 2008 was €29 million (compared to €1,464 million for the year ended 31 December 2007). These figures have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

#### **Risk Factors**

There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "Risk Factors" below and include the following risk factors related to the Issuer and its industry:

- (i) Unforeseen events can interrupt the Issuer's operations and cause substantial losses and additional costs.
- (ii) Four main categories of risks are inherent to the Issuer's activities:
  - *Credit Risk.* Credit risk is the risk of financial loss relating to the failure of an obligor to honour its contractual obligations.
  - *Market and Liquidity Risk.* Market risk is the risk related to earnings, which arises primarily from adverse movements of trading and non-trading market parameters. Liquidity risk, which is also referred to as funding risk, is the inability of the

Issuer to meet its obligations at an acceptable cost in a given currency and location.

- *Operational Risk.* Operational risk corresponds to the risk of losses due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences.
  - *Insurance Risk.* Insurance risk is the risk to earnings due to mismatches between expected and actual claims.
- (iii) An interruption in or a breach of the Issuer's information systems may result in lost business and other losses.
- (iv) The Issuer is subject to extensive supervisory and regulatory regimes in France, elsewhere in Europe, the US, the Asia Pacific region and in the many countries around the world in which it operates.
- (v) The Issuer's businesses and earnings can be affected by the fiscal or other policies and other actions of various regulatory authorities of France, other European Union or foreign governments and international agencies. The nature and impact of future changes in such policies and regulatory action are not predictable and are beyond the Issuer's control.

In addition, there are certain factors which are material for the purpose of assessing the risks associated with Notes issued under the Programme, including the following:

- (i) The trading market for debt securities may be volatile and may be adversely impacted by many events;
- (ii) An active trading market for the Notes may not develop;
- (iii) The Notes may be redeemed prior to maturity;
- (iv) A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs;
- (v) A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes;
- (vi) Fixed Rate Notes may change in value due to changes in interest rates;
- (vii) Investors will not be able to calculate in advance their rate of return on Floating Rate Notes;
- (viii) Zero coupon bonds are subject to higher price fluctuations than non-discounted bonds;
- (ix) Foreign currency bonds expose investors to foreign-exchange risk as well as to issuer risk;
- (x) Holders of Subordinated Notes risk receiving payments on

any outstanding Subordinated Notes only after senior Noteholders and other senior creditors have been repaid in full, if and to the extent that there is still cash available for those payments;

- (xi) Investments in Index Linked Notes entail significant risks and may not be appropriate for investors lacking financial expertise; and
- (xii) Holders of Notes of less than €50,000 (or its equivalent in another currency) in principal amount may not receive definitive Notes where the minimum Specified Denomination is €50,000 (or its equivalent in another currency).
- (xiii) French insolvency law could impose automatic requirements for an assembly which will override the provisions in the Notes relating to meetings of noteholders.

Please see “Risk Factors” below for further details.

**Programme Amount**

Up to €45,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time. As provided in the Agency Agreement, the Programme Amount may be further increased.

**Currencies**

Notes may be denominated in any currency or currencies agreed between the Issuer and the relevant Dealer(s), subject to compliance with all applicable legal and/or regulatory restrictions.

**Maturities**

Subject to compliance with all relevant laws, regulations and directives, any maturity greater than seven days.

**Form of Notes**

Notes will be issued in bearer form only. Each Tranche of Notes will initially be represented by interests in a temporary Global Note, if (i) definitive Notes are to be made available to Noteholders following expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Selling Restrictions” below). Otherwise, such Tranche will be represented by a permanent Global Note in bearer form without interest coupons.

**Initial Delivery of Notes**

On or before the issue date for each Tranche, if the relevant Global Note is intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, the Global Note will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, the Global Note representing Notes may (or, in the case of



Notes listed on the official list of the Luxembourg Stock Exchange, shall) be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes relating to Notes that are not listed on the official list of the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. In the case of NGNs, any such other clearing system must be authorised to hold such notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations.

**Fixed Rate Notes**

Fixed rate interest will be payable in arrear on the date or dates in each year as specified in the applicable Final Terms.

**Floating Rate Notes**

Floating Rate Notes will bear interest separately for each Series calculated by reference to EURIBOR, LIBOR, LIBID, LIMEAN (or such other benchmark as may be specified in the applicable Final Terms), as adjusted for any applicable margin.

Interest on Floating Rate Notes will be payable on such dates, and will be calculated in the manner specified prior to issue in the applicable Final Terms.

**Interest Periods and Rates of Interest**

The length of interest periods for the Notes and applicable rate of interest or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum rate of interest, a minimum rate of interest, or both. Interest periods will be specified in the applicable Final Terms. Interest will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period.

**Dual Currency Notes**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies and based upon such rates of exchange as are agreed between the Issuer and the relevant Dealer(s) prior to issue and set out in the applicable Final Terms.

**Index Linked Notes**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Index Linked Notes will be calculated by reference to such Index and/or Formula as are agreed between the Issuer and the relevant Dealer(s) prior to issue and set out in the applicable Final Terms.

**Variable Coupon Amount Notes**

The basis for calculating the amounts of interest payable, which may be by reference to a stock index or formula or otherwise, shall be specified in the Final Terms issued in respect of each

	issue of variable coupon amount Notes.
<b>Variable Redemption Amount Notes</b>	The basis for calculating the redemption amounts payable, which may be by reference to a stock index or formula or otherwise, will be provided in the Final Terms issued in respect of each issue of Variable Redemption Amount Notes. Unless otherwise permitted by the current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum redemption value of £100,000 (or its equivalent in another currency).
<b>Zero Coupon Notes</b>	Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest other than in the case of late payment.
<b>Other Notes</b>	Terms applicable to any other type of Note which the Issuer and any Dealer or Dealers may agree from time to time to issue under the Programme will be set out in the relevant Final Terms.
<b>Redemption by Instalments</b>	The dates on which and the amounts in which Notes redeemable in two or more instalments may be redeemed will be set out in the Final Terms issued in respect of such Notes.
<b>Optional Redemption</b>	The applicable Final Terms will state whether Notes may be redeemed prior to their stated maturity at the option of the Issuer and/or the holders and if so, the terms applicable to such redemption. Unless otherwise specified in the Final Terms issued in relation to an issue of Notes, Notes will be redeemable at the option of the Issuer prior to maturity only for taxation reasons.
<b>Denominations of Notes</b>	Notes will be issued in such denominations as may be specified in the applicable Final Terms, save that: <ul style="list-style-type: none"> <li>(i) (as this Base Prospectus has not been approved by the relevant competent authority of the Issuer's country of incorporation for the purposes of the Prospectus Directive), in the case of any Notes admitted to trading on a MIFID Regulated Market or offered to the public within the territory of any EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be €1,000 (or its equivalent in any other currency or currencies as at the date of issue of those Notes); and</li> <li>(ii) the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or</li> </ul>

regulations applicable to the relevant Specified Currency.

Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000, will have a minimum denomination of £100,000 (or its equivalent in another currency).

## **Taxation**

Payments of interest and other revenues with respect to the Notes will be made without withholding or deduction for, or on account of, the withholding tax set out under Article 125 A III of the French *Code général des impôts*, as provided for in Article 131 *quater* of the French *Code général des impôts*, to the extent that the Notes are issued (or are deemed to be issued) outside the Republic of France.

Notes, whether denominated in Euro or in any other currency, and which constitute *obligations* or *titres de créances négociables*, or other debt securities considered by the French tax authorities as falling into similar categories, are deemed to be issued outside the Republic of France, in accordance with Circular 5 I-11-98 of the *Direction générale des impôts* dated 30 September 1998 and Rulings 2007/59 and 2009/23 of the *Direction générale des impôts* dated 8 January 2008 and 7 April 2009 respectively..

The tax regime applicable to Notes which do not constitute *obligations* or *titres de créances négociables*, or other debt securities considered by the French tax authorities as falling into similar categories, will be set out in the relevant Final Terms.

## **Status of the Notes**

Notes issued under the Programme may be unsubordinated (“Unsubordinated Notes”) or subordinated (“Subordinated Notes”). Unsubordinated Notes will constitute direct, unconditional unsubordinated and unsecured obligations of the Issuer, and Subordinated Notes will constitute direct, unconditional subordinated and unsecured obligations of the Issuer, as described in the Terms and Conditions of the Notes. The Issuer may issue Subordinated Notes which constitute Ordinarily Subordinated Notes, Deeply Subordinated Notes, Dated Subordinated Notes or Undated Subordinated Notes, all as set out and defined in Condition 2(b) of the Terms and Conditions of the Notes.

## **Negative Pledge**

The terms of the Unsubordinated Notes will contain a negative pledge provision as described under Condition 3 of the Terms and Conditions of the Notes.

## **Cross Default**

There will be a cross-default provision applicable to the Notes

	as set out in Condition 9(a)(iii) of the Terms and Conditions of the Notes.
<b>Ratings</b>	<p>Tranches of Notes (as defined in “General Description of the Programme”) may be rated or unrated (as described under “General Description of the Programme – Ratings”). Details of the rating, if any, attributable to an issue of Notes will be set out in the applicable Final Terms.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.</p>
<b>Listing and admission to trading</b>	Notes of any particular Series may be listed on the official list of the Luxembourg Stock Exchange and traded on the Regulated Market of the Luxembourg Stock Exchange, the EuroMTF or on such other or additional MIFID Regulated Markets or stock exchanges as may be specified in the applicable Final Terms and references to listing shall be construed accordingly. A Series of Notes need not be listed on any stock exchange. The applicable Final Terms will state whether or not the relevant Notes are to be listed and, if so, on which MIFID Regulated Market(s) or stock exchange(s).
<b>Governing Law</b>	English law, other than provisions in respect of Subordinated Notes, which, if applicable, will be governed by, and construed in accordance with, the laws of France.
<b>Selling Restrictions</b>	<p>There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions, including the EEA and certain of its Member States, the United Kingdom, France, Japan and the United States, as described under “Subscription and Sale”. In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the applicable Final Terms.</p> <p>The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.</p> <p>The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5’(2)(i)(D) (the “D Rules”) unless (i) the relevant Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5’(2)(i)’ (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.</p>

## **RISK FACTORS**

*Prospective purchasers of Notes should consider carefully, in light of their financial circumstances and investment objectives, all of the information in this Base Prospectus and, in particular, the risk factors set forth below in making an investment decision.*

### **Factors Relating to the Issuer and its Operations**

#### ***Unforeseen events can interrupt the Issuer's operations and cause substantial losses and additional costs***

Unforeseen events like severe natural catastrophes, terrorist attacks or other states of emergency can lead to an abrupt interruption of the Issuer's operations, which can cause substantial losses. Such losses can relate to property, financial assets, trading positions and to key employees. Such unforeseen events can also lead to additional costs (such as relocation of employees affected) and increase the Issuer's costs (such as insurance premiums). Such events may also make insurance coverage for certain risks unavailable and thus increase the Issuer's risk.

#### ***Four main categories of risks are inherent to the Bank's activities***

- *Credit Risk.* Credit risk is the risk of financial loss relating to the failure of an obligor to honour its contractual obligations. Credit risk arises in lending activities and also in various other activities where the Issuer is exposed to the risk of counterparty default, such as its trading, capital markets and settlement activities.
- *Market and Liquidity Risk.* Market risk is the risk related to earnings, which arises primarily from adverse movements of trading and non-trading market parameters. Trading market parameters include, but are not limited to, foreign exchange rates, bond prices, security and commodity prices, derivatives prices and prices of other marketable assets such as real estate or cars. Trading market parameters also include derivations of the items previously mentioned, such as interest rates, credit spreads, implied volatility or implied correlation. Non-trading market parameters include parameters based on assumptions or on statistical analysis, such as models and statistical correlation, respectively.

Liquidity is also an important component of market risk. In instances of little or no liquidity, a market instrument or transferable asset may not be negotiable at its estimated value. A lack of liquidity can arise due to a lack of volume, legal restrictions or a one-way market.

Market risk arises in trading portfolios and in non-trading portfolios. In non-trading portfolios, it encompasses:

- The risk associated with asset and liability management, which is the risk to earnings arising from asset and liability mismatches in the banking book or in the insurance business. This risk is driven primarily by interest rate risk.
- The risk associated with investment activities, which is directly connected to changes in the value of invested assets within equity portfolios.
- The risk associated with certain other activities, such as real estate or car leasing, which is indirectly affected by changes in the value of negotiable assets held during the normal course of business.

Liquidity risk, which is also referred to as funding risk, is the inability of the Issuer to meet its obligations at an acceptable cost in a given currency and location.

- *Operational Risk.* Operational risk corresponds to the risk of losses due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Internal processes include, but are not limited to, human resources and information systems. External events include floods, fires, earthquakes or terrorist attacks.
- *Insurance Risk.* Insurance risk is the risk to earnings due to mismatches between expected and actual claims. Depending on the insurance product, this risk is influenced by macroeconomic changes, changes in customer behaviour, changes in public health, pandemics and catastrophic events (such as earthquakes, industrial disasters or terrorism).

It is important to distinguish between the different categories of risk because each category requires specific measuring and monitoring systems. Nevertheless, the growing complexity of the Group's businesses and products means that the categories of risk increasingly overlap.

***An interruption in or breach of the Issuer's information systems may result in lost business and other losses***

As with most other banks, the Issuer relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Issuer's customer relationship management, general ledger, deposit, servicing and/or loan organisation systems. The Issuer cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions could have a material adverse effect on the Issuer's financial condition and results of operations.

***The BFCM Group is subject to extensive supervisory and regulatory regimes in France and other jurisdictions in which it operates***

Regulatory compliance risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry. Non-compliance could lead to fines, public reprimand, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate.

The BFCM Group's businesses and earnings can be affected by the fiscal or other policies and other actions of various regulatory authorities of France or of foreign governments and international agencies. The nature and impact of future changes in such policies and regulatory action are not predictable and are beyond the BFCM Group's control.

*Other areas where changes could have an impact include, inter alia:*

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which the Issuer operates;
- general changes in regulatory requirement, for example, prudential rules relating to the capital adequacy framework;
- changes in the competition and pricing environment;
- changes in the financial reporting environment;
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; and

- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty which in turn may affect demand for the BFCM Group's products and services.

Each of France's and the global financial services market remains highly competitive and innovative competition comes both from incumbent players and a steady stream of new market entrants. The landscape is expected to remain highly competitive in all the BFCM Group's businesses, which could adversely affect the BFCM Group's profitability.

***The introduction of Basel II will change banks' capital adequacy ratios***

The introduction in 2007 of the general agreement of the Basel Committee for Bank Supervision for the International Convergence of Capital Measurement and Capital Standards of June 2004, or Basel II, is likely to bring changes to banks' capital ratios, including those of the Issuer. The direction and magnitude of the impact of Basel II will depend on the particular asset structures of each bank and its precise impact on the Issuer cannot be quantified with certainty at this time. The Issuer expects to incur costs in complying with the new guidelines. The new guidelines may also require the Issuer to operate its business in ways that may be less profitable than its present operations.

**Factors Relating to the Notes**

***The trading market for debt securities may be volatile and may be adversely impacted by many events***

The market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in France, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

***An active trading market for the Notes may not develop***

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. The Issuer or its affiliates are entitled to buy and sell the Notes for their own account or for the account of others, and to issue further Notes. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

***Any early redemption at the option of the Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield anticipated by Noteholders to be considerably less than anticipated***

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the Issuer. Such right of termination is often provided for bonds or notes in periods of high interest rates. If the market interest rates decrease, the risk to Noteholders that the Issuer will exercise its right of termination increases. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

***A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs***

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may

significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

***A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes***

Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on Noteholders generally in France and Luxembourg is described under “Taxation” below; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. BFCM advises all investors to contact their own tax advisors for advice on the tax impact of an investment in the Notes.

***EU Savings Directive***

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the “Directive”). The Directive requires Member States, subject to a number of conditions being met, to provide to the tax authorities of other Member States details of payments of interest and other similar income made by a paying agent located within their jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner of such payment elects otherwise and authorises the paying agent to disclose the above information (see “Taxation — EU Directive on the Taxation of Savings Income”).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on a payment made by a Paying Agent, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

***The value of Fixed Rate Notes may change***

Investors in Fixed Rate Notes are exposed to the risk that subsequent changes in interest rates may adversely affect the value of such Notes.

***Investors will not be able to calculate in advance their rate of return on Floating Rate Notes***

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the notes provide for frequent interest payment dates, investors are exposed to reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower



interest rates then prevailing. In addition, the Issuer's ability to also issue Fixed Rate Notes may affect the market value and the secondary market (if any) of the Floating Rate Notes (and vice versa).

***Zero coupon bonds are subject to higher price fluctuations than non-discounted bonds***

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

***Foreign currency bonds expose investors to foreign-exchange risk as well as to issuer risk***

As purchasers of foreign currency bonds, investors are exposed to the risk of changing foreign exchange rates. This risk is in addition to any performance risk that relates to the issuer or the type of bond being issued.

***Holders of Subordinated Notes face a significantly increased risk that the Notes will not perform as anticipated***

In the event of any insolvency or liquidation of the Issuer, holders of Subordinated Notes would receive payments on any outstanding Subordinated Notes only after senior Noteholders and other senior creditors have been repaid in full, if and to the extent that there is still cash available for those payments. Thus, holders of Subordinated Notes generally face a higher performance risk than holders of senior Notes.

***Investments in Index Linked Notes entail significant risks and may not be appropriate for investors lacking financial expertise***

Index Linked Notes are debt securities which do not provide for predetermined redemption amounts and/or interest payments but amounts due in respect of principal and/or interest which will be dependent upon the performance of an index, which itself may have substantial inherent credit, interest rate or other risks. An investment in Index Linked Notes entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. BFCM believes that Index Linked Notes should only be purchased by investors who are, or who are purchasing under the guidance of, financial institutions or other professional investors that are in a position to understand the special risks that an investment in these instruments involves. These risks include, among other things, the possibility that:

- such index or indices may be subject to significant changes, whether due to the composition of the index itself, or because of fluctuations in value of the indexed assets;
- the resulting interest rate will be less (or may be more) than that payable on a conventional debt security issued by the Issuer at the same time;
- the repayment of principal can occur at times other than that expected by the investor;
- the holder of an Index Linked Note could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment), and, if the principal is lost, interest may cease to be payable on the Index Linked Note;
- the risks of investing in an Index Linked Note encompass both risks relating to the underlying indexed securities or commodities and risks that are unique to the Note itself;
- any Index Linked Note that is indexed to more than one type of underlying asset, or on formulas that encompass the risks associated with more than one type of asset, may carry levels of risk that are greater than Notes that are indexed to one type of asset only;

- it may not be possible for investors to hedge their exposure to these various risks relating to Index Linked Notes; and
- a significant market disruption could mean that the index on which the Index Linked Notes are based ceases to exist.

In addition, the value of Index Linked Notes on the secondary market is subject to greater levels of risk than is the value of other Notes. The secondary market, if any, for Index Linked Notes will be affected by a number of factors, independent of the creditworthiness of the Issuer and the value of the applicable currency, commodity, stock, interest rate or other index, including the volatility of the applicable currency, commodity, stock, interest rate or other index, the time remaining to the maturity of such Notes, the amount outstanding of such Notes and market interest rates. The value of the applicable currency, commodity, stock or interest rate index depends on a number of interrelated factors, including economic, financial and political events, over which the Issuer has no control. Additionally, if the formula used to determine the amount of principal, premium and/or interest payable with respect to Index Linked Notes contains a multiplier or leverage factor, the effect of any change in the applicable currency, commodity, stock, interest rate or other index will be increased. The historical experience of the relevant currencies, commodities, stocks, interest rates or indices should not be taken as an indication of future performance of such currencies, commodities, stocks, interest rates or other indices during the term of any Index Linked Note. Additionally, there may be regulatory and other ramifications associated with the ownership by certain investors of certain Index Linked Notes.

Various transactions by the Issuer could impact the performance of any Index Linked Notes, which could lead to conflicts of interest between the Issuer and holders of its Index Linked Notes.

The Issuer is active in the international securities, currency and commodity markets on a daily basis. It may thus, for its own account or for the account of customers, engage in transactions directly or indirectly involving assets that are “reference assets” under Index Linked Notes and may make decisions regarding these transactions in the same manner as it would if the Index Linked Notes had not been issued. The Issuer and its affiliates may on the issue date of the Index Linked Notes or at any time thereafter be in possession of information in relation to any reference assets that may be material to holders of any Index Linked Notes and that may not be publicly available or known to the Noteholders. There is no obligation on the part of the Issuer to disclose any such business or information to the Noteholders.

***Holders of Notes of less than €50,000 in principal amount may not receive definitive Notes where the minimum Specified Denomination is €50,000***

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of €50,000 (or its equivalent in another currency) plus higher integral multiple(s) of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €50,000 (or its equivalent in another currency) that are not integral multiples of €50,000 (or its equivalent in another currency). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations in order to receive definitive Notes.

***French Insolvency Law***

Under French insolvency law as amended by ordinance n°2008-1345 dated 18 December 2008 which came into force on 15 February 2009, holders of debt securities are automatically grouped into a single assembly of holders (the “**Assembly**”) in order to defend their common interests, if a preservation (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (EMTN) and regardless of their governing law.

The Assembly deliberates on the draft safeguard (*projet de plan de sauvegarde*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (charges) of holders of debt securities (including the Noteholders) by rescheduling and/or writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into shares.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending such Assembly or represented thereat). No quorum is required to convoke the Assembly.

For the avoidance of doubt, the provisions relating to the Meetings of the Noteholders described in this Base Prospectus and in the relevant Schedule of the Agency Agreement will not be applicable in these circumstances.

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the English-language versions of the following documents which have been previously published or are published simultaneously with this Base Prospectus and/or have been filed with the CSSF as competent authority in Luxembourg for purposes of the Prospectus Directive and shall be incorporated in, and form part of, this Base Prospectus:

- (a) Non-binding English translation of the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2007 and the related notes thereto (such financial statements and notes being at pages 106 to 146 of the Issuer's 2007 Annual Report);
- (b) Non-binding English translation of the report of the statutory auditors of the Issuer in respect of the consolidated annual financial statements of the Issuer for the financial year ended 31 December 2007 (being at pages 69 to 70 of the Issuer's 2007 Annual Report);
- (c) Non-binding English translation of the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2008 and the related notes thereto (such financial statements and notes being at pages 80 to 123 of the Issuer's 2008 Annual Report);
- (d) Non-binding English translation of the report of the statutory auditors of the Issuer in respect of the consolidated annual financial statements of the Issuer for the financial year ended 31 December 2008 (being at pages 76 to 78 of the Issuer's 2008 Annual Report);
- (e) Original French language version of the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2007 and the related notes thereto (such financial statements and notes being at pages 106 to 146 of the Issuer's *Rapport Annuel* 2007);
- (f) Original French language version of the report of the statutory auditors of the Issuer in respect of the consolidated annual financial statements of the Issuer for the financial year ended 31 December 2007 (being at pages 69 to 70 of the Issuer's *Rapport Annuel* 2007);
- (g) Original French language version of the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2008 and the related notes thereto (such financial statements and notes being at pages 117 to 164 of the Issuer's *Rapport Annuel* 2008); and
- (h) Original French language version of the report of the statutory auditors of the Issuer in respect of the consolidated annual financial statements of the Issuer for the financial year ended 31 December 2008 (being at pages 78 to 80 of the Issuer's *Rapport Annuel* 2008).

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which, or portions of which, are incorporated herein by reference. Written or oral requests for such documents should be directed to the Issuer at its principal office set out at the end of this Base Prospectus. In addition, such documents will be available free of charge from the principal office in Luxembourg of BNP Paribas Securities Services, Luxembourg Branch (the "Luxembourg Listing Agent") set out at the end of this Base Prospectus during normal business hours so long as any of the Notes are outstanding, and will also be posted on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## CROSS-REFERENCE LIST IN RESPECT OF THE FINANCIAL INFORMATION OF BFCM INCORPORATED BY REFERENCE

Prospectus Regulation – Annex 11	Page Reference
<b>11.11.1 Historical financial information</b>	
<i>Audited consolidated financial statements of the Issuer for the financial year ended 31 December 2007:</i>	
<ul style="list-style-type: none"> <li>Consolidated balance sheet</li> </ul>	<p>Pages 106 to 107 of the non-binding English translation of the 2007 Annual Report</p> <p>Pages 106 to 107 of the Original French language version of the <i>Rapport Annuel</i> 2007</p>
<ul style="list-style-type: none"> <li>Consolidated statement of income</li> </ul>	<p>Page 108 of the non-binding English translation of the 2007 Annual Report</p> <p>Page 108 of the Original French language version of the <i>Rapport Annuel</i> 2007</p>
<ul style="list-style-type: none"> <li>Consolidated cash flow statement</li> </ul>	<p>Page 109 of the non-binding English translation of the 2007 Annual Report</p> <p>Page 109 of the Original French language version of the <i>Rapport Annuel</i> 2007</p>
<ul style="list-style-type: none"> <li>Notes to the consolidated financial statements</li> </ul>	<p>Pages 111 to 146 of the non-binding English translation of the 2007 Annual Report</p> <p>Pages 111 to 146 of the Original French language version of the <i>Rapport Annuel</i> 2007</p>
<ul style="list-style-type: none"> <li>Auditors' report on the consolidated financial statements for the financial year ended 31 December 2007</li> </ul>	<p>Pages 69 to 70 of the non-binding English translation of the 2007 Annual Report</p> <p>Pages 69 to 70 of the Original French language version of the <i>Rapport Annuel</i> 2007</p>
<i>Audited consolidated financial statements of the Issuer for the financial year ended 31 December 2008:</i>	
<ul style="list-style-type: none"> <li>Consolidated balance sheet</li> </ul>	<p>Pages 80 to 81 of the non-binding English translation of the 2008 Annual Report</p> <p>Pages 118 to 119 of the original French language version of the <i>Rapport Annuel</i> 2008</p>
<ul style="list-style-type: none"> <li>Consolidated statement of income</li> </ul>	<p>Page 82 of the non-binding English translation of the 2008 Annual Report</p> <p>Page 120 of the original French language version of the <i>Rapport Annuel</i> 2008</p>
<ul style="list-style-type: none"> <li>Consolidated cash flow statement</li> </ul>	<p>Page 83 of the non-binding English translation of the 2008 Annual Report</p> <p>Page 121 of the original French language version of the <i>Rapport Annuel</i> 2008</p>

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| <ul style="list-style-type: none"> <li>• Notes to the consolidated financial statements</li> </ul>  | <p>Pages 85 to 123 of the non-binding English translation of the 2008 Annual Report</p> <p>Pages 123 to 164 of the original French language version of the <i>Rapport Annuel</i> 2008</p> |
| <ul style="list-style-type: none"> <li>• Auditors' report on the consolidated financial statements for the financial year ended 31 December 2008</li> </ul> | <p>Pages 76 to 78 of the non-binding English translation of the 2008 Annual Report</p> <p>Pages 78 to 80 of the original French language version of the <i>Rapport Annuel</i> 2008</p>    |

The information contained in the documents incorporated by reference other than the information listed in the table above is for information purposes only and does not form part of this Base Prospectus.

## GENERAL DESCRIPTION OF THE PROGRAMME

*The following description of the Programme does not purport to be complete and is qualified by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined under “Terms and Conditions of the Notes” shall have the same meanings in this section.*

<b>Issuer</b>	Banque Fédérative du Crédit Mutuel
<b>Description</b>	Euro Medium Term Note Programme (the “Programme”)
<b>Size</b>	Up to euro 45,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time.
<b>Arranger</b>	BNP Paribas
<b>Dealers</b>	<p>Banque Fédérative du Crédit Mutuel, BNP Paribas, Goldman Sachs International, HSBC Bank plc and The Royal Bank of Scotland plc.</p> <p>The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p> <p>At the date of this Base Prospectus, only credit institutions and investment firms incorporated in a member state of the European Union (“EU”) and which are authorised by the relevant authorities of such member home state to lead-manage bond issues in such member state may (a) act as Dealers with respect to non-syndicated issues of Notes denominated in euro and (b) as lead managers of issues of Notes denominated in euro issued on a syndicated basis.</p>
<b>Fiscal Agent and Principal Paying Agent</b>	BNP Paribas Securities Services, Luxembourg Branch.
<b>Paying Agents</b>	Citibank N.A., London office, The Bank of New York Mellon, Brussels and BNP Paribas Securities Services in Paris.
<b>Method of Issue</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued on a continuous basis in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the

same or different issue dates. Further Notes may be issued as part of an existing Series. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Final Terms.

**Issue Price**

Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly-paid Notes may be issued, the issue price of which will be payable in two or more instalments.

**Form of Notes**

The Notes may be issued in bearer form only. Each Tranche of Notes will be represented on issue by interests in a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined below under “Selling Restrictions”). Otherwise, such Tranche will be represented by a permanent Global Note in bearer form without interest coupons.

**Initial Delivery of Notes**

On or before the issue date for each Tranche, if the relevant Global Note is intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, the Global Note will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, the Global Note representing Notes may (or, in the case of Notes listed on the official list of the Luxembourg Stock Exchange, shall) be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes relating to Notes that are not listed on the official list of the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. In the case of NGNs, any such other clearing system must be authorised to hold such notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations.

**Clearing Systems**

Clearstream, Luxembourg, Euroclear, Euroclear France and, in relation to any Tranche, such other clearing system as may be required or agreed between the Issuer, the Fiscal Agent and the relevant Dealer.



**Currencies**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.

**Maturities**

Subject to compliance with all relevant laws, regulations and directives, any maturity greater than seven days. Subordinated Notes, the proceeds of which constitute Tier 1 Capital or Upper Tier 2 Capital (each as defined below) will have no fixed maturity date. The maturity of Subordinated Notes, the proceeds of which constitute Lower Tier 2 Capital (as defined below), will not be less than five years, and the maturity of Subordinated Notes, the proceeds of which constitute Tier 3 Capital (as defined below) will not be less than two years, or in either case such other minimum maturity as may be required by applicable legal and regulatory requirements.

**Denomination**

Notes will be issued in such denominations as may be specified in the relevant Final Terms save that:

- (i) (as this Base Prospectus has not been approved by the relevant competent authority of the Issuer's country of incorporation for the purposes of the Prospectus Directive), in the case of any Notes admitted to trading on a MIFID Regulated Market or offered to the public within the territory of any EEA Member State in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be €1,000 (or its equivalent in any other currency or currencies as at the date of issue of those Notes);
- (ii) the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency; and
- (iii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in another currency).

**Fixed Interest Rate Notes**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

**Floating Rate Notes**

Floating Rate Notes will bear interest set separately for each Series by reference to EURIBOR, LIBOR, LIBID, or LIMEAN (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. Interest

	periods will be specified in the relevant Final Terms.
<b>Zero Coupon Notes</b>	Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest.
<b>Variable Coupon Amount Notes</b>	The Final Terms issued in respect of each issue of variable coupon amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Final Terms.
<b>Index Linked Notes</b>	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Index Linked Notes will be calculated by reference to such Index and/or Formula as agreed between the Issuer and the relevant Dealer(s) prior to issue and set out in the applicable Final Terms.
<b>Specified Interest Payment Dates, Interest Periods and Rates of Interest</b>	The relevant Final Terms will specify the dates on which interest shall be payable. The length of the interest periods for the Notes and the applicable rate of interest or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum rate of interest, a minimum rate of interest, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
<b>Variable Redemption Amount Notes</b>	The Final Terms issued in respect of each issue of variable redemption amount Notes will specify the basis for calculating the redemption amounts payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Final Terms. Unless otherwise permitted by the current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum redemption value of £100,000 (or its equivalent in another currency).
<b>Redemption by Instalments</b>	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
<b>Other Notes</b>	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.

**Optional Redemption**

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.

**Status of Notes**

Notes issued under the Programme may be unsubordinated (“Unsubordinated Notes”) or subordinated (“Subordinated Notes”). Unsubordinated Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and Subordinated Notes will constitute direct, unconditional, subordinated and unsecured obligations of the Issuer, all as described in “Terms and Conditions of the Notes — Status”.

The Issuer may issue Subordinated Notes which constitute Ordinarily Subordinated Notes, Deeply Subordinated Notes, Dated Subordinated Notes or Undated Subordinated Notes, all as set out and defined in Condition 2(b).

The proceeds of the Subordinated Notes may or may not constitute (i) *fonds propres de base* within the meaning of Article 2 of the *Comité de la Réglementation Bancaire et Financière* (the “CRBF”) Regulation no. 90-02 of 23 February 1990, as amended (“Tier 1 Capital”); (ii) *fonds propres complémentaires* within the meaning of Article 4(c) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended (“Upper Tier 2 Capital”); (iii) *fonds propres complémentaires* within the meaning of Article 4 (d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended (“Lower Tier 2 Capital”, together with Upper Tier 2 Capital “Tier 2 Capital”); and (iv) *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended (“Tier 3 Capital”), if such Regulation is applicable, as described in the applicable Final Terms – see “Terms and Conditions of Notes — Status”.

If so specified in the relevant Final Terms, the payment of interest in respect of Subordinated Notes without a specified maturity date (“Undated Subordinated Notes”) may be deferred in accordance with the provisions of Condition 4(g) – see “Terms and Conditions of Notes — Interest and Other Calculations”.

**Negative Pledge**

There will be a negative pledge in respect of Unsubordinated Notes as set out in Condition 3 – see “Terms and Conditions of the Notes — Negative Pledge”.

**Cross Default**

There will be a cross-default as set out in Condition 9(a)(iii) – see “Terms and Conditions of the Notes — Events of Default”.

**Early Redemption**

Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity

## **Withholding Tax**

only for tax reasons. See “Terms and Conditions of the Notes — Redemption, Purchase and Options”.

Payments of interest and other revenues with respect to the Notes will be made without withholding or deduction for, or on account of, the withholding tax set out under Article 125 A III of the French *Code général des impôts*, as provided for in Article 131 quater of the French *Code général des impôts*, to the extent that the Notes are issued (or are deemed to be issued) outside the Republic of France.

Notes, whether denominated in Euro or in any other currency, and which constitute *obligations* or *titres de créances négociables*, or other debt securities considered by the French tax authorities as falling into similar categories, are deemed to be issued outside the Republic of France, in accordance with Circular 5 I-11-98 of the *Direction générale des impôts* dated 30 September 1998 and Rulings 2007/59 and 2009/23 of the *Direction générale des impôts* dated 8 January 2008 and 7 April 2009 respectively.

The tax regime applicable to Notes which do not constitute *obligations* or *titres de créances négociables*, or other debt securities considered by the French tax authorities as falling into similar categories, will be set out in the relevant Final Terms.

## **Ratings**

Notes issued under the Programme will be rated or unrated. Details of the rating, if any, attributable to an issue of Notes will be set out in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

## **Governing Law**

English law, except with regard to provisions in respect of Subordinated Notes, which shall be governed by French law.

## **Listing and Admission to Trading**

The Notes issued under the Programme may be listed on the official list of the Luxembourg Stock Exchange and traded on the Regulated Market of the Luxembourg Stock Exchange, EuroMTF or as otherwise specified in the relevant Final Terms. A Series of Notes need not be listed on any stock exchange.

## **Selling Restrictions**

There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions, including the EEA and certain of its Member States, the United Kingdom, France, Japan and the United States. See “Subscription and Sale”. In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5'(2)(i)(D) (the “D Rules”) unless (i) the relevant Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5'(2)(i)' (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. Those definitions will be endorsed on the definitive Notes. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are issued by Banque Fédérative du Crédit Mutuel (the “Issuer”) pursuant to an amended and restated agency agreement dated 7 July 2009 (as amended and/or supplemented as at the date of issue of the Notes (the “Issue Date”), the “Agency Agreement”) between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent and principal paying agent (the “Fiscal Agent”) and as initial calculation agent (the “Calculation Agent”) and Citibank, N.A., London office, The Bank of New York Mellon, Brussels and BNP Paribas Securities Services, as paying agents (together with the Fiscal Agent and any additional or other paying agents in respect of the Notes from time to time appointed and, where the context so admits, the “Paying Agents”). If a Calculation Agent is not specified on the Notes and the terms and conditions require that a Calculation Agent be appointed then the Fiscal Agent shall act as Calculation Agent. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) appertaining to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts for the payment of instalments of principal (the “Receipts”) relating to Notes of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. The Notes are issued with the benefit of a deed of covenant (as amended and/or supplemented as at the Issue Date, the “Deed of Covenant”) dated 7 July 2009 executed by the Issuer in relation to the Notes.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents.

References below to “Conditions” are, unless the context requires otherwise, to the numbered paragraphs below.

### **1 Form, Denomination and Title**

The Notes are issued in bearer form.

Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest, in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

Title to the Notes, Receipts, Coupons and Talons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Note and the Receipts relating to it, “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Note, Receipt, Coupon or Talon and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## 2 Status

### (a) *Status of Unsubordinated Notes:*

Unsubordinated Notes (“Unsubordinated Notes”) (being those Notes the status of which the applicable Final Terms specify as Unsubordinated Notes) and the Receipts and Coupons relating to them constitute (subject to Condition 3) direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank and will rank *pari passu* and rateably without any preference among themselves and save for statutorily preferred exceptions, at least equally with all other unsecured and unsubordinated obligations (including deposits), present and future, of the Issuer.

### (b) *Status of Subordinated Notes:*

#### (i) General

Subordinated notes (“Subordinated Notes”) comprise Ordinarily Subordinated Notes, Deeply Subordinated Notes, Dated Subordinated Notes and Undated Subordinated Notes (all as defined below).

#### (ii) Ordinarily Subordinated Notes

Ordinarily subordinated notes and, if the applicable Final Terms specify that the payment obligations of the Issuer under the Coupons are subordinated, the Coupons relating to them (“Ordinarily Subordinated Notes”), constitute direct, unconditional and unsecured obligations of the Issuer and rank *pari passu* among themselves and with all other present and future unsecured, unconditional and subordinated indebtedness of the issuer but in priority to the *prêts participatifs* granted to, and *titres participatifs* issued by, the Issuer.

#### (iii) Deeply Subordinated Notes

Deeply subordinated notes and, if the applicable Final Terms specify that the payment obligations of the Issuer under the Coupons are subordinated, the Coupons relating to them (“Deeply Subordinated Notes”) constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and (unless otherwise specified in the relevant Final Terms) *pari passu* with all other present and future Deeply Subordinated Notes, but behind *prêts participatifs* granted to, and *titres participatifs* issued by the Issuer and Ordinarily Subordinated Notes.

#### (iv) Dated Subordinated Notes

Subordinated Notes (which terms, for the avoidance of doubt, include both Ordinarily Subordinated Notes and Deeply Subordinated Notes) may have a specified maturity date (“Dated Subordinated Notes”). Unless otherwise specified in the relevant Final Terms, payments of interest relating to Dated Subordinated Notes constitute obligations which rank equally with the obligations of the Issuer in respect of Unsubordinated Notes issued by the Issuer in accordance with Condition 2(a).

(v) Undated Subordinated Notes

Subordinated Notes (which terms, for the avoidance of doubt, include both Ordinarily Subordinated Notes and Deeply Subordinated Notes) may not have a specified maturity date (“Undated Subordinated Notes”). Unless otherwise specified in the relevant Final Terms, payments of interest relating to Undated Subordinated Notes will be deferred in accordance with the provisions of Condition 4(e).

The use of the proceeds of issues of Undated Subordinated Notes will be set out in the applicable Final Terms.

The net proceeds of the issue of Undated Subordinated Notes may count as Upper Tier 2 Capital. In the event of the Issuer incurring losses, such losses will be charged first against accumulated profits (“*report à nouveau*”), then against reserve, and capital, and finally, to the extent necessary, against the subordinated loans (including interest on such Notes) of the Issuer, in order to allow the Issuer to comply with the regulatory requirements applicable to banks in France, especially those relating to solvency ratios, and in order to allow the Issuer to continue its activities.

(vi) Payment of Subordinated Notes in the event of liquidation of the Issuer

Subject to applicable law in the event of the voluntary liquidation of the Issuer, bankruptcy proceedings or any other similar proceeding affecting the Issuer or in the event of transfer of the whole of its business (*cession totale de l'entreprise*) or if the Issuer is liquidated for any other reason, the payments of the creditors of the Issuer shall be made in the following order of priority (in each case subject to the payment in full of priority creditors):

- (a) unsubordinated creditors of the Issuer
- (b) holders of Ordinarily Subordinated Notes
- (c) lenders in relation to *prêts participatifs* granted to the Issuer
- (d) holders of *titres participatifs* issued by the Issuer, and
- (e) holders of Deeply Subordinated Notes.

In the event of incomplete payment of unsubordinated creditors on the *liquidation judiciaire* of the Issuer, the obligations of the Issuer in connection with the Ordinarily Subordinated Notes and the Receipts and, if the applicable Final Terms specify that the payment obligations of the Issuer under the Coupons are subordinated, the Coupons will be terminated by operation of law (then subsequently the lenders in relation to *prêts participatifs*, holders of *titres participatifs* and holders of Deeply Subordinated Notes).

(vii) Capital Adequacy

The relevant Final Terms may provide for additions or variations to the Conditions applicable to the Subordinated Notes for the purposes *inter alia* of enabling the proceeds of the issue of such Subordinated Notes to count as (i) *fonds propres* de base within the meaning of Article 2 of Regulation no. 90-02 dated 23 February 1990, as amended, of the *Comité de la Réglementation Bancaire et Financière* (“CRBF”), (in which case such Subordinated Notes will need to be Deeply Subordinated Notes) (“Tier 1 Capital”); (ii) *fonds propres complémentaires* within the meaning of Article 4(c) of the CRBF Regulation no. 90-02 of 23 February 1990 (“Upper Tier 2 Capital”); (iii) *fonds propres complémentaires* within the meaning of Article 4(d) of the CRBF



Regulation no. 90-02 of 23 February 1990 as amended (“Lower Tier 2 Capital”, together with Upper Tier 2 Capital “Tier 2 Capital”) or (iv) *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended (“Tier 3 Capital”), if such Regulation is applicable.

Article 2 of the CRBF Regulation no. 90-02 dated 23 February 1990 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”).<sup>1</sup>

### **3 Negative Pledge**

The Issuer undertakes for the benefit of the holders of Unsubordinated Notes that, so long as any of the Unsubordinated Notes, Receipts or Coupons remain outstanding (as defined in the Agency Agreement), it will not create or permit to subsist any mortgage, lien, charge, pledge or other security interest (*sûreté réelle*) upon any of its assets or revenues, present or future, to secure any Relevant Indebtedness (as defined below) incurred by it or guaranteed by it (whether before or after the issue of the Notes) unless the Notes are equally and rateably secured so as to rank *pari passu* with such Relevant Indebtedness. For the purposes of this Condition, “Relevant Indebtedness” means any indebtedness for borrowed money in the form of, or represented by bonds, notes or other securities (including securities initially privately placed) which are for the time being, or are capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter-market or other securities market. For the avoidance of doubt such provision shall not apply to Subordinated Notes.

### **4 Interest and other Calculations**

#### **(c) Rate of Interest and Accrual of Interest:**

Each Note bears interest on its outstanding principal amount (or, if it is a Partly Paid Note, in accordance with Condition 4(e)) from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Specified Interest Payment Date.

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest shall continue to accrue (after as well as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

#### **(d) Business Day Convention:**

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to

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<sup>1</sup> The French language version of the BIS Press Release is attached to the annual report of the Commission Bancaire.

the immediately preceding Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

**(e) *Rate of Interest on Floating Rate Notes:***

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following (unless otherwise specified in the relevant Final Terms):

- (i) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
  - (x) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
  - (y) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,in each case appearing on such Page at the Relevant Time on the Interest Determination Date;
- (ii) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (i)(x) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (i)(y) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent; and
- (iii) if paragraph (ii) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in (the euro-zone as selected by the Calculation Agent (the “Principal Financial Centre”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (y) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre), the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

**(f) *Rate of Interest on Index-Linked Notes:***

The Rate of Interest and/or the Interest Amount (whether on any Specified Interest Payment Date, early redemption, maturity or otherwise) payable in respect of Index Linked Notes shall be determined

in accordance with the Index, Formula, exchange rate (or any combination thereof) in the manner specified in the applicable Final Terms.

**(g) *Interest on Partly-Paid Notes:***

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

**(h) *Rate of Interest on Zero Coupon Notes:***

Where a Note the Rate of Interest of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)).

**(i) *Deferral of Interest – Undated Subordinated Notes:***

In the case of Undated Subordinated Notes issued by the Issuer and when so specified in the applicable Final Terms, the Board of Directors may decide, prior to any date for the payment of interest, to suspend payment of interest accrued during any interest period if at the most recent Annual General Meeting of the shareholders of the Issuer which preceded the corresponding date for the payment of interest no dividend was declared, paid or set apart for payment on or with respect to any class of share capital of the Issuer provided that notice of such decision is given to the relevant shareholders as soon as reasonably practicable following the taking of such decision and in any event no later than seven days prior to any date for the payment of interest. In such a case, any interest so suspended shall constitute “Arrears of Interest” (which term shall include interest on such unpaid interest) the payment of which shall be deferred until the date for the payment of interest immediately following the date upon which any dividend has been declared, paid or set apart for payment on or with respect to any class of share capital of the Issuer at the most recent Annual General Meeting of the shareholders of the Issuer. Arrears of Interest shall bear interest at the same rate as the Notes to which they relate.

Arrears of Interest may, at the option of the Issuer, be paid in whole or in part at any time upon the expiry of not less than seven days’ notice to such effect given to the Noteholders in accordance with these Conditions but all Arrears of Interest shall (subject to applicable laws and regulations) become due in full on whichever is the earliest of (i) the date for the payment of interest immediately following the date upon which a dividend is next declared, paid or set apart as aforesaid, or (ii) the date set for any redemption or purchase pursuant to Conditions 5(d) (in the case of redemption) or 5(f) (in the case of purchase), provided all the Notes are so purchased, or (iii) the commencement of a liquidation or dissolution proceedings affecting the Issuer contemplated by Condition 9(b).

Where Arrears of Interest are paid in part, each such payment shall be applied in or towards satisfaction of the full amount of the Arrears in Interest accrued in respect of the earliest Interest period in respect of which Arrears of Interest have accrued and have not been paid in full.

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

- (i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (iii) above by adding (if a positive number) or subtracting the

absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph;

- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be;
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

**(k) *Calculations:***

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

**(l) *Determination and Publication of Rates of Interest, Interest Amounts, Redemption Amounts and Instalment Amounts:***

As soon as practicable on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation, it shall determine the Rate of Interest and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Specified Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange, as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and the Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Specified Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b), the Interest Amounts and the Specified Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9,

the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of each Rate of Interest, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**(m) Definitions:**

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

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “TARGET Business Day”) and/or
- (iii) in the case of a specified currency and/or one or more specified financial centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the specified currency in the specified financial centre(s) or, if no currency is specified, generally in each of the financial centres so specified

“Calculation Amount” means an amount specified in the relevant Final Terms constituting either (i) in the case of one single denomination, the amount of that denomination (e.g. EUR50,000) or (ii) in the case of multiple denominations, the highest common amount by which the multiple denominations may be divided (for example, EUR1,000 in the case of EUR51,000, EUR52,000 or EUR53,000).

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “Calculation Period”):

- (i) if “Actual/Actual” or “Actual/Actual-ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>4</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>4</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>4</sub>” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>4</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>4</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30

- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30

- (vi) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30 and

(vii) if “Actual/Actual-ICMA” is specified hereon:

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
  - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date and

“Determination Date” means the date specified as such hereon or, if none is so specified, the Interest Payment Date.

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

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union

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

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and

unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

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

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Specified Interest Payment Date and each successive period beginning on (and including) any Specified Interest Payment Date and ending on (but excluding) the next succeeding Specified Interest Payment Date

“Interest Period Date” means each Specified Interest Payment Date unless otherwise specified hereon

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon

“Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuter Markets 3000 (“Reuters”) and Telerate (“Telerate”)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and which is either specified, or calculated in accordance with the provisions on this Note

“Redemption Amount” means the Final Redemption Amount or the Early Redemption Amount, as the case may be, of the Note, which in each case, unless otherwise specified hereon, shall be its nominal amount

“Reference Banks” means the institutions specified as such in the applicable Final Terms or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which if EURIBOR is the relevant Benchmark shall be Europe)

“Relevant Financial Centre” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such in the applicable Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR shall be Europe) or, if none is so connected, London



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

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre or, if no such customary local time exists, 11.00 hours in the Relevant Financial Centre and, for the purpose of this definition “local time” means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, Brussels time

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

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated

“Specified Duration” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 4(b)

“TARGET System” means the Trans-European Real-Time Gross-Settlement Express Transfer (TARGET) System or any successor thereto.

**(n) Calculation Agent and Reference Banks:**

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the Final Terms applicable to this Note and for so long as any Note is outstanding (as defined in the Agency Agreement). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount or the Redemption Amount or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

Notice of any change in the Calculation Agent shall promptly be given to the Noteholders in accordance with Condition 13 below.

## **5 Redemption, Purchase and Options**

### ***(a) Redemption by Instalments and Final Redemption:***

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5 or the relevant Instalment Date (being one of the dates so specified on the Notes) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(d) or 5(e), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified on it. The outstanding principal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the principal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount. In the case of Subordinated Notes, no Instalment date may occur prior to the expiry of a five year period from the issue date of such Subordinated Notes.
- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(d) or 5(e), each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its principal amount or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount). Subordinated Notes, the proceeds of which constitute Tier 1 Capital or Upper Tier 2 shall be Undated Subordinated Notes. The Maturity Date, in relation to Subordinated Notes the proceeds of which constitute Lower Tier 2 Capital, will not be less than five years from the Issue Date and where the proceeds constitute Tier 3 Capital, will not be less than two years from the Issue Date.

### ***(b) Early Redemption of Zero Coupon Notes:***

- (i) The Early Redemption Amount payable in respect of any Note that does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5 or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note (the "Amortised Face Amount") shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5 or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (before as well as after judgment) until the

Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(d).

**(c) Redemption for Taxation Reasons:**

- (i) If, by reason of any change in French law, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 7 below and the obligation to pay such additional amounts cannot be avoided by reasonable measures available to the Issuer, the Issuer may, at its option, and subject to the prior approval of the *Secrétariat Général of the Commission Bancaire* in the case of Subordinated Notes the proceeds of which constitute Tier 1 Capital, Tier 2 Capital or Tier 3 Capital, on any Specified Interest Payment Date or, if so specified on this Note, 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 13 redeem all, but not some only, of the Notes at their Early Redemption Amount together with, unless otherwise specified in the Final Terms, any interest accrued to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes.
- (ii) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders or Couponholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 below and the obligation to pay such additional amounts cannot be avoided by reasonable measures available to the Issuer (which measures, if they exist, the Issuer shall be obliged to take), 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 13 and subject to prior approval of the *Secrétariat Général of the Commission Bancaire* in the case of Subordinated Notes the proceeds of which constitute Tier 1 Capital, Tier 2 Capital or Tier 3 Capital, redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount together with, unless otherwise specified in the applicable Final Terms, any interest accrued to the date set for redemption on (A) the latest practicable Specified Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes, provided that if such notice would expire after such Specified Interest Payment Date the date for redemption pursuant to such notice of Noteholders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes and (ii) 14 days after giving notice to the Fiscal Agent as aforesaid or (B) if so specified on this Note, at any time, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer could make payment of the full amount payable in respect of the Notes, Receipts or Coupons or, if that date is passed, as soon as practicable thereafter.

**(d) Redemption at the Option of the Issuer and Exercise of Issuer's Options:**

If so provided on the Notes, the Issuer may, subject to the prior approval of the *Secrétariat Général of the Commission Bancaire* in the case of Subordinated Notes the proceeds of which constitute Tier 1

Capital, Tier 2 Capital or Tier 3 Capital and to compliance by the Issuer with all relevant laws, regulations and directives and on giving irrevocable notice to the Noteholders falling within the Issuer's Notice Period redeem, or exercise any Issuer's option in relation to, all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount together with interest accrued to the date fixed for redemption.

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

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements. So long as the Notes are listed on the official list and admitted to trading on the Regulated Market or EuroMTF of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice as provided in Condition 13 specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

**(e) *Redemption at the Option of Noteholders and Exercise of Noteholders' Options:***

If so provided hereon, and provided that this Note is not a Subordinated Note the proceeds of which constitute Tier 1 Capital, Tier 2 Capital or Tier 3 Capital, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the Optional Redemption Date so provided hereon at its Redemption Amount together with interest accrued to the date fixed for redemption.

So long as the Notes are listed on the official list and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, or any other market, of the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice as provided in Condition 13 specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

To exercise such option or any other Noteholders' option that may be set out on this Note the holder must deposit such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent within the Notice Period. No Note so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

**(f) *Purchases:***

The Issuer may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price. In the case of Subordinated Notes the proceeds of which constitute Tier 2 Capital or Tier 3 Capital, any such purchase will be subject to the prior approval of the *Secrétariat Général of the Commission Bancaire* (i) if it relates (individually or when aggregated with any previous purchase) to 10 per cent. or more of the principal amount of the Notes or (ii) if such purchase is made in the context of an *Offre Publique d'Achat* ("OPA") or an *Offre Publique d'Echange* ("OPE").

In the case of Subordinated Notes the proceeds of which constitute Tier 1 Capital, any such purchase will be subject to the prior approval of the *Secrétariat Général of the Commission Bancaire*.

**(g) *Partly Paid Notes***

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

**(h) *Cancellation:***

All Notes purchased by or on behalf of the Issuer must be surrendered for cancellation by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

## **6 Payments and Talons**

**(a) *Notes:***

Payments of principal and interest in respect of the Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(e)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(e)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a Bank. "Bank" means a bank in the principal financial centre for that currency or, in the case of euro, in a city in which banks have access to the TARGET System.

**(b) *Payments in the United States:***

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

**(c) *Payments Subject to Fiscal Laws:***

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

**(d) *Appointment of Agents:***

The Fiscal Agent, the Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time

to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent or the Calculation Agent and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Paying Agent having a specified office in a European city which, (A) so long as the Notes are listed on the official list and admitted to trading on the Regulated Market or EuroMTF of the Luxembourg Stock Exchange, shall be Luxembourg, and (B) so long as the Notes are listed on any other stock exchange and the rules of such stock exchange so require, shall be a specified city of the country of such stock exchange, (iv) a Paying Agent with a specified office in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 (which may be any of the Paying Agents referred to in (iii) (A) or (B) above) and (v) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

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

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 13 below.

**(e) *Unmatured Coupons and Receipts and unexchanged Talons:***

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Notes should be surrendered for payment together with all unmaturing Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Redemption Amount due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) If the Notes so provide, upon the due date for redemption of any Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Note that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturing Coupons, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note.

**(f) Talons:**

On or after the Specified Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

**(g) Non-Business Days:**

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Financial Centres” in the applicable Final Terms and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) in the case of a payment in euro, which is a TARGET Business Day (being a day on which the TARGET System is operating).

## **7 Taxation**

**(a) Tax exemption for Notes issued or deemed to be issued outside the Republic of France:**

Interest and other revenues with respect to Notes which, as may be specified in the relevant Final Terms, are issued (or are deemed to be issued) outside the Republic of France, benefit from the exemption, provided for in Article 131 quater of the French *Code général des impôts*, from the withholding tax set out under Article 125 A III of the French *Code général des impôts*. Accordingly, such payments do not give the right to any tax credit from any French source.

As to the meaning of the expression “issued or deemed to be issued outside the Republic of France”, see “General Description of the Programme — Withholding Tax”.

**(b) Additional Amounts:**

If French law should require that payments of principal or interest in respect of any Note, Receipt or Coupon, be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders, or, if applicable the Receiptholders or the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or

deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon, as the case may be:

- (i) Other connection: to, or to a third party on behalf of, a Noteholder, or, if applicable, a Receiptholder or a Couponholder, as the case may be, who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt, or Coupon, by reason of his having some connection with the Republic of France other than the mere holding of such Note, Receipt or Coupon; or
- (ii) Presentation more than 30 days after the Relevant Date: except to the extent that the Noteholder or, if applicable, a Receiptholder or a Couponholder, as the case may be, would have been entitled to such additional amounts on presenting such Note, Receipt or Coupon, as the case may be, for payment on the thirtieth such day; or
- (iii) Payment to individuals: where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC dated 3 June 2003 or any other European Union 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; or
- (iv) Payment by another paying agent: presented for payment by or on behalf of a holder of any Note, Coupon or Receipt, as the case may be, who would be able to avoid such withholding or deduction by presenting the relevant Note, Coupon or Receipt, to another Paying Agent in a Member State of the European Union.

As used in these Conditions, “Relevant Date” in respect of any Note, Receipt or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 13 that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts which may be payable under this Condition 7.

**(c) *Supply of Information:***

Each Noteholder shall be responsible for supplying to the Paying Agent, in a timely manner, any information as may be required in a timely manner in order to comply with the identification and reporting obligations imposed on it by any law implementing European Council Directive 2003/48/EC dated 3 June 2003 or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000.

## **8 Prescription**

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof. There



shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon in respect of which the claim for payment would be void pursuant to this Condition 8 or Condition 4 above.

## 9 Events of Default

### (a) *Unsubordinated Notes:*

If any of the following events (“Events of Default”) occurs and is continuing, the holder of any Unsubordinated Note may give written notice to the Fiscal Agent at its specified office that such Unsubordinated Note is immediately repayable, whereupon the Early Redemption Amount of such Unsubordinated Note together with accrued interest to the date of payment shall become immediately due and payable:

- (i) if default is made in the payment of any principal or interest due on the Notes or any of them on the due date and such default, in the case of any payment of interest, continues for a period of 15 days or more after written notice thereof is received by the Issuer from the Fiscal Agent (and the Fiscal Agent shall be bound to give such notice forthwith upon the request of any Noteholder); or
- (ii) if the Issuer fails to perform or observe any of its other obligations under the Notes or any of them and (except where such failure is incapable of remedy when no notice will be required) such failure continues for a period of 60 days after written notice is received by the Issuer from the Fiscal Agent (and the Fiscal Agent shall be bound to give such notice forthwith upon the request of any holder of Unsubordinated Notes) specifying such default and requiring the same to be remedied; or
- (iii) if (a) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries (as defined below) for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described), or (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred equals or exceeds euro 50,000,000 or its equivalent in another currency or currencies (on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates); or
- (iv) the Issuer or any of its Principal Subsidiaries applies for the appointment of a *mandataire ad hoc* under French bankruptcy law or enters into an amicable procedure (*procédure de conciliation*) with its creditors or a judgment is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or any of its Principal Subsidiaries or for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries is subject to similar proceedings or, in the absence of legal proceedings, the Issuer or any of its Principal Subsidiaries makes a conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors; or
- (v) the Issuer or any of its Principal Subsidiaries sells, transfers or otherwise disposes of, directly or indirectly, the whole or a substantial part of its undertaking or assets, or the Issuer or any of its

Principal Subsidiaries enters into or commences any proceedings in furtherance of voluntary liquidation or dissolution, except (a) in the case of a disposal of all or substantially all of the Issuer's assets in favour of an entity which simultaneously assumes all or substantially all of the Issuer's liabilities including the Notes (b) in the case of a disposal of all or substantially all of any such Principal Subsidiary's assets in favour of the Issuer or any other Subsidiary of the Issuer or in connection with a merger or reorganisation of the Issuer, when the Issuer has received at least 30 days prior to the effective date of such merger or reorganisation, certificates issued by Moody's France S.A., Standard & Poor's-ADEF and Fitch Ratings or their successors or any other major rating agency stating that the Notes will maintain a rating by such agencies immediately following such merger or reorganisation at least as favourable as the rating maintained for the Notes (or, if none, for long term indebtedness of the Issuer) prior to such merger or reorganisation.

(vi) For the purposes of this Condition 9:

"Principal Subsidiary" means at any relevant time a Subsidiary of the Issuer:

- (a) whose total assets or operating income (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets or consolidated operating income, as the case may be) attributable to the Issuer represent not less than 10 per cent. of the total consolidated assets or the consolidated operating income of the Issuer, as the case may be, of the Issuer, all as calculated by reference to the then latest audited accounts (or consolidated accounts, as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its consolidated subsidiaries; or
- (b) to which is transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary.

"Subsidiary" means, in relation to any person or entity at any time, any other person or entity (whether or not now existing) which is controlled directly or indirectly, or more than 50 per cent. of whose issued equity share capital (or equivalent) is then held or beneficially owned by the first person or entity and/or any one or more of the first person's or entity's Subsidiaries, and "control" means the power (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) to appoint the majority of the members of the governing body or management, or otherwise to control the affairs and policies, of that other person or entity.

**(b) Subordinated Notes:**

If any judgment shall be issued for the judicial liquidation (*liquidation judiciaire*) or amicable liquidation of the Issuer or for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or if the Issuer is liquidated for any other reason, then the Subordinated Notes shall become immediately due and payable, in accordance with Condition 2(b), at their principal amount together with any accrued interest to the date of payment without any further formality.

## **10 Meetings of Noteholders and Modifications**

**(a) Meetings of Noteholders:**

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not

less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount applies to any Notes, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders. In addition, in the case of an issue of Subordinated Notes, any proposed modification of any provisions of the Notes will be subject to the prior approval of the *Secrétariat Général of the Commission Bancaire* in France.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

**(b) *Modification of Agency Agreement:***

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

## **11 Replacement of Notes, Receipts, Coupons and Talons**

If a Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Paying Agent in Luxembourg or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 13, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **12 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such Notes to “Issue Date” shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

## **13 Notices**

Notices to the holders of Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and so long as the Notes are listed on the official list and admitted to trading on the Regulated Market or EuroMTF of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and/or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe and, so long as the Notes are listed on any other stock exchange and the relevant rules applying to such listed Notes so require, in a leading daily newspaper with general circulation in the city/ies where such stock exchange(s) is/are situated. 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 date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Notes in accordance with this Condition.

## **14 Contracts (Rights of Third Parties) Act 1999**

The Notes confer no rights under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

## **15 Governing Law and Jurisdiction**

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

The Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law, except with regard to provisions in respect of Subordinated Notes, which shall be governed by French law.

### **(b) Jurisdiction:**

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (“Proceedings”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

**(c) *Service of Process:***

The Issuer irrevocably appoints Crédit Industriel et Commercial, Veritas House, 125, Finsbury Pavement, London EC2A [IHX](#) as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 13. Nothing shall affect the right to serve process in any manner permitted by law.

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **Initial Issue of Notes**

If the Global Notes are stated in the applicable Final Terms to be issued in NGN form, they are intended to be eligible collateral for Eurosystem monetary policy and the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form may be delivered on or prior to the original issue date of the Tranche to a Common Depositary (as defined below).

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the “Common Depositary”), Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid and, in the case of Notes held through Euroclear France, the “*intermédiaires financiers habilités*” (French credit establishments or investment firms authorised to maintain securities accounts on behalf of their clients (each an “Approved Intermediary”)) who are entitled to such Notes according to the records of Euroclear France will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the principal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the principal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear or Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, or any other clearing system or, in the case of Notes held through Euroclear France, an Approved Intermediary as the holder of a Note represented by a Global Note must look solely to Euroclear, Clearstream, Luxembourg or such clearing system or such Approved Intermediary (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, Euroclear France or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

### **Exchange**

#### **1 Temporary Global Notes**

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “General Description of the Programme —Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

## **2 Permanent Global Notes**

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Notes”, in part for Definitive Notes (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an “Alternative Clearing System”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so and no alternative clearing system reasonably satisfactory to the Issuer is available within 14 days or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

## **3 Partial Exchange of Permanent Global Notes**

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly-paid Notes.

## **4 Delivery of Notes**

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate principal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered pro rata in the records of the relevant clearing system. In this Base Prospectus, “Definitive Notes” means, in relation to any Global Note, the definitive Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or

substantially in the forms set out in Schedule 2 to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

## **5 Exchange Date**

“Exchange Date” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

### **Modifications of the Conditions of the Notes while in Global Form**

The Global Notes contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

## **1 Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 6(d)(iv) and Condition 7(b)(iv) will apply to the Definitive Notes only. If the Global Note is a NGN, the Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant clearing system and in the case of payments of principal, the principal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

## **2 Prescription**

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

## **3 Meetings**

The holder of a permanent Global Note shall (unless such permanent Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.



#### **4 Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant permanent Global Note.

#### **5 Purchase**

Notes represented by a permanent Global Note may only be purchased by the Issuer if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

#### **6 Issuer's Option**

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system or Approved Intermediary in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), Euroclear France or any other clearing system (as the case may be).

#### **7 Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the principal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered pro rata in the records of the relevant clearing system and the principal amount of the Notes recorded in those records will be reduced accordingly.

#### **8 NGN Principal Amount**

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the principal amount of the Notes represented by such Global Note shall be adjusted accordingly.

#### **9 Events of Default**

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 9 by stating in the notice to the Fiscal Agent the

principal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 7 July 2009 to come into effect in relation to the whole or a part of such Global Note in favour of the persons entitled to such part of such Global Note as accountholders with a clearing system or in the case of Euroclear France, Approved Intermediaries. Following any such acquisition of direct rights, the Global Note will become void as to the specified portion.

## **10 Notices**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note except that so long as the Notes are listed on the official list and admitted to trading on the Regulated Market or EuroMTF of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, such notices will be valid if published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and/or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe and, so long as the Notes are listed on any other stock exchange and the relevant rules applying to such listed Notes so require, notices shall be published in a leading daily newspaper with general circulation in the city/ies where such stock exchange(s) is/are situated. 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 date of the first publication as provided above.

## **11 Partly-paid Notes**

The provisions relating to Partly-paid Notes are not set out in this Base Prospectus, but will be contained in the relevant Final Terms and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly-paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly-paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes under the Programme will be used for the general corporate purposes of the Issuer. In the case of Subordinated Notes, the use of proceeds will be as set out in the relevant Final Terms.

## BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL

### History and Overview

Banque Fédérative du Crédit Mutuel (the “Issuer” or “BFCM”) is a *société anonyme* (a form of limited liability company) originally established in France on 1 June 1933 under the name Banque Mosellane in accordance with the French *Code de Commerce* with a term expiring, unless extended, on 1 June 2032. The name Banque du Crédit Mutuel Lorraine was adopted in 1966. BFCM is registered in the *Registre du Commerce et des Sociétés* of Strasbourg under reference No. 355 801 929. Its registered office is at 34 rue du Wacken, 67000 Strasbourg. The telephone number at the Issuer’s registered office is +33 3 88 14 88 14.

As a specialised financial institution, BFCM is one of a number of banking institutions (*établissements de crédit*) established under the French *Code Monétaire et Financier* and is subject to its provisions.

BFCM forms part of the Crédit Mutuel Centre Est Europe Group (the “CMCEE Group” and, together with the Crédit Mutuel Sud-Est Group and the Crédit Mutuel Ile de France referred to below, the “CEE Group”), which forms part of the French mutualist banking group, the Crédit Mutuel group (the “Crédit Mutuel Group”).

The current structure of the CEE Group is a result of a number of reorganisations over the past few years.

In 1992, there was a regional reorganisation within the Crédit Mutuel Group which resulted in the CEE Group being active in the Alsace, Lorraine, Franche-Comté, Bourgogne and Champagne regions.

Also in 1992, the activities of the CEE Group were restructured between its mutualist activities, its holding and financial activities and its commercial banking activities and Banque du Crédit Mutuel Lorraine became Banque Fédérative du Crédit Mutuel. In 1993, further to a partnership agreement between two of the Crédit Mutuel Group’s 18 regional federations (the “Federations”), the Centre Est Europe Federation and the Sud-Est Federation, the *Caisse Fédérale* du Crédit Mutuel Centre Est Europe became the common Caisse Fédérale for these two Federations.

Further to the development of its insurance activities, the Centre Est Group created a new entity in 1993, Groupe des Assurances du Crédit Mutuel (“GACM”), held as to 67 per cent. by BFCM, with various other Federations holding the remaining shares. GACM became the holding company for the insurance companies of the CEE Group.

BFCM conducts certain activities in its own right, which include acting as central treasury to the CEE Group and undertaking capital and money market activities on behalf of the CEE Group as well as providing financing to a number of its customers. As a holding company, BFCM coordinates and develops the BFCM Group’s business activities which are mainly banking and insurance. In particular, in April 1998, BFCM was chosen by the French government to acquire, on behalf of the Crédit Mutuel Group, a 67 per cent. shareholding in Compagnie Financière de CIC et de l’Union Européenne (“UE-CIC”), a company incorporated in 1859 and nationalised in 1982 and the holding company of the CIC group (the “CIC Group”), which is a commercial banking network of eight mainly regional banks active throughout France and with international branches in New York, London and Singapore.

In 1999, the Caisse Centrale du Crédit Mutuel purchased a one per cent. share in the holding company of the CIC Group from BFCM. In September 2001, BFCM purchased, through Ventadour Investissement (a wholly-owned subsidiary of BFCM), the 23 per cent. interest in Crédit Industriel et Commercial (“CIC”) held by *Groupe des Assurances Nationales* (“GAN”).

In 2001, the Ile de France Federation entered into an agreement with the Centre Est Europe Federation. Under this agreement, the Centre Est Europe Federation will support the Ile de France Federation in relation to

strengthening its commercial development and increasing profitability. According to this agreement, the Caisse Fédérale du Crédit Mutuel Centre Est Europe also became the common Caisse Fédérale for the Ile de France Federation. With the Crédit Mutuel Savoie Mont Blanc Federation joining the Interfederal network shared by the Centre Est Europe, Sud-Est and Ile de France Federations on 1 January 2006, the CEE Group now operates in 32 départements in eastern France (covering the Alsace, Lorraine, Franche-Comté, Bourgogne, Champagne and Lyon, Ile de France and Savoie Mont Blanc regions) and is the largest regional banking group in France, with around 4.1 million clients and 709 local branches.

BFCM and its subsidiaries are together referred to as the “BFCM Group”.

### Selected Key Financial Data

The following table shows selected key consolidated financial data for the BFCM Group for the two years ended 31 December 2007 and 2008. The audited information has been extracted or derived from the audited consolidated financial statements of the BFCM Group and the notes thereto. The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the audited consolidated financial statements of BFCM for such financial years and the related notes thereto which are incorporated by reference in this Base Prospectus.

BFCM Group (IFRS)	Year Ended 31 December	
	2008	2007
	(€ millions)	
Total balance sheet .....	425,223	395,910
Shareholders’ equity – Group Share .....	7,630	9,493
Outstanding deposits .....	88,306	69,980
Net banking income .....	3,901	5,388
Gross operating income .....	746	2,303
Net income .....	29	1,464

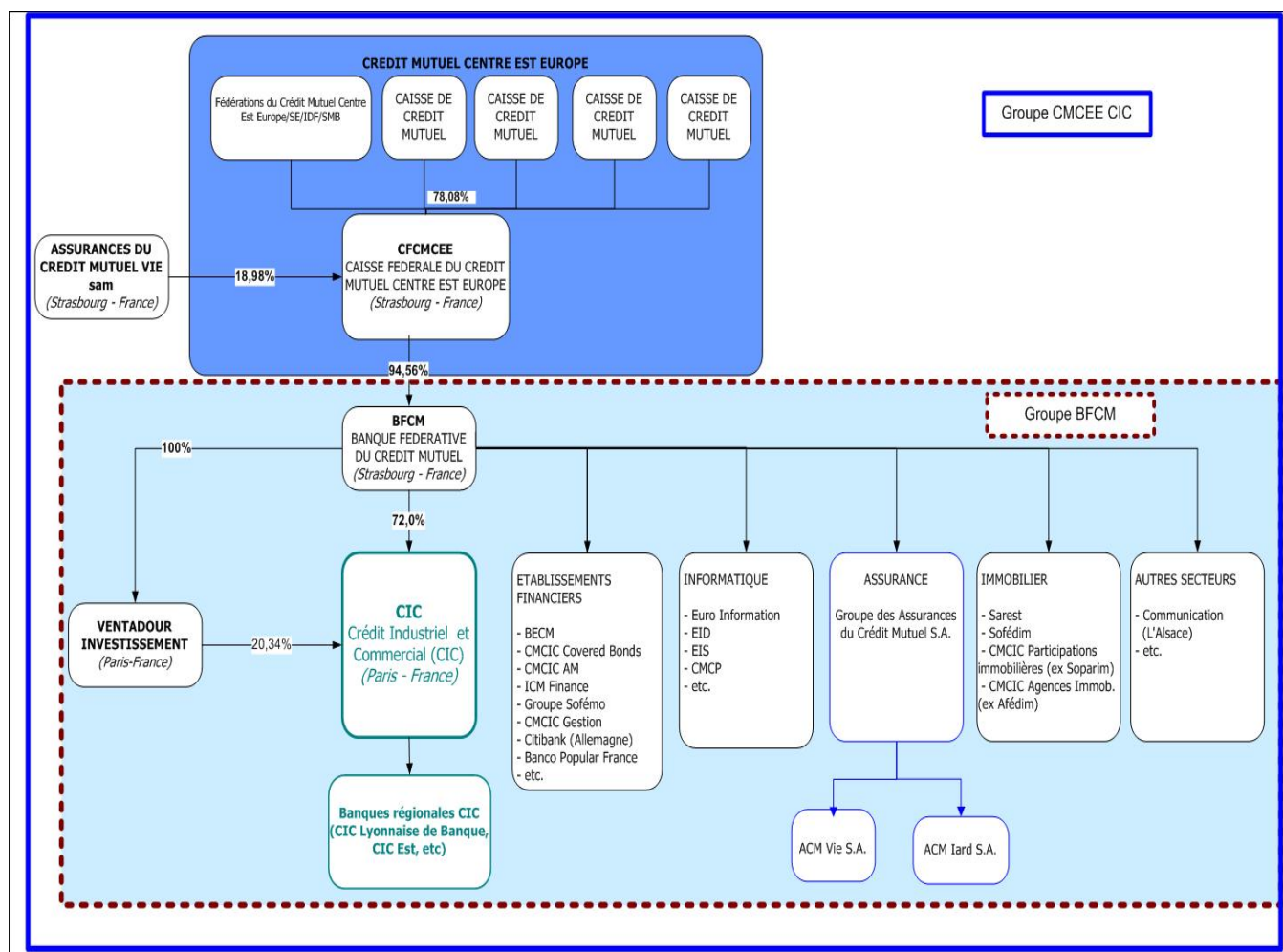
### Share Capital

As at 31 December 2008, the total issued share capital of the Issuer amounted to €1,302,192,250 divided into 26,043,845, fully paid up shares of €50.00 each, all of the same category (ordinary shares). There is no limitation on the share capital which can be issued by the Issuer.

Currently, 94.56 per cent. of the Issuer’s share capital is held by the Caisse Fédérale du Crédit Mutuel du Centre Est Europe which is a banking co-operative (*société cooperative ayant la forme de société anonyme*) and is the common Caisse Fédérale for the Centre Est Europe Federation, the Sud-Est Federation, the Ile de France Federation and the Savoie Mont Blanc Federation. The remaining shares in the Issuer are held by the Fédération du Crédit Mutuel du Sud-Est, the Fédération de Crédit Mutuel d’Ile de France and the *caisses locales* of the Centre Est Europe, Sud-Est, Ile de France and the Savoie Mont Blanc Federations in accordance with a provision in the Issuer’s Articles of Association (*statuts*) which state that only *caisses locales*, co-operatives and mutual entities within the Centre Est Europe, Sud-Est, Ile de France and Savoie Mont Blanc Federations or Caisses Fédérales of other Federations within the Crédit Mutuel Group and Caisse Centrale du Crédit Mutuel or members of the Board of Directors of the Issuer may hold its shares and transfers may only be made between such parties.

## The CEE/BFCM Group

The following diagram shows the structure of the CEE and BFCM Group as at 31 December 2008:



## Organisation

The BFCM Group forms part of the structure of the CEE Group which itself forms part of the decentralised structure of the Crédit Mutuel Group. This decentralised structure operates at three levels: local, regional and national.

At the local level, the Crédit Mutuel Group comprises approximately 1,988 local branches (*caisses locales*) which are co-operatives with variable capital and limited liability (*sociétés co-opératives de crédit à capital variable et à responsabilité limitée*), financially independent credit institutions subject to the provisions of the Banking Law, or registered co-operatives with limited liability (*sociétés co-opératives inscrites à responsabilité limitée*). These *caisses locales* are owned by the *sociétaires*, customers of the branches who have a right to vote at general meetings. The *caisses locales* control all the entities which constitute the various sub-groups within the Crédit Mutuel Group, including, in the case of the CEE Group, BFCM. The CEE Group comprises 709 of these 1,988 *caisses locales*.

At the regional level each sub-group is generally comprises a Federation and a *Caisse Fédérale*. The Federation is an association to which all *caisses locales* within the relevant Federation are required to adhere and is the political entity which determines major Federation policy and strategy and organises the representation and control of the *caisses locales*. Further to a partnership agreement between the Centre Est Europe, the Sud-Est, Ile de France and Savoie Mont Blanc Federations, the CEE Group comprises the four Federations. Each sub-group has its own *Caisse Fédérale* which is a banking co-operative (*société coopérative*). Each of the *Caisses Fédérales* within the Crédit Mutuel Group centralises the deposits collected by the *caisses locales* and undertakes their refinancing. Each also oversees certain monetary allocations required in accordance with banking regulations, such as compulsory reserves and special allocations and deposits repaid to the Caisse Centrale du Crédit Mutuel (see below). In the case of the CEE Group, the Centre Est Europe, Sud-Est, Ile de France and Savoie Mont Blanc Federations together control the Caisse Fédérale du Crédit Mutuel Centre Est Europe, BFCM's controlling shareholder.

At the national level of the Crédit Mutuel Group is the Confédération Nationale du Crédit Mutuel which is the main supervisory body and the Caisse Centrale du Crédit Mutuel, whose share capital is owned by all the *Caisses Fédérales*, which manages the finances of the Federations and guarantees their liquidity.

## **BUSINESS OVERVIEW**

### **Principal Activities**

BFCM conducts certain activities in its own right, which include acting as central treasury to the CEE Group and undertaking capital and money market activities on behalf of the CEE Group as well as providing financing to a number of its customers. As a holding company, BFCM coordinates and develops the BFCM Group's business activities which are mainly banking and insurance.

### **Market Activities**

#### **Cash resources and refinancing**

In 2008, the increasingly severe liquidity crisis raised market tensions, affecting credit spreads and provoking major difficulties in accessing market funding.

Tension was apparent as early as August 2007, but intensified in the wake of the failure of Lehman Brothers on 15 September 2008.

In the last quarter of 2008, the unwillingness of customary investors to engage in lending on maturities of longer than one month required ever-increasing intervention by the European Central Bank (ECB) at three and six months maturities in unlimited amounts, accompanied by the introduction of support measures by national governments.

In France, the Société de Financement de l'Economie Française (SFEF – Company for Financing the French Economy) was set up in October 2008 at the instigation of the French Treasury and of the main French banks. Crédit Mutuel is a stakeholder in this market organisation, and the BFCM is an operator acting on behalf of the group as a whole.

BFCM and the CIC rapidly adapted to the new environment by substantially increasing the ECB eligible collateral thereby efficiently refinancing the markets. The groups' procedures for liquidity management set up some years ago, and based on the ownership of fully fungible assets, remained unchanged in principle, and were simply reinforced to take into consideration the new measures to support lending accepted by the ECB.

In spite of the difficult context, the funds borrowed in the markets by BFCM and CIC rose by 14 per cent. to €17 billion, as compared to year-end 2007.

Investors did not waver in their trust of the CM-CIC group, and were massive buyers of our certificates of deposit, the amounts outstanding rising above €28 billion on December 2007, thence to €37 billion on 31 December 2008, an increase of 32 per cent.

BFCM took a number of initiatives in the field to secure funding in the medium and longer term.

One was the public issuance of secured bonds with a two year maturity to raise €1.5 billion through the intermediary of BFCM's subsidiary, CM-CIC Covered Bonds, an organisation AAA rated by the three rating agencies.

Numerous private issuances raised close to €6 billion.

Four senior bond issuances at three year maturities, and a TSR at eight-year maturity, placed with our clients in the two networks Crédit Mutuel and CIC, raised €1.4 billion overall.

A total of €1.8 billion was raised from the SFEF during the last three months of 2008.



Two issuances of super-subordinate securities took place in the last quarter of the year, the first raising €700 million in October and the second raising €1,036 million as part of the advance of capital by Société de Prise de Participation de l'Etat.

In 2008, BFCM as a representative of the CM4-CIC Group, continued to collaborate with the EIB in the money and capital markets. It signed up to a new version of a small and medium-sized company financing contract, which replaced the traditional funding known as Prêts Globaux.

## **DEPOSITARY OF UNDERTAKINGS FOR MUTUAL FUND ORGANISATIONS (“OPC – UCI”)**

The depositaries which act on behalf of OPC mutual funds or undertakings for collective investment (UCI), in their various forms (FCP, SICAV, FCPE, FCPR etc.) are required under regulations to:

- organise holding accounts to take custody of securities, operate cash accounts, and record positions on other securities (financial futures and other pure financial instruments registered in owners’ names). This business is handled by specialist organisations within the CM5-CIC Group;
- control the soundness and compliance of management decisions in the OPC/UCI field; and
- manage liabilities in the OPC/UCI field where the management company has delegated that responsibility to the depositary. This involves processing orders to subscribe to and redeem units at client request. This business is handled by specialist organisations within the Group.

Events of particular note in the depositary business of Banque Fédérative du Crédit Mutuel 2008 were:

- highly disrupted financial markets, requiring tighter surveillance of management policies in the OPC/UCI field. Note that the OPC/UCIs in the custody of Banque Fédérative du Crédit Mutuel were not invested in underlying instruments of the American subprime type; and
- serious aggravation of the risk of default of financial intermediaries. This had a direct impact on the depositary business, which is the custody of securities, notably in prime brokerage operations, or when sub-custodians are needed for foreign securities.

International harmonisation of the responsibilities of depositaries is desirable, particularly the obligation to return securities to owners or principals.

The depositary business of Banque Fédérative du Crédit Mutuel suffered little from the various collapses of financial institutions occurring in 2008. No mass market OPC/UCI was exposed in regard to the Madoff swindle. Only three institutional market FCP/UCI mutual funds had insignificant exposure.

In the failure of Lehman Brothers, Banque Fédérative du Crédit Mutuel was affected only by a performance swap in a guaranteed FCP/UCI mutual fund.

At the end of December 2008, Banque Fédérative du Crédit Mutuel was the depositary of 721 OPC/UCIs, asset value €56.1 billion, a rise of 5.1 per cent. over a year.

The overwhelming majority of OPC/UCIs deposited with Banque Fédérative du Crédit Mutuel are managed by CM5-CIC Group management companies, namely CM-CIC Asset Management for general interest OPC/UCIs and employee share ownership schemes, and by CM-CIC Capital Privé, CIC LBO Partners and CIC Mezzanine for FCPR mutual fund investments. The Banque Fédérative du Crédit Mutuel is also the depositary for some 20 management companies outside the CM-CIC group.

## STRATEGIC ACCOUNTS AND STRUCTURED FINANCE

The relationship with Strategic Accounts in 2008 fell into two very separate periods:

- until the end of the summer, business continued improving steadily both in terms of payments request for proposal and of credits; and
- after the failure of Lehmann Brothers in September, the credit business fell substantially by volume, as a result of the collapse of the syndication market, with repercussions on margins.

In an ever worsening macroeconomic environment, CM-CIC Strategic Accounts made it a priority to respond to clients' financing needs, and the credits drawn increased by a very considerable 20 per cent. over the year. Note however, growth slackening at year-end, and a substantial easing of demand.

In parallel, the banks' commercial initiatives gathered pace along three lines where business development has focused in the past few years:

- (i) building up the means of payment field, which is of strategic importance, notably automated teller machines (ATMs): new major customers have been won, with continuing development in the contact free payment field, co-branding, and mastery of communication tools and protocols such as SWIFTNET; CM-CIC is a leader in supporting its clients through SEPA migration;
- (ii) active involvement under CM-CIC leadership in several financial operations with major groups (delistings, OBSAAR equity note issuances); and
- (iii) development of operations in the European Economic Space where the group reinforced its positions in 2008 in fields such as leasing and the management of trade receivables.

In a bleak economic environment, which is unlikely to change shortly, CM-CIC Strategic Accounts are continuing to reinforce its role as a key relationship bank supporting clients in the development of their medium-term business.

## HOLDINGS IN SUBSIDIARIES

The total portfolio of subsidiaries and other holdings including equity loans amounted to €5,936.5 million on 31 December 2008, as against €4,404.1 million on 31 December 2007.

Among the main changes in the portfolio of holdings, note:

- Banco Popular France SA: acquisition of 100 per cent. of the equity from Banco Popular España for €85,000,000;
- CM Acquisitions GmbH holding company set up as the owner of the Crédit Mutuel's stake in Citi Deutschland with a €200,025,000 contribution to raising new capital in this wholly-owned subsidiary;
- Carmen Holding Investissement SAS: set up of a holding company, capital €50,000;
- Groupe Républicain Lorrain restructured as follows:
  - Le Républicain Lorrain SA: financial consideration for the contribution of a building, capital increase, and transfer of equity (€23,499,159) to Groupe Républicain Lorrain Communication;
  - Groupe Républicain Lorrain Communication SAS: equity contribution from Le Républicain Lorrain (€23,499,159) and merger with SOLODIF (wholly-owned subsidiary of BFCM), raising BFCM's stake in the equity from 71.77 per cent. to 100 per cent.;
- France Est SAS: acquisition of an 80 per cent. shareholding worth €128,000,000 in this company in consideration of contribution in kind;
- Eurafric Information SA: 40 per cent. stake (€360,606) in this company start-up as part of an information technology partnership in Morocco;
- Société de Financement de l'Economie Française SA: contribution to start-up capital of this company founded on French government initiative, equitable interest 9.43 per cent. against an outlay of €4,712,400;
- SC France Forêts II: disposal of 9 per cent. for €731, 908;
- Clemet SAS – Substant SAS: winding-up of two companies in which the bank owned stakes of 8 per cent. and 16 per cent. respectively.

### Financial sector and equivalent

**Groupe Crédit Industriel et Commercial SA (CIC):** On 7 May 1859, Société Générale de Crédit Industriel et Commercial was founded by imperial decree, its first president being Marquis d'Audiffret. CIC was the first deposit bank to be set up as a joint stock company for the purpose of introducing into France the British practice of commercial banking, which was to fund lending out of clients' deposits.

Since then, CIC has survived three wars and many financial crises including the slump of 1929, decolonization, nationalisation followed by privatization. As the minutes of the Board repeatedly emphasise, on each critical occasion it has emerged strengthened. 150 years after its foundation, and 10 years after its entry into the Crédit Mutuel Group, and now with the support of the group including its main shareholder, the pattern of the past will be repeated, in spite of the seriousness of the current financial crisis.

The CIC group generated consolidated net income of €206 million in 2008 and €170 million excluding minority interests.

## 1 Continuing development

In 2008, the CIC group, whose core business is retail banking, continued to extend its branch network and its client base:

- the number of branches rose from 2,055 to 2,122;
- the number of account holders rose by 4 per cent. to 4,147,827, including 3,455,800 private individuals and 692,000 business customers (CIC being the bank of preference for one in every three companies in France);
- client loans outstanding increased by 10 per cent. to €126.2 billion, including a 12 per cent. increase in housing loans to €52.5 billion;
- client deposits increased by 8 per cent. to €75 billion.

On the other hand, the capital under management and in custody shrank by 17 per cent. to €184 billion.

The total balance sheet value was €251.7 billion.

Breakdown of these funds is as follows for the group's different business lines:

In €billion (Δ/Dec 2007)	Retail banking	Finance banking	Private banking	Private equity	Total
Lending.....	101.115 (+ 10%)	20.978 (+ 24%)	4.147 (- 32%)		126.240 (+ 10%)
Deposits booked.....	56.075 (+ 12%)	4 237 (+ 5%)	14.649 (- 5%)		74.961 (+ 8%)
Funds under management and in custody .....	49.525 (- 9%)	72.441 (- 11%)	60.657 (- 28%)	1.466 (+ 14%)	184.089 (- 17%)

Note however the lower rate of new lending from the beginning of the second half of the financial year, which considerably affected the business. The value of new loans, as measured from the time of their issuance including their schedule of repayments, fell by 14 per cent. to €21.6 billion. The drop in home loans was particularly marked at – 27 per cent., down to €11.4 billion.

In contrast to this, the bank's buoyant service business illustrates its successful commercial expansion:

- property insurance: + 13 per cent. to 812,000 contracts;
- personal insurance: + 13.4 per cent. to 1,528,000 contracts;
- personal contracts: + 12.2 per cent. to 973,000 contracts;
- internet banking: + 12.2 per cent. to 1,221,000 contracts; and
- payment cards: + 5.8 per cent.

## 2 Financial results affected by the crisis

CIC group net banking income fell from €4,193 million to €3,206 million.

Retail banking net banking income fell to €2,866 million from €2,897 million, affected by two contrary trends:

- 5.6 per cent. drop in net interest income to €1,470 million due to the higher cost of sourcing funds in the market; and
- rise in the commission income of 6 per cent. to €1,211 million, a reflection of successful marketing to increase the number of account holders.

Private banking net banking income fell from €449 million to €427 million due to the softening financial markets, which severely affected business. Private equity net banking income fell from €381 million to €112 million but note that the business performance of private equity remained significant. The portfolio of 522 lines is valued at €1,679 million (of which €213 million capital gains under IFRS accounting standards).

Market and finance banking net banking income was negative -€112 million as against positive €519 million in 2007:

- net banking income of finance banking reported a 14 per cent. fall to €282 million, affected by an €86 million loss on the Madoff swindle, affecting assets in bank ownership; and
- the net banking income of market activities fell to a negative €394 million from a positive €190 million due to the substantial write-down of the market value of assets, although they were, in the main, still sound.

In a context of an utterly disrupted market, where even the soundest assets were illiquid, and where market prices were no longer representative of economic value, the regulators, in the light of these exceptional circumstances, amended accounting standards IAS 39 and IFRS 7 to enable the transfer of trading portfolios to other categories of asset:

- under the new accounting regulations which came into force on 1 July 2008, CIC transferred €18.8 billion from the trading portfolio to the AFS portfolio (€16.1 billion) and to the Loans & Receivables portfolio (€2.7 billion), including €5.5 billion from the AFS portfolio into the Loans & Receivables portfolio. Yields on these securities after porting costs were positive;
- the change in market value of these assets between 1 July and 31 December 2008 was €942 million.

To comply with IFRS standards, the shares representing long-term investments and classified as AFS were valued at their market prices on 31 December 2008. Impairment was booked in the amount of €335 million.

General expenses fell slightly (- 0.4 per cent.) to €2,673 million, due in particular to lower reserves for profit share and employee incentives, and to there being no bonuses payable for market trading activities. On the other hand, the branch network expansion plan was an item of €20 million extra cost as compared to 2007.

Gross operating profit amounted to €533 million, as against €1,509 million in 2007, down 64.7 per cent.

The cost of risk rose to €630 million from €120 million in 2007, of which €172 million was incurred on the collapse of Lehman Brothers and €65 million for the Icelandic banking sector. But excluding these extraordinary items, the actual cost of risk in the branch network increased markedly, rising from €99 million in 2007 to €267 million in 2008. Furthermore, the increase in the outstandings listed E+ resulted in a €40 million transfer to collective reserves. Overall, the cost of risk as a ratio of total loans outstanding rose to 0.51 per cent..

As a result, operating losses of €97 million were made as against an operating profit of €1,389 million in 2007.

CIC disposed of its 15 per cent. equity stake in BMCE Bank to Banque Fédérative du Crédit Mutuel (BFCM), the group's holding company, and a 20 per cent. stake in the equity of Banque de Tunisie, booking capital gains of €316 million, which were neutralised at BFCM level. The CIC operating account also recorded a

contribution of €68 million from GACM in respect of its 20.5 per cent. stake in the capital. Finally, a deferred taxation item of €320 million resulted in profit after tax of €224 million.

As a result, overall consolidated net income was €206 million (€170 million attributable) as against €1,204 million in 2007.

The bank's European Tier I solvency ratio stood at 9.1 per cent. on 31 December 2008 and on provisional figures at 9.5 per cent. from 1 January 2009 on, due to the progressive removal of the upper limit on the Basel II ratio. Regulatory Tier I capital amounted to €10.2 billion on 31 December 2008 as against €9.5 billion on December 31, 2007.

Finally, the Board will propose to the General Meeting of Shareholders convened on 12 May, 2009 a net dividend of €1 per share as against €4.80 paid for the previous financial year, and an option for payment in shares.

### 3 Outlook

Against a difficult and fast moving economic background, the CIC group will continue:

- expanding its retail network;
- enriching its range of products and services across all of its markets; and
- its goal of providing its clients, both private and business, with even better service.

**Banque de l'Economie du Commerce et de la Monétique SAS (BECM):** BECM is a subsidiary of the group which, as part of its retail banking activity, is an adjunct to the Caisses de Crédit Mutuel for joint business development involving the CIC network in four major markets:

- large and medium-sized companies;
- financing property development, mainly in the housing sector;
- property owning companies whose purpose is the management of residential housing for rent, and rental income from commercial and office leaseholds; and
- asset management as an extension of financial engineering activities undertaken in the interest of senior management and partners across a broad spectrum of business ventures.

BECM is able, through its positioning, to conduct business on behalf of two speciality business sectors, real estate professionals, and major players in the field of the management of means of payment and corporate cash flow.

Its business is nationwide through a French network of 38 branches (26 commercial branches, 8 branches for real estate development, 1 realtor branch, and 3 asset management branches).

In support of the group's international development, BECM is also developing its business abroad in the small and medium-sized company sector, where it has a subsidiary in Frankfurt, and in the asset management market, where a branch operates in the Dutch part of Saint-Martin.

Given the developments currently underway in the European means of payment system, and the growing internationalisation of its GME customers, BECM is increasingly expanding its business in Europe, where it looks forward to major developments in the future.

As an integral part of the group's retail network, BECM develops new business or services comprehensively meeting the needs of its clients, leveraging its deposit and lending business. BECM provides real added value

in the field of social and financial engineering, the processing of domestic and international means of payment, hedging of interest rate and forex risks, and support to business expansion abroad.

Relying on the group's logistics and production facilities, BECM is organising in synergy with CIC regional banks, common or converging frameworks for the organization of its business.

After setting up a branch in October 2008 in the Dutch East Indies in partnership with the Antilles-Guyane Federation, BECM also opened a branch in Orléans, France, in November 2008 to support the development of Fédération du Crédit Mutuel du Centre in the market for services to business corporations.

In spite of increasingly tough trading conditions due to the macroeconomic environment, BECM has been able to pursue an active policy of business development, both in terms of prospecting new business, and in seeking to intensify the rewards from its existing lines of business.

As a result, the new lending increased at a substantial rate of 21.7 per cent. and sources of funds booked have risen by 16.6 per cent. as a ratio of monthly capital.

This growth has generated a 15 per cent. increase in interest margin and, in the corporate markets, an 8.2 per cent. rise in commissions.

The cost of risk, although rising due to the general macroeconomic environment, has been contained and has not exceeded its mean historic level of 0.28 per cent. of loans outstanding.

After a contribution to FRBG general banking operating capital of €15 million, net income was booked at €55.2 million, virtually equivalent to 2007.

**CM-CIC Covered Bonds SA:** The Covered Bonds format continued to be taken up by French banks in 2008. CNCE and Crédit Agricole announced the launch of their programmes, confirming that this approach was particularly suited to refinancing housing loans in France.

CM-CIC Covered Bonds, after being in a position to make two issuances raising a total of €4.5 billion in 2007, in the year of its foundation, was confronted in 2008 with a devastatingly poor market in debt instruments.

The liquidity crisis had already emerged in summer 2007, and its effect intensified in the wake of the Lehman Brothers collapse in September 2008.

Investors completely forsook the credit markets. Covered bond issuances, in spite of the guarantees on offer, were not spared.

The CM-CIC market-related business was reduced to a single public issuance raising €1.5 billion on a two year maturity, in June 2008. This benefited from a diversified international placement, over and above the French, German, Scandinavian, Italian, Irish and Portuguese investors who made major contributions to underwriting this issuance.

Furthermore, with the aim of supporting the group's liquidity management, issuances raising a total of €8 billion were made and underwritten internally. These securities are available as guarantees in the event of injections of liquidity by the European Central Bank, which has stepped into the breach during the liquidity crisis, in the absence of traditional investors.

Income was mainly generated by investments of the companies' own stock, and amounted to €2.7 million in 2008.

**Ventadour Investissement SA:** Acquiring shareholdings in other companies is the main business of Ventadour Investissement. The gross value of shares owned outside the Crédit Mutuel Groupe remained at



€0.7 million in 2008, as in the previous financial year. The CIC line remained unchanged at €1,060 million, as no transactions took place in 2008, a year in which the Banque Fédérative underwrote the issuance of 6,000,000 securities for €90 million under a rights issue.

**Groupe Sofemo SA:** The business remains mainly concentrated on financial packages for the purchase of goods by installment payments and the development of seller credit. Total outstandings rose from €431 million to €536 million in 2008, book income being €2.5 million. Shareholders' equity prior to appropriation of income was €24.5 million.

**Citi Deutschland:** The Citi Deutschland group was acquired on 5 December 2008, being one of the main players in the German consumer credit market.

With more than 3.3 million customers, outstanding consumer credits of €10.4 billion, a 7.5 per cent. market share and deposits worth €9.4 billion, 2008 should end with income of €386 million after tax, thus improving on the previous financial year.

In 2009, the 339 branches will be servicing a market suffering from the macro economic crisis, the effects of which are likely to be long lasting in the German market. This mature market, if it is to continue to expand, will have to deal with issues such as rising risk, although these were under control at year-end 2008, due to the skills of the staff and the use of high performance monitoring tools.

The Citi Deutschland group is also entering a phase of transition over the next 24 to 36 months when it will change its name and will migrate its information system towards the Group's. The transitional phase will also be used to conceive and plan synergies with other group entities in the same business lines.

**CM-CIC SCPI Gestion SA:** Manages the SCPI commercial property companies trading under the names CMII and OPI whose assets include some 50 buildings, owned by 2,500 partners and clients of CM-CIC. The management facility for this business operates out of the Nantes CIC unit, and the company is set to generate earnings of close to €126,000.

**Banque de Luxembourg:** An international private banking skills centre in the CM-CIC group, whose earnings were affected by the financial crisis.

Commercial development remained strong in the first half of 2008, but the business was disrupted in early summer by the financial crisis and falling stock markets. Purchase-sales volumes, which had put on 35 per cent. to 30 June, slowed to growth of 18 per cent. for the year as a whole. Funds under management followed the trend, falling 24.3 per cent. over the year as against 8.7 per cent. growth at 30 June as there was a flight from securities into cash deposits. The number of clients remained almost unchanged.

Lower net banking income was due to elements not directly related to the bank's service delivery activity. The interest margin increased by 48.7 per cent. (+€48 million), as interest rates rose in tight market conditions and as client deposits increased. On the other hand, commissions were strongly affected by the drop in funds under management, and fell by 23.3 per cent. (down €31.5 million as compared to 2007). General expenses were virtually flat on a like-for-like basis (+0.6 per cent.), as the increase in payroll costs was kept down to 1.4 per cent. and as other operating costs fell by 1.8 per cent..

As a result, gross operating profit fell by 6.9 per cent.

The cost of risk was directly affected by charges on positions taken on Lehman Brothers.

The contribution from Banque de Luxembourg to attributable net income, after tax and minority interests, fell by 81.1 per cent. to €12.2 million in the wake of the financial crisis and the charges booked. Had there not been banking failures, the financial year's performance could have been described as good, and earnings would have increased by 17.2 per cent..

**Banco Popular France:** A subsidiary of BFCM from spring 2008, Banco Popular France has a network of 14 branches, thus strengthening the group's delivery of services to the private client segment. Many synergies are expected in the context of the relationship we have kept with the Banco Popular Spain group.

Profits of €4.6 million in 2008 were in line with expectations, given market conditions in the second part of the year, which caused a number of provisions to be made against losses.

The switch over to the group's information system is expected in spring 2009, along with the change in branding and the business name.

**Boréal SAS:** Client revenue at €3.2 million increased 6 per cent.. The drop in client business volume was limited by capturing one new client, Skandia, and by the contribution of the Palatine business (CFF and Grands Comptes remettants de la CNCE).

Submissions were made to six invitations to tender, of which one was awarded to Boreal, one is still in process, and the others unsuccessful.

With a 6 per cent. increase in the revenue stream (€3,244 K) and a fall of 3.8 per cent. in expenses (€2,056 K), operating profit increased by 29 per cent. to €1,188 K.

Financial income rose 7 per cent. to €181 K and taxes by 26 per cent. to €455 K.

Overall net income rose 26 per cent. to €913 K, on a margin of 20 per cent..

**CM-CIC Lease SA:** Newly signed property leasing contracts ascribable to the branch network were worth €474 million over the year, a 10.7 per cent. improvement on 2007. New leases covering 279 commercial properties (+12.5 per cent.) were signed against the economic backdrop of a substantial fall in commercial property investment and in building starts. The improvement in the numbers is testimony to the continuing interest from our client base in CM-CIC Group property leasing services.

A feature of 2008 was internal reorganisation and the development of services more closely tailored to the needs of the corporate sector, particularly larger business organizations. After some years of little change, total outstandings grew by 5.5 per cent. to €2.04 billion.

Net banking income, excluding extraordinary disposals of properties, grew by 4 per cent.. Net income rose to more than €12 million, after paying back €8.2 million to the sales networks in respect of their services as business providers and risk-takers (commissions + 8 per cent. vs. 2007).

Applications for funding new property developments were more focused on retail premises or warehousing, each of which sectors now accounts for 26 per cent. of total outstandings, instead of 24 per cent. at year-end 2007). Industrial facilities account for no more than 26 per cent. (as against 33 per cent. in 2007), offices and other properties remaining unchanged at 12 per cent. and 10 per cent. respectively of outstandings.

**CM-CIC Asset Management SA:** This company is the core of the asset management business of Group Crédit-Mutuel-CIC.

CM-CIC AM began deploying its three-year 2008-2010 plan, putting the controlled growth strategy into a higher gear.

At year-end 2008, assets under management rose to €54.6 billion from €53.1 billion at year-end 2007. Employee share ownership schemes (*épargne salariale*) under management of CM-CIC AM were worth €3.8 billion. Over and above this, CM-CIC AM is an accounting services provider to 54 management companies, funds under management being valued at €7 billion in 231 OPCVMs (UCITS).

In France in 2008 and as a result of the financial crisis, the net assets of OPCVM (UCITS) across the board fell by more than 15 per cent. By comparison, CM-CIC AM, through its regular money market OPCVM (UCITS) compartment, was able to resist, as its assets remained relatively unaffected. It increased its market share as compared to the other major French retail banking networks, and was third ranked in terms of net collections and fifth ranked French financial group in terms of assets under management.

In 2008 as in 2007, CM-CIC AM was a frequent financial award-winner, illustrating the quality of its management over time (four Trophées du Revenu, Corbeilles et Labels de Mieux Vivre Votre Argent, Lipper Funds Award).

Revenues in 2008 were €288.5 million as against €329.5 million at year-end 2007, a fall of more than 12 per cent. over the year, net income being €1.6 million.

### **Insurance sector**

**Groupe des Assurances du Crédit Mutuel SA (GACM):** The CM4-CIC insurance business operates through Groupe des Assurances du Crédit Mutuel (GACM) and its subsidiaries.

2008 earnings as stated by IFRS in the insurance business were €395 million, a drop of 29 per cent. compared to 2007, mainly due to two factors. The first was lower premium income from life assurance (-25.2 per cent. on the previous financial year), but the second and more important factor was the depressed financial markets.

Consolidated premium income in the insurance business was €6.710 billion as compared to €7.792 billion in 2007, a drop of 13.9 per cent.. The 25.2 per cent. fall in premium income in life assurance and with profits insurance was in part offset by a marked improvement in other businesses, as premium income from property and casualty increased by 12.3 per cent.. Growth remained sustained in the first half by the transfer of the non-life business of Fédération de Crédit Mutuel de Loire-Atlantique et de Centre-Ouest, from Suravenir Assurance to ACM IARD SA. GACM also disposed of its 34 per cent. equity holding in Suravenir Assurances.

2008 earnings reflect both excellent technical results (from good claims management), but also impairment and fair value adjustments under standards IAS 39 and IFRS 4.

### **Information technology sector**

**Euro-Information SAS:** had a good year in 2008, net income being €50.9 million. Euro-Information raised its stake in NRJ Mobile from 50 per cent. to 90 per cent.. Business was in line with expectations. Banque Fédérative du Crédit Mutuel owns 14 per cent. of the equity.

### **Real estate sector**

**CM-CIC Participations Immobilières SA:** supports property developers by investing in SCI property companies, developing residential housing projects across France. CM-CIC Participations Immobilières was an instrument of group policy in 2008, by bringing forward nine new developments including 471 units of accommodation, generating a revenue stream of €95 million, on an investment of €2.1 million from own funds. Net book income was €1.5 million.

**Sarest SA:** a real estate development company, generated substantial new business from recently opened branches in Lyon, Lille and Paris, and had 448 projects underway. 189 land plots were sold, basically in Alsace Lorraine, and 126 lots reserved, generating a revenue stream of €13,062 K and €9,873 K. Note that the increase in structural costs and interest expense affected profit to the tune of some €600 k.

**CM-CIC Agence Fédérative Immobilière SAS:** an intermediation company involved in the sale of new residential housing has expanded its business under the provisions of the Hoquet legislation operating on behalf of the joint interests of the Crédit Mutuel sales and customer service networks, CIC and private

banking. This group targets an investor client base and prospective owner occupiers. The property developments coming to market are approved by an engagement committee which takes into consideration the asset management and commercial sides of the bank's business. In 2008, 1,869 land plots were earmarked for development, for an outlay of €321 million, likely to generate €13.5 million fee income and €12.8 million proceeds from resale to the network. At the same time, reservations on 2,750 plots were made for an outlay of €480 million, invoiced fee income being €18.3 million with proceeds of €17.4 million on resale to the network.

**Sofédim SAS:** this business provides services of arbitrage, management of renovation works and other support services to CM-CIC Group. After inclusion of joint property development through SCI companies, earnings for the financial year were €250 K.

**CM-CIC Foncière SNC:** this company, 60 per cent. owned by BFCM and 40 per cent. owned by CIC, was set up to provide the management and supervision of the construction and extension works of the Group CM-CIC training centres at Bischenberg and Verrières-le-Buisson. At Bischenberg, works continued on the new restaurant and extension of the hotel in 2008. Concurrently, the company acquired land at the Verrières-le-Buisson site, works being at the initial and investigative stages. Finance of the two projects, initially planned from bank loans, was finally raised by successive drawings on shareholder loan funds, raising €23,250,727 on 31 December 2008.

Losses in financial 2008 chargeable to the shareholders were – €859,205.98.

#### **Communications sector**

**Société Civile de Gestion des Parts du Crédit Mutuel dans le Journal "L'Alsace":** 55 per cent. of the equity of Journal de L'Alsace recorded in the balance sheet for €1.6 million.

**Société Française d'Édition de Journaux et d'Imprimés Commerciaux "L'Alsace" SAS:** holding company controlling all the companies in the Alsace group operating in the publishing, communications, radio and advertising sectors. Banque Fédérative's equitable interest is 23 per cent..

**Devestmedia SAS:** set up as part of the group's expansion into the media business, and has interests in the radio sector.

**Ebra SAS:** vehicle set up for the purposes of acquiring Groupe Delaroche and partnering the Est Républicain Group. Its sole purpose is ownership of all of the equity of the Delaroche group. It has no operational role.

**Groupe Républicain Lorrain:** wholly controlled by Banque Fédérative, underwent substantial restructuring in 2008. In spite of a sluggish advertising market and flat sales, the year ended with profit of €5 million.

**France Est.,** as an entity in the Est Républicain Group, benefited from receivables contributed by BFCM as part of the Group's financing policy. The company, which has no operational role, is a vehicle for the ownership of an equitable interest in the Est Républicain newspaper.

#### **Services and other businesses**

**Réma SNC:** revenues from this specialist equipment reseller fell in 2008 by 24 per cent., from €14.3 to €10.8 million. Earnings for the year were €49,033, 13 per cent. down on the previous year.

**Bischenberg SA:** revenues were €3.3 million, slightly down on 2007, generating gross pre-tax profit of €182,000. Outside clients account for only 18 per cent. of the revenue stream, which was mainly generated by extension works. The cost of out of house hotel accommodation was €124,000, and €62,000 business was outsourced to Villa Mathis.

The first tranche of extension works should be completed by May-June with the restaurant facilities. The new hotel should open in September, allowing for demolition of the old restaurant in July and August, and the beginning of renovation works on the hotel.

**Sofédis SA:** revenues were up on the previous year to €44.6 million, generating profit of €1.7 million.

**Devest 6 SA:** by means of a lease arrangement with a local partner, Devest 6 has continued to deliver services to the aerospace and related industries.

### **Developments and prospects**

There are many uncertainties as to trends going forward in the markets and the wider economy.

Careful monitoring of risks, close control over expenses and ever greater attention to ensuring client and membership loyalty, will ensure we nurture the relationships of trust that are needed in the difficult period that lies ahead.

## CONSOLIDATED ANNUAL RESULTS OF BFCM FOR 2008

Financial data relating to the individual company financial statements of Banque Fédérative du Crédit Mutuel.

### Balance sheet

The balance sheet as at 31 December 2008 stood at €193.7 billion, an increase of 25.2 per cent. over the previous financial year.

Liabilities toward credit institutions included deposits from Caisses de Crédit Mutuel des Fédérations Centre Est Europe, Sud-Est, Ile de France and Savoie Mont Blanc via Caisse Fédérale du Crédit Mutuel Centre Est Europe (CFCMCEE); in the amount of €42 billion (+14.9 per cent.).

Client accounts in credit recorded as liabilities amounted to €6.8 billion, mainly made up of OPCVM/UCIT instant access accounts standing at €3.6 billion in credit, and client accounts (including term deposits) in credit to the tune of €3.2 billion.

Securities on loans, interbank paper and negotiable securities (€34 million), in addition to bond debt (€23.5 billion) added up to securities holdings of €57.5 billion.

The fund for general banking risks, in an amount of €61.6 million, and the value of Super Subordinated Debt Securities at €1.6 billion remained unchanged. However BFCM issued €1.036 billion in the form of Subordinated Securities underwritten by Société de Prise de Participation de l'Etat (SPPE), the fund injecting liquidity into the economy in the context of the financial crisis.

Total shareholders' equity and equivalent amounted to €6.3 billion, excluding profit for the financial year.

On the asset side, the centralising treasury role played by Group CM4-CIC gave rise to loans to credit institutions in the amount of €146.2 billion. The refinancing of CFCMCEE to fund lending by Caisses de Crédit Mutuel made up most of this, amounting to €52.7 billion. On the other hand, specific uses of funds by Caisse Fédérale du Crédit Mutuel CEE were refinanced to the tune of €27.2 billion. Banque Fédérative refinancing activity also included Banque de l'Economie du Commerce et de la Monétique, and the entities in the CIC Group. The overall funding of these entities was €53.5 billion.

Client transactions amounted to €9.2 billion, mainly lending to major companies, and refinancing the Citibank Deutschland acquisition entity.

Trading securities, securities held for sale and securities held to maturity made up the other uses of funds (€24.7 billion).

Equitable interests in related companies amounting to €5.1 billion were mainly made up of stakes in CIC (€2.8 billion) and in Groupe des Assurances du Crédit Mutuel (€860 million). Shareholdings amounted to €817 million, mainly investments in Banque Marocaine du Commerce extérieur (BMCE) and Banque de Tunisie, which were acquired from CIC at the end of 2008, in order to bolster the holding company role of BFCM.

### Profit and loss statement

Interest and equivalent amounted to €14.2 billion, €13.3 billion of which were through transactions with credit institutions.

Interest and equivalent expenses amounted to €14.1 billion. Interest paid to credit institutions (€10.9 billion) and interest on securities issued at €2.7 billion made up most of this.

Revenues from securities (€282 million) were mainly in the form of dividends, breaking down as CIC (€122 million), Groupe des Assurances du Crédit Mutuel (€54 million), CMCP (€54 million), BECM (€20 million) and CM-CIC Lease (€9 million).

Losses on the portfolio of securities held for sale were €359 million, most of which are unrealised. The general fall in the stock markets has led to charges recorded in the amount of €302 million.

Given commissions and other items of income from operations, net banking income dropped to €21.6 million from €288 million in 2007.

General operating expenses totalled €76.6 million.

The cost of risk at €311 million was exclusively ascribable to exposure to Lehman Brothers.

Disposals of shareholdings generated gains on long-term assets of €200.5 million.

Furthermore, €11,728 expenses were recorded for such rents and depreciation of company vehicles as were not tax deductible, and written back into income as chargeable to corporation tax at the standard rate.

The deferred taxes in 2007 and for the current financial year have been set off against prior period profits, so that a positive income entry in respect to corporation tax of €79 million was recorded.

### **Financial elements relating to the consolidated financial statements of Banque Fédérative du Crédit Mutuel**

Under CE regulation 1606/2002 on the application of international accounting standards and regulation CE 1126/2008 in regard to their adoption, the consolidated financial statements for the fiscal year have been drawn up in accordance with the IFRS reference framework adopted by the European Union at the date of close out of the financial year. This framework includes standards IAS 1 to 41, IFRS standards 1 to 7 and their SIC and IFRIC interpretations adopted as of that date. The summary documents are presented in accordance with recommendation CNC 2004-R.03.

The accounting principles, methods of evaluation and presentation of international standards are detailed in Note 1 of the Notes to the Financial Statements.

Amendment IAS 39 of October 2008 has been applied, enabling the reclassification of certain financial instruments accounted for at fair value as loans and receivables or as available for sale assets, and the reclassification of available for sale assets as loans and receivables.

Information relating to risk management required under standard IFRS 7 is covered in a special chapter.

### **Analysis of balance sheet**

The total consolidated balance sheet under IFRS standards of the BFCM Group amounted to €425.2 billion as against €395.9 billion in 2007 (+3.0 per cent.).

The financial liabilities at fair value by profit or loss amounted to €47.1 billion in 2008 as against €65.6 billion in 2007, mainly comprises derivatives and other financial liabilities on traded securities and the debt liabilities in respect of credit institutions, valued at fair value by profit or loss.

Other liabilities in respect of credit institutions (€101.2 billion) increased by 15.5 per cent. from one financial year to the next.

Issuances of securities other than those valued at fair value by profit or loss amounted to €100.6 billion in total as against €99.8 billion in 2007 (+0.9 per cent.). Interbank paper and negotiable securities made up most of the whole, totalling €70.1 billion, followed by bond debt of €30.1 billion. The balance under this heading is made up of short-term borrowing and other securities.

The “Customer deposits” heading on the liabilities side of the balance sheet is made up of customer deposits as booked, including attached receivables. These deposits increased by 12.4 per cent. to €88.3 billion in 2008, confirming a substantial increase in customer deposits. Contributions from CIC entities amounted in their own right to 80 per cent. of the total, equivalent to €70.4 billion, the contribution from Citibank being 11 per cent..

Technical provisions on insurance contracts, representative of commitments to policy holders amounted to €45.8 billion, 1.1 per cent. more than last year. Most of this (€42.7 billion) was made up of client investment in life assurance companies through the Groupe Assurance du Crédit Mutuel.

The minority interests recorded on the liabilities side (€1.9 billion at year-end 2008) in the main concerned other groups in Crédit Mutuel involved in GACM (their equitable interest being 27 per cent.), and external shareholders investing in CIC (8 per cent. interest).

On the assets side, placements in the interbank market increased by 8.0 per cent. between 2007 and 2008 rising to €104.7 billion.

Loans to customers amounted to €147.7 billion as at December 31, 2008, an increase of 11.5 per cent. over the previous financial year. More than 82 per cent. of loans were granted through CIC entities. Over the period, considerable lending activity continued. The loan book of Citibank Deutschland (consolidated for the first time in 2008) amounted to €11.8 billion.

Financial instruments valued at fair value by profit or loss amounted to €56.2 billion as against €97.3 billion last year.

Goodwill on the asset side (€3.5 billion in total) related essentially to the acquisition of Citibank Deutschland securities in December 2008 (€2.8 billion) and to CIC securities (residual goodwill €506 million).

### **Analysis of profit and loss account**

In 2008, the BFCM Group was hit by the increasingly severe financial crisis, particularly in the second half, and from the sudden macroeconomic slowdown.

Attributable net income was down to €28.8 million from €1,464.4 million in fiscal 2007 as a result of the extraordinary cost of risk and the substantial impairment of the value of otherwise sound assets.

BFCM Group net banking income fell from €5.4 billion to €3.9 billion (by -29.9 per cent.<sup>2</sup>), taking an €86 million hit from the Madoff swindle, which was by nature recorded as a reduction of net banking income, and not as an increase in the cost of risk.

However, retail banking net banking income, the core business of the BFCM group, remained unchanged (on a like-for-like basis) at €3,288.7 million.

Net premium income from the insurance business was €765 million, down 20.3 per cent. due to life assurance revenues.

Private banking revenue fell marginally (-4.8 per cent.) to €427 million, although income increased in the fourth quarter.

In private equity, net banking income was €112 million, after an unusually good 2007.

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<sup>2</sup> Increase on a like-for-like basis. The Citibank Deutschland acquisition took place on 5 December 2008, and assets and liabilities were wholly consolidated from 31 December 2008. Earnings are shown on a pro rata basis from the date of purchase.



Finance market net banking income was recorded as €26 million, breaking down as €335 million for finance banking, reduced by a €86 million loss from the Madoff swindle<sup>3</sup>, and a further loss of €310 million in market trading due to the substantial impairment of otherwise sound assets.

Cost of risk rose to €1,016 million of which €484 million was ascribable to the failure of Lehman Brothers, and €65 million to the Icelandic banking system. Hence the actual cost of risk on clients as a ratio of the outstanding loan book was 0.27 per cent. at year-end 2008. The rate of coverage of doubtful and unrecovered debt on lending to customers is 73.6 per cent..

## **Analysis by Business Line**

### ***Description of activity***

Activity categories for analytical purposes are those of the hereinafter mentioned BFCM organisation chart showing the breakdown into categories.

The full scale elimination of reciprocal operations between the banking and insurance sectors would have led to book transfers of assets and earnings between the banking and insurance business making for an imperfect representation of economic value in each of these sectors. Thus the analytical breakdown by business line shows elements of the insurance business prior to the elimination of reciprocal operations, subject to the proviso that such operations are representative of policy holder benefits (income from investments under the bank's insurance schemes, insurance premiums paid by the bank on behalf of employees etc.). In particular, the data shown under the heading "Income from Insurance" in the analysis of activity by business line below, is at variance from the data presented in the financial statements, due to the latter's restatement.

- Retail banking, the BFCM core business includes:
  - BECM network, the network of CIC regional banks and the CIC retail network in Ile de France, including the 18 branches of Banco Populaire France and the Citibank Deutschland network.
  - It includes also all the specialist activities whose products are marketed through the above retail network, instruments being consumer product leasing and other leasehold business, property lease and buyback, installment credits, factoring, mutual fund management, employee share ownership schemes (*épargne salariale*), property businesses.
- Insurance is written by the Groupe des Assurances du Crédit Mutuel (GACM) and its subsidiaries, whose products are sold the bank's branch network. GACM companies write both life and non-life business, provide insurance brokerage, reinsurance, remote surveillance, and management of automobile maintenance costs.
- Finance and market banking includes two business lines:
  - Financial services for major corporations and institutional customers, value-added financing (project finance and export finance, etc...), and services for the international business and foreign branches.
  - The market trading businesses of BFCM and CIC, which form part of a single entity, CM-CIC Markets, under single management.

Market activities are organised along three business lines: refinance, sales of financial products and own account trading. Transactions which are handled on two sites (Paris and Strasbourg) are recorded in two separate balance sheets:

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<sup>3</sup> This being a swindle, the losses are subtracted from net banking income, and not recorded as an increase in the cost of risk.

<sup>1</sup>BFCM balance sheet for Refinancing

<sup>1</sup>CIC balance sheet for Sales and Own Account;

- Private banking includes companies which are dedicated to this business, both in France (Banque Transatlantique, Dubly-Douilhet SA) and abroad (Banque de Luxembourg, Banque CIC Suisse, Banque Transatlantique Luxembourg, CIC Private banking-Banque Pasche, Banque Transatlantique Belgium, Banque Transatlantique London).
- Private equity activity pursued on own account is part of a main profit centre. The business is organised through three main entities, CIC Finance, CIC Banque de Vizille and IPO.
- The Structure and Holding Company heading includes elements not allocated to other business lines, and purely logistical organizations, such as intermediate holding companies and property management businesses operated by specialist companies.

## Results by Business Line

### Retail banking

	2008	2007	Change <sup>4</sup> 2008/2007
	€ (millions)		
Net banking income .....	3,289	3,151	+ 0.3 %
General expenses.....	(2,267)	(2 1901)	+0.0 %
Gross operating profit .....	1,021	960	+1.2 %
Cost of risk .....	(378)	(114)	n.s
Operating profit.....	643	846	-22.0 %
Pre-tax profit .....	654	862	-26.2 %
Net book profit .....	467	590	-22.9 %

In 2008, the BFCM Group pursued its strategy of network expansion both nationally and internationally.

- 69 points of sale were newly set up in the BFCM Group network.
- 18 points of sale were acquired from the Banco Popular France network.
- A new stage was reached with the acquisition of Citibank Deutschland, a specialist in consumer credit, and its network of 339 branches, with their 6,092 employees and 3.4 million customers.

Overall, retail banking attributable net banking income generated by the BFCM Group (83 per cent. of group attributable net banking income) increased by +0.3 per cent.<sup>5</sup>.

General expenses were unchanged on 2007<sup>5</sup> and the operating multiple moved from 69.5 per cent. to 68.9 per cent. in 2008.

Gross operating profit (RBE) increased by 1.2 per cent.<sup>5</sup>

<sup>4</sup> Changes on a like-for-like basis.

<sup>5</sup> Changes on a like-for-like basis.

Pre-tax profit was €654 million<sup>5</sup> down from €862 million at year-end 2007, as a result of a considerable increase in provisions on non-performing customer loans.

Net profit from retail banking amounted to €467 million<sup>5</sup> at year-end 2008. The dynamism of the retail network, its closeness to customer concerns, the quality of its sales and marketing and its ability to meet the needs of bank associates and clients ensured that:

- 160,000 new clients were added, raising client numbers by 4 per cent.<sup>5</sup> to 7,600,000;
- a 12,2 per cent.<sup>5</sup> increase in the lending business to €152.7 billion, the loan book of Citibank Deutschland on initial consolidation in 2008 amounting to €10.8 billion;
- increase 10.2 per cent.<sup>5</sup> in deposits to €89 billion;

### **Insurance**

	<b>2008</b>	<b>2007</b>	<b>Change 2008/2007</b>
		(€ million)	
Net banking income .....	765	960	- 20.3%
General expenses.....	(309)	(278)	+ 11.2%
Gross operating profit .....	456	682	-33.1%
Cost of risk .....	0	0	n.s
Operating profit.....	456	682	-33.1%
Pre-tax profit .....	472	710	-33.4%
Net book profit .....	377	490	-23.1%

This business accounted for 19 per cent. of BFCM group net banking income.

The business in what is the Group's second largest line of activity can best be assessed from the highlights of the GACM insurance business<sup>6</sup> (approximately 73.3 per cent. owned by the BFCM Group):

- 9 per cent. increase in insurance contracts under management to €19.3 million.
- Consolidated premium income in the insurance business was €6.710 billion as compared to €7.792 billion in 2007, a drop of 13.9 per cent.. The 25.2 per cent. fall in premium income in life assurance and with profits insurance was in part offset by a marked improvement in other businesses, as premium income from property and casualty increased by 12.3 per cent.. 2.4 per cent. rise in funds under management in life assurance, to €42.7 billion in 2008 from €41.7 billion in 2007.

In the cross-border markets, the group also set up an insurance company on a partnership basis with the Royal Automobile Club of Catalonia.

<sup>6</sup> Excluding ACM Vie Mutuelle

### ***Finance and market banking***

	<b>2008</b>	<b>2007</b>	<b>Change 2008/2007</b>
		<i>(€millions)</i>	
Net banking income .....	26	611	n.a
General expenses.....	(239)	(279)	-14.1%
Gross operating profit .....	(214)	332	n.s.
Cost of risk .....	(530)	(7)	n.s.
Operating profit.....	(744)	325	n.s.
Pre-tax profit .....	(744)	325	n.s.
Net book profit .....	(476)	233	n.s.

Net banking income in finance and market banking was €26 million as against €611 million at year-end 2007.

Net banking income in this field fell 8.6 per cent. to €335 million, after the loss of €86 million<sup>7</sup> on assets owned by the bank involved in the Madoff swindle, the bank's customers remaining unaffected.

Market banking net banking income fell from €244 million on December 31, 2007 to –€310 million at year-end 2008, due to the substantial impairment of otherwise sound assets.

In a wholly disrupted market, where even the soundest of assets were illiquid and where market prices were no longer representative of economic value, regulators invoked extraordinary circumstances, by reason of which standards IAS 39 and IFRS 7 were amended to allow for the transfer of trading portfolios to other accounting categories and the Available For Sale portfolio was transferred to the Loans & Receivables portfolio.

- under these new accounting regulations, BFCM Group on July 1, 2008 transferred a total of €18.8 million, from the trading portfolio to the Available For Sale portfolio (€16.1 billion), and €2.7 billion to the Loans & Receivables portfolio. €6.4 billion was transferred from the AFS portfolio to the Loans & Receivables portfolio. The yield on the securities after portage cost was positive.
- The change in market value between July 1 and December 31, 2008 of the securities transferred from the trading portfolio to the AFS and Loans & Receivables portfolio was €969 million. The effective interest rates on the securities transferred were positive, the highest being 10.97 per cent..

### ***Private banking***

	<b>2008</b>	<b>2007</b>	<b>Change 2008/2007</b>
		<i>(€ millions)</i>	
Net banking income .....	427	449	- 4.8%
General expenses.....	(272)	(261)	+ 3.9%
Gross operating profit .....	156	187	- 16.9%

<sup>7</sup> This being a swindle, the losses are subtracted from net banking income, and not recorded as an increase in the cost of risk.

	2008	2007	Change 2008/2007
Cost of risk .....	(108)	(6)	n.s.
Operating profit .....	47	181	- 73.8%
Pre-tax profit .....	47	181	- 73.8%
Net book profit .....	42	135	-68.7%

This BFCM group business line is operated exclusively by CIC entities and its net banking income (10.8 per cent. of the group's) fell slightly to €427 million. However over the last three months of the year, revenues increased.

Net profit was €42 million at year-end 2008.

### *Private equity*

	2008	2007	2007	Changed
		Pro forma	Published	2008/2007
		(€ millions)		
Net banking income .....	112	381	424	- 70.7%
General expenses .....	(28)	(42)	(42)	- 8.1%
Gross operating profit .....	73	339	382	- 78.3%
Cost of risk .....	1	(0)	(0)	n.s.
Operating profit .....	74	339	382	- 78.1%
Pre-tax profit .....	74	339	382	- 78.1%
Net book profit .....	77	327	367	- 76.5%

Net banking income from this business (3 per cent. of group net banking income) was €112 million, after a fiscal 2007 where significant capital gains were made at moments of opportunity. Net banking income was generated by the three CIC entities (including CIC Finance, IPO and Banque de Vizille), private equity investments being €342 million as against €427 million in 2007, for a total portfolio value of €1.670 billion, after revaluation.

Towards the end of the second half, the whole of BFCM's private equity business was reclassified under the Structure and Holding heading; the nature of the BFCM securities portfolio being now more in the nature of long-term holdings than private equity.

Net income from the private equity business was €77 million.

### *Structure and holding*

	2008	2007	2007	Changed
		Pro forma	Published	2008/2007
		(€ millions)		
Net banking income .....	(671)	(139)	(182)	n.s.

	<b>2008</b>	<b>2007</b>	<b>2007</b>	<b>Changed</b>
		<b>Pro forma</b>	<b>Published</b>	<b>2008/2007</b>
General expenses .....	(75)	(58)	(58)	+ 10.1%
Gross operating profit .....	(747)	(197)	(240)	n.s.
Cost of risk.....	0	0	0	n.s.
Operating profit .....	(747)	(197)	(240)	n.s.
Pre-tax profit.....	(671)	(164)	(207)	n.s.
Net book profit.....	(348)	(71)	(111)	n.s.

After an extraordinarily good 2007, where BFCM's Structure & Holding business yielded substantial dividends from its shareholdings (€130 million in Investessor), supplemented by capital gains on disposals of its interests (Mittal, Euronext), the Group was affected in 2008 by rising charges on subordinated debt and by long-term asset impairments.

To comply with IFRS standards, securities held for the longer term and classed in the portfolio of Available For Sale (AFS) securities, have been valued at their stock market prices on December 31, 2008. Impairment was €481 million.

The BFCM Group also reported €76 million income from dividends in companies consolidated by the equity method, including CMCP (€55.7 million) and Euro-information (€15.4 million).

### **SIGNIFICANT NEW PRODUCTS/ACTIVITIES**

There were no significant new products or activities during the 12 months preceding the date of the base prospectus.

## MATERIAL CONTRACTS

BFCM is not a party to any material contracts, entered into other than in the ordinary course of its business, which could result in any member of the BFCM Group being under an obligation or entitlement that is material to BFCM's ability to meet its obligations to Noteholders in respect of an issue of Notes.

### Litigation

Neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings which may have or have had, during the 12 months preceding the date of this Base Prospectus, significant effects on the financial position or profitability of the Issuer or any of its subsidiaries nor, so far as the Issuer is aware, are any such governmental, legal or arbitration proceedings pending or threatened.

### Management of BFCM

The Issuer is managed by its *Conseil d'Administration* (Board of Directors). The Issuer's *statuts* provide for a Board of Directors consisting of not less than three and not more than 18 directors who are appointed by the general meeting of the shareholders for a period of three years, but may serve any number of consecutive terms.

The Board of Directors is chaired by a *Président* (Chairman). The Chairman is responsible for the general management of the Issuer and represents the Issuer in relation to third parties. On the proposal of the Chairman, the Board of Directors may also appoint one *Directeur Général* (Chief Executive Officer).

### Information about the Directors of BFCM

The names, addresses, current positions, principal occupations and other directorships and business experience of the members of the Board of Directors of BFCM are as set out in the table below:

**Mr Etienne PFLIMLIN**, President of the Board of Directors

Is also:

**President of the Board of Directors:** Confédération Nationale du Crédit Mutuel – Caisse Centrale du Crédit Mutuel – Fédération du Crédit Mutuel Centre Est Europe – Caisse Fédérale du Crédit Mutuel Centre Est Europe – Caisse de Crédit Mutuel “Strasbourg Esplanade” – Le Monde Entreprises.

**President of the Supervisory Board:** Banque de l'Economie du Commerce et de la Monétique – Editions Coprur – Crédit Industriel et Commercial – Société d'Etudes et de Réalisation pour les Equipements Collectifs (Soderec) – Société Alsacienne de Publications “L'Alsace”.

**Member of the Board of Directors:** Groupe des Assurances du Crédit Mutuel – Société Française d'Edition de Journaux et d'Imprimés Commerciaux “L'Alsace” – Fimalac.

**Member of the Supervisory Board:** Le Monde SA – Le Monde et Partenaires Associés – Société Editrice du Monde.

**Permanent representative of:** Fédération du Crédit Mutuel Centre Est Europe (Board of Directors *Sofédis*, Board of Directors *Euro-Information*), of **Caisse Centrale du Crédit Mutuel** (Supervisory Board *CM-CIC AM*), of **Crédit Industriel et Commercial** (Board of *CIC Banque BSD-CIN*, Board of *CIC Banque CIO-BRO*, Board of *CIC Société Bordelaise*, Board of *CIC Est*).

**Mr Jacques HUMBERT**, Vice-President of the Board of Directors

Is also:

**President:** Union des Caisses de Crédit Mutuel du District de Mulhouse.



**President** of the Board of Directors: Caisse de Crédit Mutuel La Doller.

**Member of the Board of Directors:** Fédération du Crédit Mutuel Centre Est Europe – Caisse Fédérale du Crédit Mutuel Centre Est Europe – Société Française d’Edition de Journaux et d’Imprimés Commerciaux “l’Alsace”.

**Permanent representative:** ADEPI on the Board of Directors of GACM.

**Mr Michel LUCAS**, Member of the Board of Directors – Chief Executive Officer

Is also:

**President and CEO:** Carmen Holding Investissement.

**CEO:** Confédération Nationale du Crédit Mutuel.

**President of the Board of Directors:** Groupe des Assurances du Crédit Mutuel – Assurances du Crédit Mutuel Vie SA – Assurances du Crédit Mutuel Iard SA – Assurances du Crédit Mutuel Vie SFM – Banque du Crédit Mutuel Île-de-France.

**President of the Board of Directors:** Crédit Industriel et Commercial.

**President:** Crédit Mutuel Cartes de Paiements – Europay France.

**Chairman of the Supervisory Board:** Euro Information Production – Citicorp Deutschland GmbH – Citicorp Management AG – Citibank Privatkunden AG.

**Vice-President of the Supervisory Board:** Banco Popular France – Banque de Luxembourg.

**Member of the Board of Directors – Chief Executive Officer:** Fédération du Crédit Mutuel Centre Est Europe – Caisse Fédérale du Crédit Mutuel Centre Est Europe.

**Member of the Board of Directors:** ACMN Iard – ASTREE – Desjardins Assurances Générales – Banque de Tunisie – Banque Marocaine du Commerce Extérieur – CIC Banque Transatlantique – Banque Transatlantique Belgium – Caisse de Crédit Mutuel « Grand Cronembourg » – CRCM Midi-Atlantique – Crédit Mutuel Paiements Electroniques – CIC Investissements – CIC Finance – CIC Lyonnaise de Banque – SOFEDIS.

**Member of the Supervisory Board:** Banque de l’Economie du Commerce et de la Monétique – Fonds de Garantie des Dépôts – CM-CIC Asset Management – CM-CIC Services – Manufacture Beauville – SAFRAN.

**Member of the Board of Directors:** Euro-Information – Euro-Information Développement – EBRA.

**Ms Marie-Paule BLAISE**, Member of the Board of Directors

Is also:

**President:** Union des Caisses de Crédit Mutuel de la Communauté Urbaine de Strasbourg.

**Member of the Board of Directors:** Caisse de Crédit Mutuel Strasbourg Europe – Fédération du Crédit Mutuel Centre Est Europe.

**Mr Jean-Louis BOISSON**, Member of the Board of Directors

Is also:

**President:** Union des Caisses de Crédit Mutuel du District de Bourgogne Champagne.

**President of the Board of Directors:** Caisse de Crédit Mutuel de Montbard Venarey.

**Vice-President of the Board of Directors:** Fédération du Crédit Mutuel Centre Est Europe.

**Vice-President of the Supervisory Board:** Banque de l'Economie du Commerce et de la Monétique.

**Member of the Board of Directors:** Confédération Nationale du Crédit Mutuel – Caisse Fédérale du Crédit Mutuel Centre Est Europe.

**Member of the Supervisory Board:** EI Production.

**Mr Maurice CORGINI**, Member of the Board of Directors

Is also:

**President:** Union des Caisses de Crédit Mutuel du District de Besançon.

**President of the Board of Directors:** Caisse de Crédit Mutuel Beaume-Valdahon-Rougement.

**Member of the Board of Directors:** Fédération du Crédit Mutuel Centre Est Europe – Caisse Agricole Crédit Mutuel.

**Member of the Supervisory Board:** Crédit Industriel et Commercial.

**Joint Manager:** Cogithommes Franche-Comté.

**Mr Gérard CORMORECHE**, Member of the Board of Directors

Is also:

**President:** Fédération du Crédit Mutuel du Sud-Est – Caisse de Crédit Mutuel du Sud-Est – Cecamuse – Caisse de Crédit Mutuel Neuville-sur-Saône – Caisse Agricole Crédit Mutuel.

**Vice-President of the Supervisory Board:** Crédit Industriel et Commercial – CMAR (Crédit Mutuel Agricole et Rural).

**Member of the Board of Directors:** Confédération Nationale du Crédit Mutuel – Caisse Fédérale du Crédit Mutuel Centre Est Europe – Société des Agriculteurs de France.

**Manager:** Scea Cormoreche Jean-Gérard – Sàrl Cormoreche.

**Permanent representative:** of CCM Sud-Est and on the Board of Directors ACM Vie Sfm.

**Mr Roger DANGUEL**, Member of the Board of Directors

Is also:

**President:** Union des Caisses de Crédit Mutuel du District de Sélestat.

**President of the Board of Directors:** Caisse de Crédit Mutuel de Sélestat-Scherwiller.

**Member of the Board of Directors:** Fédération du Crédit Mutuel Centre Est Europe – Confédération Nationale du Crédit Mutuel.

**Member of the Supervisory Board:** Banque de l'Economie du Commerce et de la Monétique.

**Permanent representative:** Banque Fédérative du Crédit Mutuel on the Board of Directors *Caisse Centrale du Crédit Mutuel*.

**Mr Jean-Louis GIRODOT**, Member of the Board of Directors

Is also:

**President of the Board of Directors:** Fédération des Caisses de Crédit Mutuel d'Île-de-France – Caisse Régionale de Crédit Mutuel d'Île-de-France – Caisse de Crédit Mutuel de Paris Montmartre Grands Boulevards – and of several Caisses in the Crédit Mutuel group, during their set-up phase.

**Chairman and Managing Director:** Coopérative d'Édition de la Lettre de l'Économie Sociale (CODLES).

**President:** Chambre Régionale de l'Économie Sociale Île-de-France (CRES IDF) – AUDIENS – PEMEP.

**Vice-President:** Conseil Économique et Social d'Île-de-France – Fédération Nationale de la Presse Spécialisée (FNPS).

**Member of the Board of Directors:** Confédération Nationale du Crédit Mutuel – Caisse Fédérale du Crédit Mutuel Centre Est Europe – MEDIAFOR.

**Member of the Supervisory Board:** Crédit Industriel et Commercial – EI Production.

**Member:** Conférence Nationale des CRES – Groupe APRI.

**Permanent representative:** Caisse Régionale du Crédit Mutuel d'Île-de-France (on Board of Directors *ACM Vie Sfm* – on the *Commission paritaire des Publications et Agences de Presse*).

**Mr Robert LAVAL**, Member of the Board of Directors

Is also:

**President:** Union des Caisses de Crédit Mutuel du District de Sarrebourg.

**President of the Board of Directors:** Caisse de Crédit Mutuel Sarrebourg et Environs.

**Member of the Board of Directors:** Fédération du Crédit Mutuel Centre Est Europe.

**Member of the Supervisory Board:** Banque de l'Économie du Commerce et de la Monétique.

**Permanent representative:** CCM Sarrebourg et Environs - Manager of property company *SCI Crédit Mutuel Les Cordeliers*.

**Director:** Retirement Home “Sainte Véronique” – Retirement Home “La Charmille”.

**Mr Jean-Paul MARTIN**, Member of the Board of Directors

Is also:

**President:** Union des Caisses de Crédit Mutuel du District de Metz.

**President of the Board of Directors:** CME 57.

**Member of the Board of Directors:** Fédération du Crédit Mutuel Centre Est Europe.

**Member of the Supervisory Board:** Citicorp Deutschland GmbH – Citicorp Management AG – Citibank Privatkunden AG.

**Mr Pierre NEU**, Member of the Board of Directors

Is also:

**President:** Union des Caisses de Crédit Mutuel du District de Haguenau.

**Vice-President of the Board of Directors:** Caisse de Crédit Mutuel Alsace du Nord.

**Member of the Board of Directors:** Fédération du Crédit Mutuel Centre Est Europe.

**Member of the Supervisory Board:** Editions Coprur.

**Mr Gérard OLIGER**, Member of the Board of Directors

Is also:

**President:** Union des Caisses de Crédit Mutuel du District de Sarreguemines.

**President of the Board of Directors:** Caisse de Crédit Mutuel Emile Gentil (Volmunster).

**Member of the Board of Directors:** Fédération du Crédit Mutuel Centre Est Europe.

**Mr Albert PECCOUX**, Member of the Board of Directors

Is also:

**President:** Fédération du Crédit Mutuel Savoie-Mont Blanc – Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc – SICA Haute-Savoie (Société Civile Coopérative d'Intérêt Collectif Agricole).

**Vice-President of the Board of Directors:** Caisse de Crédit Mutuel d'Annecy-les-Fins.

**Member of the Board of Directors:** Confédération Nationale du Crédit Mutuel – Caisse Fédérale du Crédit Mutuel Centre Est Europe.

**Member of the Supervisory Board:** Crédit Industriel et Commercial.

**Permanent representative:** CRCM Savoie-Mont Blanc au Conseil des *ACM VIE Sfm*.

**Mr Jean-Pierre SCHNEIDER**, representative of CFCM Maine-Anjou, Basse-Normandie, Member of Board of Directors

**Other duties performed by Mr Jean-Pierre SCHNEIDER**

**Chief Executive Officer:** Caisse Fédérale du Crédit Mutuel de Maine-Anjou, Basse-Normandie.

**Director:** Fédération du Crédit Mutuel de Maine-Anjou, Basse-Normandie – Caisse Générale de Financement (CAGEFI).

**President of the Board of Directors:** SAS Volney Développement.

**Member of the Board of Directors:** Confédération Nationale du Crédit Mutuel – SAS Cloé.

**Member of the Supervisory Board:** Haption – Euro Information Production – Société de Réassurance Lavalloise (SOCREAL SA).

**Permanent representative:** Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie (President of *Caisse Centrale du Crédit Mutuel*, of *Assurances du Crédit Mutuel Iard SA*, of *Assurances du Crédit Mutuel Maine-Anjou Normandie*, of *GIE Cloé-Services* – Member of Supervisory Board of *CM-CIC Asset Management* – Member of the Board *Euro-Information* – Joint Manager: *Société Immobilière de Développement des Environs de Laval* (SIDEL SNC) of *Assurances du Crédit Mutuel Iard* (President of *Sérénis-Vie*).

**Other duties performed by Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie**

**President of the Board of Directors:** Assurances du Crédit Mutuel Maine-Anjou-Normandie.

**Member of the Board of Directors:** Caisse Centrale du Crédit Mutuel – SAS Volney Développement – Groupe des Assurances du Crédit Mutuel – Assurances du Crédit Mutuel Iard SA – Crédit Mutuel Paiements

Electroniques – Bail Entreprises – Mayenne Logis (Groupe CIL 53) – Logis Familial Mayennais (Groupe CIL 53) – SOPAM – GIE Cloé Services.

**Member of the Supervisory Board:** Soderec – Sodelem – CM-CIC Asset Management.

**Member of the Board:** Euro Information – SIBE Participation.

**Manager:** SIDEL SNC.

**Mr Alain TETEDOIE**, Member of the Board of Directors

Is also:

**President:** Fitega

**Chief Executive Officer:** Nanteurop.

**President of the Board:** Fédération du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest – Caisse Fédérale du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest.

**Vice-President of the Board of Directors:** Caisse de Crédit Mutuel de Saint Julien de Concelles.

**Member of the Board of Directors:** Confédération Nationale du Crédit Mutuel – Ataraxia.

**President of the Supervisory Board:** Pfalzeurop GmbH – CM-CIC Services.

**Vice-President of the Supervisory Board:** BCME.

**Member of the Supervisory Board:** Crédit Industriel et Commercial – Suravenir – Infolis (until 27 June 2008).

**Permanent representative:** Fédération du Crédit Mutuel LACO (President of *Investlaco*) – of Caisse Fédérale de Crédit Mutuel LACO (on Board of *GACM*, on Supervisory Board of *SODELEM*) – of Suravenir Assurances holding (on the Board of Directors of *Suravenir Assurances* until 27 June 2008) – of EFSA (on the Board of Directors of CIO-BRO).

**Scrutineer:** Suravenir Assurances Holding (until 27 June 2008).

## **EXTRACT OF THE REPORT ON OPERATIONS OF THE BOARD OF DIRECTORS AND INTERNAL CONTROL PROCEDURES**

The provisions of article L 225-37 of the Code de Commerce specify that the Chairman of the Board of Directors of the company making a public call for investors' funds "shall render account in a report attached to the Annual Report of the composition, conditions of preparation and organisation of the works of the Board and of the procedures of internal control and management of risks set up by the company and of the limitations, if any, that the Board of Directors may attach to the powers of Chief Executive Officer".

### **1 Preparation and Organisation of the Work of the Board**

#### **Composition of the Board**

The Board of Directors of Banque Fédérative du Crédit Mutuel is currently made up of 16 members appointed by the General Meeting for three years, and of four scrutineers also appointed for a three year term by the Board under article 20 of the Statutes. The list of directors showing their functions and responsibilities in other companies is contained in an appendix as required by the law. The Board includes representatives of the partner Groups (Ile-de-France, Savoie-Mont Blanc et Sud-Est) and representatives of associate groups (Loire-Atlantique Centre Ouest, Laval, Normandie and Centre).

Two employee members have seats on the Board, representing the *Comité d'entreprise interfédéral* (Works Council).

Directors shall not be paid attendance fees or stock options.

The compensation of the President and the Chief Executive Officer, in respect of their work within the Group, is fixed and its terms consistent with the law, in line with proposals submitted by the compensation committee.

#### **Operation of the Board. Manner of Exercise of the Powers of Senior Management**

Under Article L 225-51-1 of the Code de Commerce, the Board has opted for exercise of dual power at senior management level.

The Presidency of the Board is in the hands of Mr Etienne Pflimlin. In this respect, he represents the Board, organizes and directs the work and ensures that the Board members are in a position to discharge their responsibilities.

The Management of the Company is in the hands of Mr Michel Lucas. In this respect and under the law, he is entrusted with the most extensive of powers to act in the name of the company and to represent it with respect to third parties.

There are no internal rules or regulations for the workings of the Board, which is governed by statutory provisions.

On an individual level, further to the obligations of reserve and professional secrecy, as it applies to the purpose and workings of the company, the Directors shall in their capacity as elected members comply with the code of ethics in force in the Group.

In 2008, the Board met six times. The average attendance rate was 83 per cent..

For each meeting of the Board, a complete folder containing information on all the points on the agenda is sent by mail to all of the Directors, scrutineers and representatives of the *Comité d'entreprise interfédéral* (Works Council). At each meeting, the managers with responsibility for one or more aspects of the agenda are

invited to present those items, to make comments or respond to any questions. The minutes of the meetings are sent to the Directors, subject to approval of the Board.

All meetings of the Board are customarily an opportunity to review developments of the economic and financial situation and its impact on our Group. This year in particular was rich in opportunities for growth by acquisition (Banco Popular France, Citi Deutschland, Cofidis), and assessing them was a responsibility taken on in addition to the normal workload of the Board in the field of strategic decision-making.

The meeting of 21 February was devoted to the examination and close-out of the financial statements and to the preparation of the Ordinary General Meeting of Shareholders held on 7 May 2008. The Board took note of the minutes of the meeting of the CM4-CIC risk monitoring committee governed by regulation 97-02. The Board similarly authorised the issuance of loans. As at every meeting it examined the reporting of the company's financial affairs (refinance, credits, own account business).

The Board of 20 June 2008 examined the project for acquisition of Citibank Deutschland, with a view to making an offer. The Board also granted an equity loan in an amount of €6 million to Banco Popular France.

On 4 July 2008, the Board made an analysis of the financial situation as carried in the financial statements, of budget developments and of expected trends in terms of future earnings, as well as monitoring financial affairs. A new director was co-opted to replace SAS CLOE.

The meeting of 4 August 2008 was devoted to the half yearly financial statements of the parent company and to the consolidated financial statements as at 20 June 2008. The Board also raised the ceiling on Euro Commercial Paper and Certificates of Deposit.

The Board met for the fifth time in the year on 24 October 2008. All the topics dealt with in June were reviewed and brought up-to-date, including a report on the state of progress toward the acquisition of Citibank Deutschland. This was an opportunity for the Board to authorise a number of agreements between BFCM and the Citi Deutschland Group.

The last meeting of the year was held on 19 December 2008. The Board examined the financial statements based on the situation as at end November, which gave initial estimates of results for the full financial year. There was also an update on the actual budget for the year, and on preparations for the budget going forward into 2009. The Board also took note of the agreement made between the French government and the Group in the fields of refinancing and compensation paid to company officers.

The decisions taken by the Board were compliant in both fields. All the Board meetings have standard items on the agenda such as holdings in subsidiaries and other investments, intergroup financial relations, and the lending decisions taken by the Credit Committee. Affiliations, if any, from new Caisses or local banking entities are also reviewed.

The duration of the meetings varied, depending on the length of the agenda and the importance of the items on it.

The number of meetings varies from one year to the next, in the light of circumstances. For several years, no less than four meetings were held in a year.

The opinions and comments of Board members may be sought in the event of an emergency. Decisions taken in such circumstances require the further approval of the next Board meeting.

## 2 Internal Control and Oversight of Risks

Internal control and risk management at BFCM is part of the overall internal control procedure set in train for the CM4<sup>8</sup>-CIC Group, as described below.

The purpose of the work of internal control and risk management is to oversee the application of all of the rules determined by the supervisory authorities, in the performance of the group's business, relying on internal standards, tools, reference frameworks and procedures set up for this purpose, providing the framework for the drafting of this Management Report, with further support from the services involved in internal controls and risk management, performing their duties with due diligence and relying as necessary on the reference framework and the application guide of the French *Autorité des Marchés Financiers* (Financial Markets Authority).

### 2.1 General arrangements for internal control in the CM4-CIC Group

Internal control and risk management procedures are deeply embedded in the organisation. Their purpose is to oversee compliance with regulatory provisions to properly control risk and to enhance the security of financial transactions, as part of an overall drive to improve performance.

#### 2.1.1 A fully structured, shared and independent procedure

The Group oversees the suitability of the procedures set up, taking into consideration its size, operations and scale of the risks to which it is exposed through its business.

Reliant on common methods and tools, the internal control and risk measurement systems aim in particular at:

- exhaustively covering all of the Group's businesses;  
surveying, gathering, understanding, monitoring and aggregating risks on a homogenous and consolidated basis;
- ensuring compliance with laws and regulations in force and compliance to internal standards; and  
overseeing the correct operation of internal processes and the reliability of financial information.

The organisation set up has as its purpose the checking of the quality and exhaustiveness of the internal control system. The Group on its own behalf and of the companies under its control checks that the procedures set up are based on a collection of procedures and operational limits compliant with regulatory requirements and to standards in force. It relies in its work on methods and tools defined at Group level and on the rules in force on a standard basis in the audit and control fields.

The identification of the major risks through reference frameworks and risk mapping, and their monitoring (including ensuring their capping within suitable limits), using formal procedures and dedicated tools, is an over-arching goal, to the meeting of which all the control services within the Group make their contribution. Over and above actions with a view to detecting and reducing risks, the control services are involved in further work for the purpose of improving risk management. In parallel, political tools and monitoring schedules are the means to perform regular audits of the various risks to which the group is exposed in its business, be they

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<sup>8</sup> Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est, Crédit Mutuel Ile-de-France, Crédit Mutuel Savoie-Mont Blanc



counterparty risks, market risks, balance sheet risks or operational risks. In accordance with regulatory provisions and additional to the internal audit report, every year sees the publication of a report on risk management and supervision, the drafting of which is reliant on a detailed review process of the risk control arrangements.

The proper match between the goals set by internal audit procedures and the resources allocated to the attainment of those goals is a matter of constant concern..

The independence required of a proper auditing facility requires ensuring that those who perform the controls within dedicated audit structures are shielded from operational responsibilities and answer to superiors in a manner protecting their freedom of judgment and assessment.

### **2.1.2 Organisation of audits**

The Group CM4-CIC audit procedures pursue twin goals:

- separating out the different existing audits into distinct lines (periodical, permanent and compliance controls) and keeping pace with changes in regulatory requirements; and
- harmonising the work performed within the Group in the audit fields, by ensuring a common organisation is set up, relying on homogenous methods and tools.

#### ***Breakdown by type of control***

Independent of the audits performed by management in their day-to-day business practice, the audit function is exercised by:

- periodical controls involving in-depth investigations performed as part of an internal audit cycle extending over several financial years;
- ongoing or permanent controls for all procedures of a recurrent nature performed using remote control and monitoring tools; and
- compliance control ensuring the application of regulatory provisions and internal standards.

Periodical control is responsible for the oversight of the general quality of the internal control arrangements, taken as a whole, and for the efficiency of the management and monitoring of risks, as well as ensuring that the permanent and compliance controls are fit for purpose and are performed in a due and proper manner.

#### ***Breakdown by network/business lines***

In the financial audit departments, the work is allocated to a “network” branch covering retail banking, and to a business line branch handling separate business such as commercial banking, market activities, asset management and financial and treasury services. Each arm of the audit function is assigned managers answering directly to CM4-CIC at Group level.

#### ***Common backbone of support for different forms of internal audit***

The common audit support organisation is required to:

- develop and to maintain at the appropriate level of quality the tools required for efficient audit procedures;
- contribute to the implementation of homogenous methods by the various teams; and

- ensure the development of required reporting tools for monitoring audit operations and missions, and to ensure information is duly circulated on and upward to the organs of management.

### 2.1.3 Oversight of control arrangements: Group Control and Compliance Committee

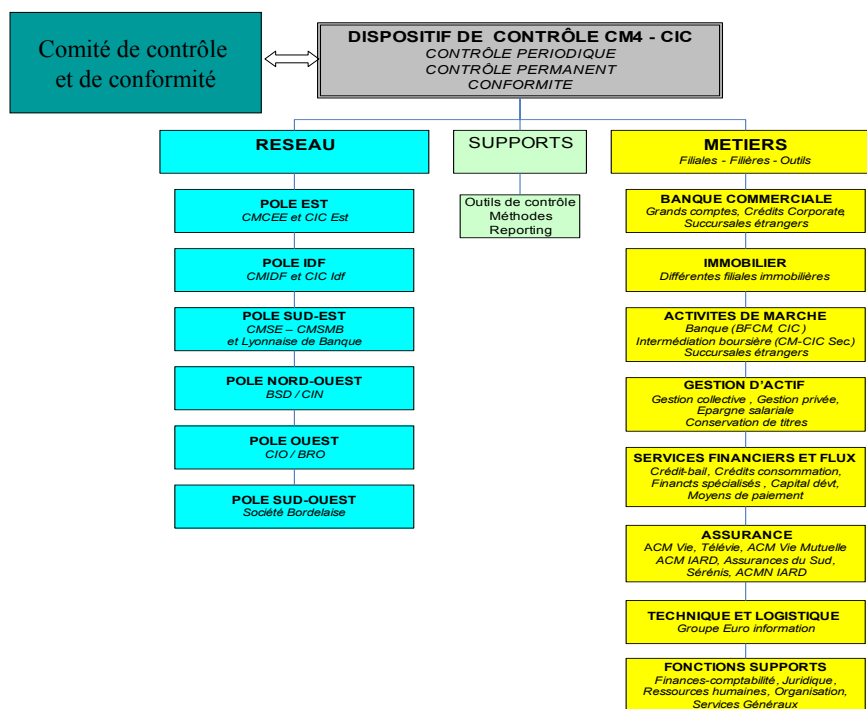
Under the authority of a member of the executive organ, the Control and Compliance Committee organises regular meetings of Group managers working in the internal audit field (periodical, permanent and compliance controls) and in the risk management field. The purposes of these meetings are as follows:

- coordinate all the control arrangements;
- check that the work and missions of the various parties complement one another;
- examine the results of internal and external controls; and
- monitor the implementation of the recommendations made to the different Group entities as part of the control procedures.

The Control and Compliance Committee also examines the working procedures and documents which provide a reference framework for the Group. The Committee has also been requested to give and has given its opinion in 2008 on the new control tools and procedures.

The Control and Compliance Committee met six times in 2008 (18 February 28 April 30 June 29 September 3 November and 15 December).

### General organisation chart



#### **2.1.4 Group Audit and Accounts Committee**

As a response to new requirements and expectations arising from the transposition of European Directive 2006/43/CE to the statutory control of the annual and consolidated financial statements, an Audit and Accounts Committee is currently being set up.

Composed of members of decision-making organs in BFCM and CIC, it meets no less than twice annually.

It will receive information relating to:

- conclusions reached in the light of missions performed under periodical control procedures, and the results of permanent and compliance controls;
- conclusions of external controls, changes, if any, as recommended by the supervisory authorities; and
- actions implemented in pursuit of the main recommendations contained in internal and external audit reports.

The Audit and Accounts Committee makes proposals to the various decision-making organs with regard to the improvements that it may deem necessary in the light of information or evidence at its disposal.

The Committee shall also examine draft presentations of half-yearly and annual financial statements with a view to making an assessment of the manner in which they were drawn up, to ensure the relevance and the sustainability of the principles and accounting methods used. Members of the Committee have unrestricted access to the Statutory Auditors and to the Senior Management of the various audit lines, whenever access to either party appears necessary in the performance of their work.

#### **2.1.5 Provisions for risk supervision**

##### ***Group Risk Division***

The purpose of Group Risk Division is to undertake an analysis and regular review of the risks of all kinds with regard to the rates of return on capital allocated to core capital for regulatory compliance purpose. The mission of the Group Risk Division is to contribute to the development of Group business and its profitability, while also ensuring the quality of procedures for risk management.

##### ***Group Risk Monitoring Committee (CSRG)***

The Group Risk Monitoring Committee is made up of members from decision-making organs meeting on a six-monthly basis to examine the strategic challenges facing the group in terms of risk. The Committee proposes to Group decision-making organs, in the light of the evidence at its disposal, all such decisions as might be applicable to all establishments within the Group out of prudential considerations.

The Risk Division manager provides the leadership for Committee meetings and has responsibility for presenting the dossiers relating to the different areas of risk management, based on the work performed by the Group Risk Committee (CRG). Senior Management is also invited to attend the Committee meetings, which may also request the attendance of the Senior Management of the business lines concerned by points on the meeting agenda.

### ***Group Risk Committee (CRG)***

This Committee meets quarterly, bringing together operating staff, namely the manager of the Risk Department and management of relevant business lines and functions (Engagement Department, Markets Department, Finance Department, Retail Banking, BFI, Real Estate, Investment Capital). Senior Management attends these meetings. The Group Risk Committee ensures the overall supervision of risks on an ex post and forward-looking basis.

## **2.2 Internal control procedures specific to BFCM**

The Group's holding company-owned by Caisse Fédérale du Crédit Mutuel Centre Est Europe and Caisses de Crédit Mutuel Centre Est Europe, Sud-Est, Ile-de-France and Savoie-Mont Blanc, BFCM manages the shareholdings in the Group's specialist subsidiaries, which are all governed by the general arrangements for internal control within the Group.

As an integral part of the CM4-CIC Group, BFCM has also, in respect of the business performed at its own level, deployed internal control procedures meeting the same goals of the prevention and proper management of risk.

BFCM is the Group's financial instrument. It provides for treasury management and intervenes in the financial markets.

It takes part in the financing of major projects, and operates a financial engineering business. BFCM is also the correspondent for the Group's international partners.

As an integral member of BFCM, CM-CIC Markets constitutes the single entity within the trading room that oversees all the market activities of the CM4-CIC Group, provides refinance for the CM4-CIC Group as a whole, through a single treasury management team, and develops the marketability of the financial products targeting customers, while reinforcing its own account business.

Monitoring methods, liability containment procedures and systems are covered by a specific body of rules.

Market activities are monitored by a member of the CIC Board. The CIC Supervisory Board and the Board of BFCM approve the strategy for each business line (refinancing, commercial and own account) and the allocation of capital while monitoring compliance with limits and budget allocations.

As part of these arrangements, market activities are covered by a number of Committees:

- the Management Committee for CM-CIC Markets Division (meeting weekly) defines the strategy and analyses activity, results, risks and abidance by limits, while coordinating operational aspects (information system, budgets, human resources and procedures);
- the Market Risk Committee (meeting monthly) monitors compliance with the body of rules and decisions of the Management Committee and approves operational limits as part of the general limits set by the CIC and BFCM Boards of Directors; and
- the CM-CIC Credit Market Committee (meeting weekly) takes decisions on requests for lending lines within the powers assigned to it by the CM4-CIC Engagement Committee.

The internal control system relies on the one hand on post-market missions with responsibility for auditing risks, results, accounting and regulatory compliance, and on the other hand, on the market activities control department attached to the manager of the business line permanent controls function, and to the compliance function.

Just as market operations were reorganised into a single structure, so BFCM Strategic Accounts and CIC Strategic Accounts have reorganised their own activities as part of CM-CIC Strategic Accounts, harmonising their tools and procedures. The coordination of the control tasks through a single portal is provided by a business line-based permanent control manager. The results of controls performed over the year are also fed into the same portal.

The Group's business as a depositary was transferred to BFCM at the end of 2006.

The depositary business audit plan is based on the definition of a number of control tasks, which are devised in consultation with BFCM's business line permanent control department and its compliance department. This plan brings added robustness to client risk and product risk-based approaches, by implementing a control process from the time the business relationship first comes into being, and an analytical auditing process when an OPC/UCI is set up. It also provides for comprehensive ex-post control and for the identification of all the risks related to mutual fund management.

Ethical considerations and procedures are included in the compendium of good practice relating to the main principles and specific arrangements set up under BFCM business operations. Fundamental principles such as primacy of the client's interest and market integrity are restated.

As part of its operational risk management framework, an assessment has been made of operational risks arising from market activities.

BFCM is currently involved in the updating and mapping of its specific risks and valuation models relating to those risks.

With regard to protection measures, a market activity disaster recovery plan has been framed. Its purpose is to ensure continuity of critical businesses and activities after a serious disaster or inability to access business premises. The new market trading room dedicated information system is backed-up by a geographically distant emergency support facility.

Periodical controls are performed by Group Audit on a pluriannual basis. The conclusions arising from such missions are presented to the Compliance and Control Committee and shown in the annual report sent to the Banking Commission. Missions may be of general scope, or set up to meet specific shorter term requirements.

## **2.3 Internal control relating to the development and processing of financial and accounting information**

### **2.3.1 Role of organs of governance**

At the close-out of each accounting period, or at times when disclosure of financial information is required, the information in question is presented by the Financial Division to the Board of Directors. The manner in which earnings are generated and the presentation of the financial situation and business activity are set out in a manner which includes reconciliation of these data with management and business performance data that are extraneous to actual accounting procedures (rates, capital employed, etc.).

The annual financial statements are also presented to the Accounts Committee.

Those accounting principles adopted that have significant impact are the subject of prior review and approval by the Statutory Auditors. The Statutory Auditors are regularly convened to meetings of the Board of Directors approving the financial statements and to the Accounts

Committee, being in receipt of invitations to report on their mission and to communicate on the results of their work to the relevant decision-making organ.

The Group accounting principles used for accounts consolidation purposes are compliant with the Group accounting principles adopted by the central organ for the Crédit Mutuel, namely the Confédération nationale du Crédit Mutuel, and are set out in detail in the notes to the financial statements.

### **2.3.2 Special features of banking activities**

The accounting and financial organisation adopted responds to the special needs of the business of a credit institution:

- virtually all economic operations performed by a bank result in a financial flow or a commitment which requires rendering into an accounting format;
- considerable volumes of accounting entries based on entirely automated processes of recording operations transacted; and
- unlike industrial and commercial enterprises, decentralisation of accounting records within the organisation as a whole, and not simply in the Accounting Division.

Thus, the overwhelming majority of transaction record-keeping is managed by the information system under pre-established procedures. The purpose of these automated processing loops is to ensure:

- the exhaustiveness, the reality, the measurement and correct classification of the translation into accounting form of the economic transactions completed;
- prevention of the risk of fraud by predetermining centrally the operations to be performed or not performed by each party;
- rapid and regular centralisation of accounts, as items of record are entered in real time or on a deferred basis by batch processing on each working day; and
- de facto homogenisation of accounting data, across all companies within the Group.

### **2.3.3 Accounting system**

#### ***Accounting architecture***

The company shares an IT platform, which is common to 13 Crédit Mutuel Federations and to the banks of the CIC, and which includes common regulatory and accounting functionalities, relating in particular to:

- plan of account, whose structure is common to all the establishments managed on the platform;
- definition of common automated procedures and tables for all of the banks (means of payment, deposits and credits, standard operations, etc.); and
- tools for data restatement and transfer (BAFI, entry into consolidation software etc.) and management (financial controls and audits).

Given this framework, the administration of the common accounting information system is entrusted to dedicated divisions, the so-called Accounting Schematics and Procedure Divisions, which form independent cells, either at CM4-CIC Financial Division level in the retail

banking/networks or at the level of the CM4-CIC Financial Division covering the specialised business lines.

These independent cells have more specific responsibilities in respect of:

- management of the common plan of accounts (set-up of accounts, definition of account characteristics, etc.); and
- definition of the procedures of the common accounting tables and procedures, compliant to regulatory and tax requirements. Whenever required, the tax department is consulted and schematics are set up subject to a validation procedure requiring the involvement of the various operational managers.

The Accounting Schematics and Procedures Divisions are independent both in terms of management hierarchy and operationally separate from the departments that produce accounting data as such. This ensures a separation between the functions involved in the design and administration of the accounting architecture and other operational departments.

Within the company, all the accounts must be dedicated to an operational department which has responsibility for their operation and control. No account can thereby be unsupervised, and be devoid of a clearly designated controlling and monitoring entity.

The organisations and procedures in place provide for compliance with Article 12 of Regulation CRBF 97-02, and guarantee an effective audit trail.

### ***Plan of accounts***

The plan of accounts builds around two major types of account: third party accounts, which connect assets and liabilities to individualised third parties, and general accounts under general accounting procedures.

Hence dedicated accounts for third party deposits and for loans granted to third parties allow for monitoring and tracking. With regard to the custody of securities, a “purpose-based” accounting system is in existence, making a distinction in terms of ownership of securities between third parties and own account.

The nomenclature used in the plan of account is unique for all credit institutions managed on the common IT platform (known as the *Nouveau plan de comptes internes* (NPCI – new plan of internal accounts)). It is under the management of the Accounting Schematics and Procedures Divisions.

This plan of accounts defines the properties of the individualised accounts relating in particular to:

- regulatory attributes (cross-matching to the official plan of accounts of credit institutions (PCEC) and cross-matching to headings of the financial statements for public disclosure, etc.);
- certain tax characteristics (VAT position, etc.); and
- financial control characteristics (mandatory presence or otherwise, link with consolidation plan of account, archiving times for on-line transaction records, presence at headquarters/over the counter in-branch level, etc.).

### ***Processing tools***

Accounting information processing tools rely essentially on internal applications developed by Group IT Services.

In addition, there are a number of specialist internal or external applications, in particular software for the production of management reporting, software for the production of accounting balances or schedules, a utility for the processing of file requests, consolidation software, software for processing regulatory statements, software for the management of assets and software for tax returns.

### ***Automated controls***

Processing of the accounting files requires a series of automated controls prior to data being recognised as a debit or credit item in a given account: these controls include file balance, file validity and update of the audit trail on the accounts involved in the transaction recorded.

Internal tools enable control over fund movements within the accounting day, and detection of anomalies or mismatches, if any.

## **2.3.4 Internal audit in the drafting of parent company accounts and consolidation processes**

### ***Controls on close-out of parent company accounts***

At each close-out, book results are compared to forecast management data for validation purposes. Forecast management data are developed by organisations independent of accounts production departments (i.e. by financial control and budget control departments).

Analytical auditing covers:

- interest margin; for interest rate instruments (deposits, credits and off-balance-sheet) the financial control procedure calculates yields and expectations of costs on the basis of observed mean capital; the latter is then compared to the actual interest accounted for, for validation activity sector by activity sector;
- level of commissions; on the basis of activity indicators, financial control estimates the volume of commissions received and payable, compared to accounting records;
- general expenses (personnel expenses and other general operating expenses); and
- cost of default (level of provisions, reserves and observed losses).

Accounting procedures and accounting schematics are formalised. For those operating the bank's retail network, the procedures are shown on the bank's Intranet.

The day-to-day accounting controls are performed by the relevant staff at each till in the retail banking sector.

The accounting control departments additionally perform a general control mission relating to regulatory controls, monitoring the evidence attaching to internal account handling, monitoring tills, controls of foreign exchange positions, controls of net banking income by business line, accounting schematics and procedures and interface between back offices and Statutory Auditors.

Furthermore, audit services (periodical, permanent and compliance controls) are required to work in the accounting field. A control portal dedicated to the accounting function is currently in preparation.



### ***Controls over consolidated financial statements***

The system is periodically adjusted to respond to changes in regulations (IFRS) or to improve the reliability of the production of financial statements.

The accounting principles set down in IFRS standards have been applied since 1 January 2005 within Group entities. A summary of the principles of IFRS accounting standards is given in the consolidated financial statements.

The CM4-CIC Group defines the principles and accounting methods used in France (CNC) and internationally (IFRS). They are applied by all Group entities in their individual financial statements. Foreign subsidiaries recognise these when transferring their accounts kept under local standards into those compliant with French and international standards in the consolidation packages and for financial reporting purposes. The accounting principles used for the consolidation of the financial statements are compliant with the accounting principles of the central organ of Crédit Mutuel, and the Confédération Nationale du Crédit Mutuel.

The accounting managers of entities of the CM4-CIC Group meet twice a year to prepare close-out of accounts.

Individual accounts drawn up in a manner compliant with IFRS international standards are set up by the central IT systems for entities using the common information systems. Individual IFRS accounts are closed out by the same organisation and the same team as the individual accounts drawn up according to French accounting principles (CNC).

The Group has a consolidation plan of accounts. Within the common information system, each account in the common plan of accounts is matched to the consolidation plan of accounts. The matching is therefore unique for a same account, and covers all the companies under the management of that plan.

Consolidated accounts are drawn up in a manner compliant with the timetable circulated to all subsidiaries and all Statutory Auditors, including, as the case may be, changes in procedure or standards to be adopted. Within each consolidated subsidiary, an accounting manager is designated to handle the close-out of the accounts of the subsidiary in question. Also designated is the manager responsible for identifying and processing the reciprocal accounts between the companies covered by the full consolidation process.

The Statutory Auditors involved in the consolidation processes, on a parallel basis, send audit instructions to the legal auditors on the consolidated companies, for the purposes of ensuring compliance with the various standards by that subsidiary, as required by professional standards.

Consolidation of financial statements is performed on dedicated software, which is one of the market standards. Data recording on the consolidation software (involving consolidation packages) is partially automated through an interface developed in the accounting information system, providing for the automatic recovery of balances and ensuring the homogeneity of parent company data and consolidation data.

Additionally, the consolidation package cannot be released into its new destination by the relevant companies except when the conditions required by a number of coherence checks have been met; these checks being directly programmed into the consolidation package. These control rules (more than 600 at present) are drafted by the consolidation departments and relate to a varied number of elements (change in shareholders' equity, provisions, fixed assets, cash flows, etc.). The controls, known as "blocking", prevent the release of the consolidation

package by the subsidiary, except in the event of waiver specifically granted by the consolidation department.

Coherence controls covering parent company data are also performed by the consolidation department on receipt of the packages (level of profit and loss, intermediate balances, etc.).

Finally, schedules for systematic reconciliations between parent companies and consolidated data are drawn up for shareholders' equity and profit and loss. This process provides an assurance of coherence when moving between the two series of data, parent company and consolidated, and takes place outside the consolidation software package, enabling the validation of the consolidated items.

In conclusion, the BFCM risk supervision and internal control arrangement, based on common tools and methods, is part of the overall organisation of controls by CM4-CIC Group. The ongoing goal is to continue to reinforce and improve the system's effectiveness. The actions undertaken in 2009 have that as their purpose.

## **RISK REPORT**

This chapter deals more particularly with the information required by IFRS 7 with regard to the risks on financial instruments.

The functions of compliance control, permanent control and periodical control are to achieve the reinforced security of processes across all business lines.

The Risk Department consolidates the overall management of risks and optimises their management with regard to the regulatory capital allocated to each business and the return on that capital.

### **Credit Risks**

#### **A – Organisation of the Engagement Department**

In the management of engagements the distinction is made, as required by regulations in force, between:

- the procedures for granting credits; and
- the arrangements for measuring risks and supervising the level of engagements.

The organisation of the Engagement Department and the management of engagements themselves rely on a unique engagement reference framework setting down the rules and procedures to be implemented within the Group.

##### ***A.1 Procedures for granting credits***

The procedures for granting credits depend for their robustness on the knowledge of clients, risk assessment and the decision for or against an engagement.

##### ***Knowing the customer***

Getting to know the customer and targeting prospects are activities reliant on the close links connecting the regional structures in the group to their regional economic environment. Segmentation of the customer base and customer allocation to a number of risk categories are means to guide prospecting for sales in the direction of targeted customers. Knowledge of the borrowers and risk analysis are assembled in the credit dossier. The bank's possession of the most recent schedules of accounts of its corporate borrower customers is tracked by the computerised application known as "balance sheet collection".

##### ***Risk assessment***

Risk assessment relies on analyses performed at various stages under formalised procedures. Risk assessment is based on:

- rating of clients;
- risk groups; and
- weighting of the outstanding loans by nature of the financial product and the guarantees securing the liability.

Staff members are given regularly updated risk management training.

##### **Client rating**

Under regulations, ratings are the focal point of the Risk and Engagement procedures, covering loan release procedures, payment, pricing and monitoring of commitments. All powers of assessment delegated to personnel involved in the loan granting system rely on counterparty rating.

The system of internal rating of Group customers relies on the following principles:

- uniqueness: unique mode of calculation across the whole Group;
- exhaustiveness: all third parties identified in the information system are rated;
- automation in Network: the information system automatically calculates a primary monthly rating adjusted on a daily basis through the transmission into the system of risk alerts;
- uniformity of rating: the algorithms are common to all of the Banks based on a market segmentation defined within the information system;
- uniform levels of data recovery for all market segments (nine classes of healthy clients and three classes of defaulting clients); and
- allowance for the notion of Risk Groups.

Ratings are recalculated every month (primary rating) and corrected on a day-to-day basis by the serious risk events known to the system, so providing a final rating.

Monitoring the relevance of the algorithms takes place through the Basel II structure as and when required, using specialist teams. Generally speaking, the Engagements department validates the internal rating of all the dossiers that it is required to process.

#### Risk Groups (counterparties)

“Considered to be the same beneficiary are persons whether legal entities or individuals related in such a way that if it is likely that one of them were to encounter financial problems, the others would encounter difficulties in loan repayment.”

Risk Groups are set up on the basis of written rules taking into consideration the provisions of Article 3 of CRB 93-05. Each Customer Manager has responsibility for creating and maintaining Risk Groups.

#### Weighting of products and guarantees

When assessing the counterparty risk, the nominal commitment may be weighted. Weighting is calculated from a combination of the nature of the credit and the nature of the guarantee supporting it.

#### *Decision to commit*

The decision to commit is mainly founded upon:

- rating of the counterparty or group of counterparties;
- levels of delegated powers;
- principle of dual oversight;
- rules of capped authorisations to lend in the light of capital adequacy; and
- rates of return adjusted for risk profile and level of commitment of capital.

The management of decision-making loops is automated. Once a credit request dossier has been processed, the electronic decision support dossier is sent to the decision-maker at the appropriate level, who has sole responsibility for approving the engagement decision.

## Level of delegation of powers

### Network

The customer manager has responsibility for ensuring the exhaustiveness, quality and reliability of the information collected. In accordance with Article No. 19 of CRBF 97-02, the customer manager sets up credit dossiers intended to gather all the information required in qualitative and quantitative terms, centralising the information into a single dossier covering the counterparties considered as being a single beneficiary. The customer manager checks the relevance of the data collected with the clients, either using external tools (sectorial studies, annual reports, legally required information and rating agencies) or the internal tools available. The rules defined in the procedure Delegated Powers to Grant Credits and Overdrafts fall within the scope of the Basel II directives and the fundamentals determined for all of the Banks in the Group. Each customer manager is responsible for the decisions that he or she takes or has others take, and has powers personally delegated, vesting each with decision-making authority. Delegations rely on a series of capped maximum levels of engagement, relying upon:

- credit rating;
- total level of engagement with respect to counterparty or Risk Group;
- exclusions from delegated powers; and
- guarantees weighting the engagement entered into.

For loan dossiers in amounts exceeding the authorised delegated powers as set out above, decisions are taken by the Engagement Decision Commissions (CDE) whose operating rules are covered by written procedures.

### Finance and Investment Bank

Decisions are not taken individually, but under the authority of the Engagement Decision Commissions. Foreign subsidiaries are allowed specifically delegated powers.

### Role of engagement divisions

Each regional unit has an engagement division attached to the unit's general management, which is independent of the operational divisions. Engagement division missions are basically two-fold, and as such are allocated to two independent teams:

- one team with responsibility for the oversight of the decisions to grant loans, involving 'second opinion' analysis of credit dossiers, ensuring that the rate of return on the credits is consistent with the risk taken; and
- one team with responsibility for implementing processes of prudential oversight and assessment of credit risks additional to and complementing the permanent control actions.

### ***A.2 Provision for risk measurement and supervision of engagements***

Monitoring engagements is the responsibility of national and regional structures using tools compliant with Basel II regulatory requirements.

#### *Consolidated risk measurement tools*

To measure consolidated risks at bank level, the BFCM Group has different tools to enable an aggregate approach involving regional entities and the group as a whole:

- exposure to a counterparty or to a group of counterparties;

- producing information on levels of outstandings, rates of return on clients, credit margins, split up by markets, products and performing and non performing loans
- the quality of the portfolio according to assessment procedures suited to retail network business lines (credit ratings, market, length of relationship, product/credit, activity sectors and age of contract). Historical overview is also available for consultation; and
- monitoring of credit risks at the overall level in terms of the risk of concentration, inter-banking risks, country risks, and risks by network entity, subsidiary, business lines and markets.

Each commercial entity within the Group has information tools to enable it to check daily that the capped credit allowances for each of the counterparties are complied with.

### *Supervision of engagements and detection of material risks*

#### Purposes of supervision

The Engagements Department, in conjunction with the relevant parties, contributes to the quality monitoring of various aspects of credit risks.

The Engagements Department supervisory procedure operates in a manner complementary to, and in coordination with, the actions mainly performed by first level controls, by permanent control and by the risk division.

#### Monitoring engagements

Monitoring breaches in authorised limits on accounts and other dysfunctions relies on advanced risk detection tools (management of accounts in debit/sensitive risks/automated debt recovery procedures), based on criteria both internal and external, notably ratings and account operating data. The aim of these indicators is to identify and enable the earliest possible management of proven difficulties affecting counterparties. Detection is automated, systematic and exhaustive. Monitoring situations is based on the same sequencing of procedures as governs the delegation of powers and engagement decisions.

Monitoring major corporate risks is undertaken independently of the loan release procedures. It involves identifying engagements that raise alerts on failure to meet targets or emerging risk profiles in the relevant counterparty. The same approach applies to the monitoring of breaches of counterparty limits in Market Trading Rooms.

Monitoring regulatory and internal corporate limits takes place independently of the loan release procedures. Limits are determined in the light of CRBF 93-05 Regulations on regulatory limits, levels of shareholders' equity and the internal ratings of counterparties with regard to internal limits.

Monitoring portfolios and risks by the Investment and Finance Bank relies on the periodical analysis of engagements, based on tracking tools underpinning decisions to classify loans as "sensitive", to declassify or reclassify, and to set up reserves.

In retail banking, the monitoring of engagements is organised as part of the quarterly reporting process for dossiers under supervision. The quarterly monitoring of portfolios gives rise to an exhaustive review of the internal ratings of groups of third parties for each portfolio.

#### Detection of amounts at risk, move to default status, provisions

The purpose is to exhaustively identify outstandings or business sectors to be kept under surveillance, and to allocate counterparties detected at risk to the category suited to their situation: sensitive (doubtful but not classified as such), doubtful or subject to legal action for recovery.

### Sensitive risks

The purpose is to detect as early as possible risk situations based on criteria defined by client segment, using information systems or information from the Managers of the operating and engagement departments with relevant powers.

This arrangement allows:

- identification of counterparties or activity sectors where information or knowledge about events is such as to require closer supervision in the more or less short term. This arrangement is additional to the automated identification of risk by computerised applications and is generally introduced at an earlier stage; and
- systematically trigger the necessary remedial action to preserve the interests of the BFCM Group.

### Move to default status and provisions

All outstandings are subjected to monthly automated detection procedures, reliant on indicators of internal or external origin, for which there are settings in the information system. Over and above the exhaustive and automated procedures in place, various parties involved use all sources of information at their disposal to identify the loans that need to be placed “under supervision”.

Computerised procedures are used for reclassification and setting up provisions. An additional review takes place on homogenised portfolios to detect possible loss events which may be a source of collective impairment.

### Management of amounts at risk

#### Management of sensitive clients (not reclassified as doubtful)

Depending on the seriousness of the situation, clients will be managed either at branch level by the customer manager, including, if necessary, changes in the level of management responsibility for handling the procedure. If not, matters are placed in the hands of dedicated and specialist teams organised by market, type of counterparty or method of debt recovery.

#### Management of client lending reclassified as doubtful debt, legal action for recovery

Counterparties concerned are managed on a differentiated basis, as required by the seriousness of the situation, either at branch level by the customer manager (in which cases the Branch has no powers to grant credit to the clients concerned), or by dedicated teams specialised by market, type of counterparty or mode of debt recovery.

#### Permanent control of engagements

Second level control is provided by independent teams with dedicated skills from the Engagements Department who monthly survey specific criteria and analyse engagements deemed to be at risk. The appropriate corrective measures are then taken.

An automated monthly analysis of around 20 such ratios also helps identify branches facing difficulties in the management of their engagements, assisting rapid decision-making with regard to the necessary remedial action.

Management of credit risk is thereby additionally secured.

### *Update on trends in 2008*

In 2008, in the extraordinary context of the macroeconomic crisis, the BFCM Group Engagements Department took steps to reinforce provisions for authorising lending and measuring and supervising the related risks.

The Engagements Reference framework was amended as a consequence.

### **Reporting**

#### *Risk committee*

In accordance with the provisions of regulation CRBF 97-02, the various bodies and more particularly the Risk Committee are kept informed of changing credit engagements at quarterly intervals, if not more frequently. Furthermore, these bodies are kept informed of and take part in decisions regarding developments of the credit engagement management procedures.

#### *Information to Senior Management*

Detailed information on credit risks and the related procedures is presented to management. The data are also presented to a Risk Monitoring Committee with responsibility for examining the strategic challenges facing the CIC Group in terms of risks, so complying with Basel II regulations.

### **B – Quantified data**

#### ***B.1 Lending to customers***

In a fast-changing macroeconomic environment, a characteristic feature of 2008 was the continuing rise in the loan book and the aggravation of the cost of risk.

#### *Rise in outstanding lending\**

The portfolio of outstanding loans to clients rose to €195 billion, growing by 6.8 per cent.\* (as against €177 billion like-for-like and €165 billion in 2007). These liabilities break down as €151.1 billion loans and outstanding receivables on balance sheet (+ 12 per cent.\*), €12.2 billion off balance sheet guarantees (- 0.2 per cent.) and €31.4 billion off balance sheet financing (- 11 per cent.\*).

Loans to clients break down as follows:

	<b>31 December</b>		
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	<i>(in millions of euros, capital end of month)</i>		
	<i>like-for-like<sup>(1)</sup></i>		
<b>Short term credit</b> .....	54,426	42,327	40,543
Overdrafts.....	7,208	6,453	6,016
Commercial lending .....	3,074	3,059	3,135
Treasury loans .....	44,026	32,697	31,157
Export loans .....	118	118	235

\* (Like-for-like changes - excluding Citibank Deutschland and Banco Popular France)



<b>31 December</b>			
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	<i>(in millions of euros, capital end of month)</i>		
	<i>like-for-like<sup>(1)</sup></i>		
<b>Medium and long term credits</b> .....	90,647	90,606	78,403
Loans for goods and equipment .....	22,383	22,368	16,697
Housing loans .....	55,006	54,857	49,682
Leasing .....	6,806	6,806	6,238
Other credits .....	6,452	6,574	5,786
<b>Total gross loans to customers</b> .....	145,073	132,933	118,946
<b>Excluding doubtful loans and attached receivables</b>			
Doubtful loans .....	5,747	3,951	3,312
Attached receivables .....	367	365	313
<b>Total gross loans to customers</b> .....	151,187	137,249	122,572

Source accounts – excluding security lending

Note:

(1) Excluding Citibank Deutschland and Banco Popular France

Exposure

<b>31 December</b>			
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	<i>(in millions of euros, capital end of month)</i>		
	<i>like-for-like<sup>(1)</sup></i>		
<b>Loans and receivables</b> .....	—	—	—
Credit institutions .....	104,320	104,269	96,002
Clients .....	151,187	137,248	122,572
<b>Gross exposure</b> .....	255,507	241,517	218,574
<b>Provisions for impairment</b> .....	—	—	—
Credit institutions .....	(316)	(316)	(8)
Clients .....	(4,231)	(2,410)	(2,194)
<b>Net exposure</b> .....	250,960	238,790	216,371

Source accounts – excluding securities lending

Note:

(1) Excluding Citibank Deutschland and Banco Popular France

<b>31 December</b>			
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	<i>(in millions of euros, capital end of month)</i>		
	<i>like-for-like<sup>(1)</sup></i>		
<b>Commitments to finance</b> .....	—	—	—
Credit institutions.....	1,409	1,409	1,498
Clients.....	31,403	27,116	30,485
<b>Guarantees given</b> .....	—	—	—
Credit institutions.....	3,004	3,004	971
Clients.....	12,217	12,184	12,212
<b>Provision for risks on commitments</b> .....	120	120	—

Source Accounts – excluding securities lending

Note:

(1) Excluding Citibank Deutschland and Banco Popular France

At year-end 2008, overall outstandings in the wake of acquisitions (which took place in May and December 2008) and the consolidation of the loan book on customers of Banco Popular France and Citibank Deutschland were also taken into account. For both entities, outstandings at year end 2008 broke down as follows:

<b>31 December 2008</b>		
	<b>BPF and Citibank Deutschland</b>	<b>Relative weight</b>
	<i>(in millions of euros, capital end of month)</i>	
<b>Short tem credit</b> .....	11,978	98.6%
Overdrafts.....	755	6.2%
Commercial lending.....	15	0.1%
Treasury loans.....	11,207	92.3%
<b>Medium and long term lending</b> .....	164	1.4%
Loans to acquire goods or equipment.....	15	0.1%
Housing loans.....	148	1.2%

	<b>31 December 2008</b>	
	<b>BPF and Citibank Deutschland</b>	<b>Relative weight</b>
	<i>(in millions of euros, capital end of month)</i>	
<b>Total gross loans to customers .....</b>	<b>12,142</b>	<b>100%</b>
<b>Excluding doubtful loans and attached receivables</b>		
Doubtful loans.....	1,796	—
Attached receivables .....	1	—
<b>Total gross loans to customers.....</b>	<b>13,939</b>	<b>—</b>
Provision for impairment .....	1,821	—

Except, if otherwise specified, the comments, statements of outstandings and the analyses which follow do not include information relating to Banco Popular France and Citibank Deutschland.

### ***Quality portfolio***

Client base with high credit rating: on the 12-level scale of internal ratings, the customers in the eight top categories account for 98 per cent. of lending to individuals recorded on the balance sheet, for 96 per cent. for the professional and business sector, and for 98 per cent. for investment and financing banking. These data are unchanged on 2007.

### ***Risk of concentration***

#### *Counterparty risk*

In the broader consumer lending sector, 41.3 per cent. of customer lending is for housing. These loans are by their very nature granted to a large number of beneficiaries, and secured on the collateral of the housing concerned.

The breakdown of the 10 largest counterparty groups by market, relative to the whole, indicates risk dispersion. On 31 December 2008, the loan book of the 10 largest groups of clients accounted for less than 5 per cent. of total outstandings both on and off balance sheet of the BFCM group.

#### *Sectorial risk*

The supervisory and alert procedures for the activity sectors exposed to cyclical factors (real estate, aerospace, etc.) or to unpredictable factors (automotive component manufacturers, transportation...) are performed on a continuous basis. Results indicate no undue concentration on any particular business sector or line.

#### *Geographical risk*

98 per cent. observed country risks are in the European zone.

The country risk portfolio is exposed, almost entirely, to France and OECD countries, save marginal exceptions.

*Breakdown of sound client loans by internal ratings*

Breakdown of sound clients by internal rating	31 December	
	2008	2007
	<i>( per cent.)</i>	
A+ and A-.....	24.4	23.2
B+ and B-.....	32.3	34.1
C+ and C-.....	28.6	29.8
D+ and D-.....	11.9	10.6
E+.....	2.8	2.4

CM-CIC Rating	Correspondence Moody's	Correspondence Standard & Poors
A + .....	AAA à Aa1	AAA to AA+
A - .....	Aa2 à Aa3	AA to AA-
B + .....	A1 à A2	A+ to A
B - .....	A3 à Baa1	A- to BBB+
C + .....	Baa2	BBB
C - .....	Baa3	BBB-
D + .....	Ba1 to Ba2	BB+ to BB
D - .....	Ba3 to B1	BB- to B+
E+.....	B2 and <	B and <

*Guarantees attached to housing loans break down as follows:*

	31 December 2008
	<i>(in millions of euros, capital end of month)</i>
<b>Housing loans<sup>(1)</sup></b> .....	55,006
With Crédit Logement guarantee or Mutuel Habitat surety .....	17,059
With mortgage or similar first rank guarantee .....	31,311
Other Guarantee <sup>(2)</sup> .....	6,636

Source Accounts

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Notes:

- (1) Including lending of Banco Popular France and Citibank Deutschland  
(2) mortgage of lower ranks, pledges, other collateral

Over the financial year, housing lending increased by 10.4 per cent.. Bridging loans accounted for 1.5 per cent. of sound loans in the housing loan sector.

*Breakdown of credits by type of client*

	31 December	
	2008	2007
	(%)	
Consumer market .....	56	56
Corporate .....	33	30
Major companies .....	8	10
Specialist and other finance .....	3	3

*Source: Risk Monitoring*

*The breakdown of credits by type of client draws on data from all French entities in the BFCM Group*

*Geographical breakdown of client risks<sup>(1)</sup>*

	31 December	
	2008	2007
	( per cent.)	
France.....	85	93
Europe excluding France .....	13	5
Other countries.....	2	2

*Source: accounts*

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Note:

- (1) Including lending of Banco Popular France and Citibank Deutschland

## Concentration of client risks

	31 December	
	2008	2007
	<i>(Capital in millions of euros)</i>	
<sup>(1)</sup> <b>Gross liabilities in excess of €300 million</b> .....	—	—
Number of groups of counterparties .....	28	34
Total weighted Engagements .....	16,462	24,951
Of which total balance sheet .....	10,481	11,305
Of which total off balance sheet guarantees and finance .....	5,981	13,646
Total assets (shareholder loans, securities) .....	4,991	5,691
<sup>(1)</sup> <b>Gross liabilities in excess of €100 million</b> .....	—	—
Number of groups of counterparties .....	73	93
Total weighted Engagements .....	24,511	36,085
Of which total balance sheet .....	14,797	15,373
Of which total off balance sheet guarantees and finance .....	9,714	20,712
Total assets (shareholder loans, securities) .....	15,737	7,868

No major risks exceeding 25 per cent. of prudential capital.

## Sectorial breakdown

	2008	2007
	<i>( per cent.)</i>	
Finance and insurance .....	31.22	28.63
Property market .....	14.13	14.70
Manufacturing industry .....	12.50	15.14
Automotive repairs .....	10.97	11.76
Specialist scientific and technical activities .....	8.69	7.14
Construction .....	7.34	7.72
Transportation and warehousing .....	2.71	2.99
Hotels, restaurants .....	2.42	2.57
Information and communication .....	1.95	1.69
Administrative and support services .....	1.80	1.79
Electricity and gas production and distribution .....	1.09	—
Human healthcare and social action .....	1.07	1.12
Agriculture forestry and fishing .....	1.04	1.07
Sub total .....	96.94	96.31

	2008	2007
	( per cent.)	
NACE codes (Upper level) LESS THAN 1 per cent. OF TOTAL NACE ....	3.06	3.69
Sub total NACE .....	100.00	100.00

Source: Risk monitoring Categories are based on Insee (French state statistics) segmentation of NACE codes

#### *Sovereign risks*

Sovereign risks in terms of outstanding liabilities amount to less than €1 million.

#### *Cost of risk impacted by unfavourable macroeconomic environment*

Doubtful debt amounted to €5,747 million as at 31 December 2008, rising 19.3 per cent. (like-for-like) from €3,312 million on 31 December 2007.

Doubtful debt amounted to 3.8 per cent. of loans to clients (2.9 per cent. like-for-like) rising from 2.9 per cent. on 31 December 2007.

In an extraordinarily unfavourable context, the proven cost of client risk remained as low as 0.24 per cent. of the total outstanding loans to clients (excluding extraordinary items such as the Icelandic banks and the collapse of Lehman Brothers).

#### *Quality of client risks*

	31 December		
	2008 <sup>(1)</sup>	2008	2007
	(in millions of euros capital end of month)		
	like –for-like		
Individually impaired loans .....	5,747	3,951	3,312
Provisions for individual impairment.....	3,736	2,282	2,115
Collective provisions on loans .....	494	129	80
Overall coverage .....	73.6%	61.0%	66.2%
Total coverage (individual provisions only).....	65.0%	57.7%	63.8%

Source: accounts per cent. Including Citibank Deutschland and Banco Popular France

## **B.2 Inter-bank lending**

### *Geographical breakdown of inter-bank lending*

Country	31 December	
	2008	2007
	(%)	
France.....	26	19
Europe (excluding France).....	48	54
Other countries.....	26	27

*Source: Scope of market activities – BFCM Group*

Inter-bank lending geographical breakdown is based on the country of the parent company. The banks in question are mainly European and American.

### *Structure of inter-bank loans by internal rating*

Internal rating	Equivalent external rating	31 December	
		2008	2007
		(%)	
A + .....	AAA/AA+	1.5	5.4
A - .....	AA/AA-	17.7	54.6
B + .....	A+/A	46.7	28.3
B - .....	A-	15.4	9.9
C and below (excluding default ratings) .....	BBB+ and less	18.2	1.5
Not rated .....	—	0.5	0.3

Trends in 2007-2008 illustrate a very strong drop in the quality of banking counterparty credit in 2008. Nearly half the exposures are in Category B+ (equivalent to external ratings A+/A), which is in line with the average observable ratings of the credit rating agencies.

## **B.3 Negotiable securities, derivative instruments and securities lending**

Portfolios of securities are mainly handled by market trading departments, and marginally concern balance sheet management.



	31 December	
	2008	2007
	Book Value	
	<i>(in millions of euros, capital at end of month)</i>	
<b>Negotiable securities</b>		
Government securities .....	19,267	23,557
Bonds .....	75,095	80,624
Derivative instruments .....	12,361	9,215
Securities lending .....	12,767	26,638
<b>Gross exposure</b> .....	119,490	140,033
Provisions for impairment of securities <sup>(1)</sup> .....	216	(17)
<b>Net exposure</b> .....	119,274	140,016

Note:

- (1) The €216 million provisions for impairment cover the Icelandic banks (€65 million) and the collapse of Lehman Brothers (€151 million).

## Balance sheet management risks

### Organisation of balance sheet management

The CM4-CIC Group has continued centralising balance sheet management, which had been decentralised within an overall framework.

The management of liquidity and refinancing risk is handled group-wide by BFCM. In 2009, the management of interest rate risk will adopt the same approach, entrusted to a central organisation.

For each of these CM4-CIC Group entities, the role and principles of balance sheet management are clearly defined:

- balance sheet management is identified as a function distinct from market trading, with its own resources;
- its purpose is to protect commercial margins against changes in interest and foreign exchange rates, while keeping up a level of liquidity sufficient for CM4-CIC to meet its obligations and secure its interests in the event of a liquidity crisis; and
- balance sheet management is not a profit centre.

Balance sheet management falls within the scope of the policy orientations for customer account management (terms and conditions), and under the rules governing internal transfers of business. The system provides for a permanent connection to the retail network sales and marketing entities.

Balance sheet management consolidates data from all the CM4-CIC entities to ensure the overall monitoring of the situation and compliance with regulatory ratios.

The different indicators of balance sheet management risk are presented on a quarterly basis to the group ALM technical committee, and to the group Risks Committee.

### **Management of interest rate risk**

Interest rate risk is generated by the bank's commercial trading activity, and arises from differences in the interest rates and the reference rates, with regard to sources and uses of funds. Analysis of interest rates also takes into consideration the volatility of the pool of products without contractual endpoints and hidden options (options for early redemption of loans, for extension of loans, drawing on borrowing rights, etc.).

Management of interest rate risks on all financial transactions arising from the retail network business is both analysed and wholly hedged with regard to the residual position on the balance sheet, by so-called macro hedging operations. Operations when of high value or specially structured may require specific hedging. Risk caps are set with regard to levels of annual net banking income for each entity and at group level.

The analysis of interest rate risks relies on the following indicators, updated on a quarterly basis:

**Lending/borrowing differential** for elements on and off balance sheet whose financial flows are deemed certain.

**Sensitivity of net interest margin** calculated by national scenarios and framed by limits. This is measured by steps of one year within a three-year horizon, and is expressed as a percentage of the net banking income of each entity.

Four scenarios are calculated:

- 1 per cent. rise in market rates and 0.33 per cent. rise in inflation (reference scenario);
- 1 per cent. rise in market rates and stable inflation;
- 2 per cent. rise in market rates and 0.66 per cent. inflation;
- 1 per cent. in short term interest rates, 0.50 per cent. long term and 0.33 per cent. inflation.

On 31 December 2008, the net interest income of the BFCM and CM4-CIC Groups were exposed to rising interest rates. For the exposure of both groups, sensitivity was little different (variance in net banking income per 1 per cent. rise in interest rates and 0.33 per cent. rise in inflation):

- For the BFCM Group scope of consolidation (excluding the refinancing business), sensitivity was – €40.0 million in year one and –€21.9 million in year two, or 1.0 per cent. and 0.6 per cent. of the forecast net banking revenues for each year, respectively.
- Within the scope of the CM4-CIC Group, sensitivity was –€57.9 million in year one and –€16.9 million in year two, 1.0 per cent. and 0.3 per cent. of the forecast net banking income for each year, respectively.

The risk limit (4 per cent. sensitivity of net interest margin) was respected.

**Sensitivity of Net Asset Value**, from calculation of the Basel II indicator:

A uniform translation of 200 bps, applied to the whole of the balance sheet, both upside and downside, enables the measurement as a percentage of capital of the change in net discounted value of the balance sheet according to the various scenarios.

	per cent. shareholders' equity
<b>Sensitivity to NAV of CM4-CIC Group</b>	
Sensitivity +200bp.....	(8.21)
Sensitivity -200bp.....	7.15

### Management of liquidity risks

The Group attaches great importance to the management of liquidity risk. Group liquidity management policy relies on the following:

- meeting the one month liquidity coefficient representing short term Group liquidity status;
- determining the static cash flow differential applicable to the contractual and agreed maturity dates, including off-balance sheet commitments. The transformation ratios (sources/uses funds) are calculated on maturities of three months to 10 years and covered by limits to secure and optimise the refinancing policy. These limits are in the range of 90 per cent. at three months to 80 per cent. at 10 years.
- calculation of the dynamic cash flow differential including new lending. This measures the finance needed to develop the commercial business; and
- stress scenario for static cash flow differentials and transformation ratios, featuring a 30 per cent. drop in instant access sources of funds, and increased drawing on confirmed borrowing entitlements.

The Group, since the end of 2008, has benefited from the financing arrangements of the Société de Financement de l'Economie Française (SFEF) in the amount of €1,095 million in November and December 2008 and from the Société de Prise de Participation de l'Etat (SPPE), in the amount of €1,036 million.

The Group is regularly involved with structurally lending organisations such as the European Investment Bank and the Caisse de Refinancement de l'Habitat (French state home loan refinancing organisation). The balance of funds for business development is sourced by borrowing in the financial markets.

**Breakdown of the BFCM consolidated balance sheet by residual durations of future contractual cash flows (capital).** *Interest not taken into account in table.*

**2008 – residual contractual maturities**

	< 1 month	> 1 month < 3 month	> 3 month < 1 year	> 1 year < 2 years	> 2 years < 5 years	> 5 years	Indeter- minate	TOTAL
	<i>(€ millions)</i>							
<b>Assets</b>	—	—	—	—	—	—	—	—
Financial assets held for trading purposes.....	1,021	1,040	7,283	4,622	6,144	7,261	450	27,821
Financial assets assigned to JV in profit and loss statement.....	4,281	7,461	2,299	197	1,139	293	664	16,334
Derivatives for hedging purposes (assets).....	114	2	410	23	124	213	3,577	4,463
Available for sale financial assets.....	826	467	2,278	3,843	7,556	14,875	4,630	34,473
Loans and receivables....	32,963	12,603	14,813	17,810	101,629	69,538	2,741	252,097
Investments held to maturity .....	498	773	194	677	316	702	4	3,165
Other assets.....	561	11,022	1,791	34	26	3	1,079	14,517
<b>Liabilities</b>	—	—	—	—	—	—	—	—
Central bank deposits.....	1,963	306	50	0	0	0	0	2,319
Financial liabilities held for transaction purposes.	830	619	5,692	893	2,724	3,138	369	14,264
Financial assets assigned to joint venture JV by profit and loss statement.....	10,895	14,973	5,183	101	0	0	0	31,151
(financial liabilities).....	143	0	1,213	39	189	482	5,809	7,878
Financial liabilities valued at amortized cost	108,377	58,833	29,171	11,349	60,987	19,602	11,943	300,256
<i>Excluding insurance activities</i>								

### Foreign exchange risk

The foreign exchange positions of each entity in the group are automatically centralised in the CIC holding company and the BFCM.

Centralisation takes place on a daily basis for commercial operations (transfers) and for the paying in and paying out of income and expenditure items in foreign currency.

The unrealised outcomes of foreign exchange transactions are converted into euros at the end of each month and the resulting foreign exchange position is also centralised at the holding company level.

Hence no group entity bears the forex risk individually. The holding company takes responsibility for netting out the forex positions in the markets on a daily and monthly basis.

Only CMCIC Marchés market activities set and manage their own limits for foreign exchange positions. For the market business, the exposure is low and amounts to only €41.3 million of the reserve capital requirement.

The structural foreign exchange positions of the foreign currency holdings of foreign subsidiaries are not hedged.

The foreign exchange results are shown in forex translation accounts as assets or liabilities, and therefore do not go through the profit and loss statement.

The results of the foreign subsidiaries are left in the foreign subsidiaries themselves, and hence become aggregates of the structural forex position.

### **Equity risk**

The equity risks to which the BFCM Group are exposed are of different kinds.

The equities accounted for by fair value by profit or loss (see Note 5 of the Notes to the consolidated financial statements) were €8,954 million on 31 December 2008 (as against €11,084 million on 31 December 2007) breaking down as follows:

- €6,839 million shares owned by the GACM insurance business (see Note 1.3.4. of the consolidated financial statements under unit of account contracts for insurance activities, to ensure consistency with the treatment of the liabilities);
- €345 million for the portfolio of securities owned for trading purposes on 31 December 2008 (as against €2,024 million on 31 December 2007) relating exclusively to CIC market activities (no historical-cost accounting under IFRS for very short term trading operations, where book value = market value); and
- €1,770 million securities valued as fair value hedges, with €1,692 million outstandings for the private equity business (historic cost €1,308 million, potential gains €441 million).

Stocks classified as available for sale financial assets and securities held as fixed assets, stood at €3,717 million and €2,066 million (see Note 7 of the Notes to the consolidated financial statements) at year-end 2008.

Securities recorded as fixed assets included:

- (a) Shareholdings in subsidiaries for €1,253 million and shares in related companies in the amount of €426 million, the main securities under these headings being those in Banque Marocaine du Commerce Extérieur (BMCE Bank) in the amount of €580 million, securities in Républicain Lorrain recorded in the amount of €95 million, securities in Banca Popolare di Milano in the amount of €78 million, securities in Banca Di Legnano in the amount of €80 million, securities in Crédit Logement in the amount of €62 million, securities in Foncières des Régions in the amount of €43 million and securities in Caisse de Refinancement de l'Habitat (CRH – French state housing refinance organisation) in the amount of €26 million.
- (b) The other securities held for the long term in the amount of €387 million: included Veolia Environnement stock in the amount of €225 million and NYSE Euronext stock in the amount of €22 million.

Additional information relating to reclassifications of financial instruments and to the impact of the financial crisis is presented in the Notes attached to the consolidated financial statements (Notes 10b and 43).

### **Private equity**

The business operated through entities dedicated to this business with a portfolio entirely valued by fair value hedges.

Investments break down into approximately 500 lines, mainly small and medium-sized companies. Unlisted investments account for 74 per cent. of the portfolio by value.

### **Risks relating to the private equity business**

	<b>31 December 2008</b>
Number of listed lines.....	58
Number of active unlisted lines.....	439
Portfolio on own account revalued in millions of euros .....	1 670
Capital under management for third party accounts in millions of euros .....	636
Number of funds managed on behalf of third parties.....	36

*source: Risk monitoring*

### **Market activity risks**

#### **General organisation**

CM-CIC Marchés is the single umbrella entity for all BFCM and CIC market activities.

In terms of capital requirement under CAD, at year-end 2008, CM-CIC Marchés accounted for 87 per cent. of the overall market risks of the group.

CM-CIC Marchés' activities are organised into three business lines: refinancing, commercial and own account.

Market trades are performed and recorded in the BFCM balance sheet for the refinancing business line, and in the CIC for the commercial and own account business lines. Commercial transactions performed in the regional banks are also recorded in the CIC balance sheet. Finally, market operations may also be processed and reported in foreign subsidiaries.

#### **Refinancing business**

A team dedicated to treasury management is responsible for refinancing the activities of retail banking and the subsidiaries, corporate and specialist finance, own account business in the CM-CIC trading room, as well as the CIC group liquidity instruments. Its policy is one of continuing diversification of its investor base, working with teams based in Paris, Frankfurt and London.

The products traded are mainly money market instruments and interest rates and forex firm hedging instruments.

#### **Commercial business**

Sales teams operating from Paris or within the regional units have a unified range of tools and products. A dedicated technical facility (Conception Adossement Retournement: CAR) has been set up to seek out best prices, keep up commercial margins and ensure the return of foreign exchange and interest rates positions.

#### **Own account business**

The own account business covers 10 or so business lines, mainly arbitraging, which can be assigned to a number of families: interest rate, equities, hybrids, credit spreads and fixed income. These activities are themselves sub-divided for management purposes into specialties and necessarily value creating in a framework of well-controlled risks. They should serve as a basis for the commercial development of business with third parties through the marketing of new products.

## **Description of control structures**

In the course of 2008, the control department continued to work hard to improve its organisation and tracking methodologies. Procedures were changed to take into consideration a unified system of limits. Committees meet regularly to provide a framework to divisional operations.

A set of methodologies and procedures are formalised in a body of rules.

The control teams insure a steady and reliable output of reports at daily or longer intervals, dealing with all of the results and risks relating to the various types of activity, while proposing analyses of these reports intended for the bodies providing regular oversight of business lines.

The CIC group market activities rely on the organisation of the controls described below:

- all market activities (front office, after-market) answer to a member of the CIC Board, who reports to the CIC Board itself and to the BFCM Board of Directors;
- units involved in operations (front office) are kept separate from those with responsibility for the supervision of risks and results (controls) and from units providing approvals, settlements and accounting records (back office);
- since 2007, the control organs are under the management of the group risk division which supervises risks and seeks approvals of levels of prudential capital from the BFCM Board of directors and the CIC Board;
- permanent control system reliant on first level controls involving three teams:
  - risk-results control (CRR), approving new business, providing daily monitoring of results and ensuring compliance to limits;
  - regulatory and accounting control (CCR) with responsibility for reconciliation of book and actual results, including regulatory aspects; and
  - legal and market compliance, with responsibility for first level legal aspects;
- second level control organised around a number of teams:
  - market activities control (CdAM), answering to business line permanent controls. CdAM exercises permanent second line control over the group's specialised businesses;
  - the CIC group engagements division checks compliance to credit procedures and monitors outstanding risks in relation to groups of counterparties;
  - CIC group legal and tax department supervises the team handling market compliance and legal aspects; and
  - CIC group financial division supervises accounting schedules, accounting plan and regulatory and accounting controls;
- CMCEE-CIC group business line periodical control is involved with a specialist team of inspectors to provide periodical control and an assurance of the compliance of market activities;
- the back office is organised by product line. The various teams work in two sites in Paris and Strasbourg and undertake the administrative processing of operations; and
- finally, market activities are under the control of two committees:

- monthly risk committee (CRM) with responsibility for monitoring strategy, results and risks under the limits set by the Board and supervises the market activities of the foreign subsidiaries from the risk exposure point of view; and
- weekly management committee coordinating operational aspects such as information systems, budget, human resources and procedures.

### **Risk management**

The system for limiting market risks relies on:

- limits (stops) on potential losses; and
- rules and internal scenarios (CAD risk, and currently being introduced, historic VaR and stress-tests) for the conversion of exposures into potential losses.

Limits (stops) apply to the different types of market risk (interest rate, foreign exchange, securities and signature risk). They are divided into sub-limits by type of risk for each of the scopes of activity. No offsetting of risks of one type against another allowed.

Risk monitoring involves first level indicators (sensitivity to different market risk factors), mainly for operators, and second level indicators (potential losses) provide an easier-to-access overview of risks for decision-making bodies.

The prudential capital allocation on 31 December 2008 for the own account and commercial business was €770 million, the actual take-up being €720 million. The own account limit includes market risks (CAD) in the amount of €241 million euros and credit risks (RES, under Basel I methodology) in the amount of €440 million. Due to the transfer of certain positions into AFS and Loans & Receivables, the limits allocation for the own account business line has been reviewed. Reclassification resulted in the transfer of market risks (CAD) to credit risks (RES), concerning credit activities (ABS, credit arbitrage), hybrids and fixed income.

The main market trading risks relate to the following activities:

- *Hybrids*: capital requirement under CAD remained unchanged at €72 million for the first three quarters and, subsequently (i.e. after the transfer of 40 securities to AFS), the securities risk fell strongly. CAD risk was therefore €53 million in December and RES risk €97 million. in 2008. The stocks of convertible bonds fell substantially compared to 2007, down to €2 billion at year-end 2008.
- *credit*: the positions are either securities vs. credit default swap (CDS) arbitrages, or credit correlation positions. With regard to the prudential capital allocation of these businesses, a distinction should also be made between two periods, before and after securities reclassification under AFS and Loans and Receivables. Until end December, the CAD risk was little changed for the credit arbitraging portfolio (approximately €39 million on average) and in respect of the ABS (asset-backed securities) portfolio (which stood at €77 million on average for the *CM-CIC Marchés* scope of business). In the last quarter, the CAD risk on these portfolios fell, the prudential capital allocation being €30 million on the credit arbitrage portfolio and €37 million on the ABS portfolio, whereas credit risk (RES) increased in December by €50 million and €240 million in the same scope. The prudential capital allocation for the credit correlation business, exclusively based on Itraxx/CDX tranches went up to €96 million in May, before falling back in December to its €75 million level at the beginning of the year.
- *M&A and other equity risks*: the capital requirement under CAD at €54 million for equity risks fell to €9 million at year-end 2008. The reasons for this were in 77 per cent. of cases merger and acquisitions strategies (takeover bids and share exchange offers). CAD requirement was particularly penalising in this business line as under internal measurements of risk, the identified potential losses are three times



lower than CAD. M&A business was around €60 million at end December as against €580 million in 2007. This significant decline in volume was related to trends in the stock markets.

- *Fixed income*: positions comprised of interest rate curve arbitraging, in most cases with underlying securities. Other arbitrages between OECD government-backed securities of similar maturities but from different issuers, or from the same issuers but at different maturities, should also be noted. The capital requirement under CAD as at 31 December had fallen back to the level of the beginning of the year of €52 million. Commercial paper over swaps remained unchanged compared to 2007 at €12.5 billion.

The day-to-day treasury position of *CM-CIC Markets* should not exceed a certain threshold, with an intermediate alert threshold, these levels being defined by senior management and approved by the Board. This position is under BFCM management as the group refinancing entity both on an individual and overall basis. In 2008 the threshold was determined to take into account the financial crisis and its effects on short term liquidity.

### **Credit derivatives**

Credit derivatives are marginally used in the *CM-CIC Market Group* by the Singapore subsidiary.

*CM-CIC Marchés* carries all liabilities in its trading portfolio.

The control arrangements incorporate these products into the credit counterparty risk supervision and management process.

The trading room for its part complies with issuer/counterparty risk limits for all forms of underlying securities. Liabilities are tracked on a daily basis and kept under periodical review by specialist bodies (engagement committees, market risk committees).

### **Solvency ratio (Basel 2)**

BFCM, under article 4.1 of CRBF regulation No. 2000-03 of 6 September 2000 on the prudential oversight of consolidated core capital including additional supervision, insofar as it is a part of the CM4-CIC consolidation, is not required to comply with sub-consolidation in terms of management ratios, nor with the provisions for internal capital adequacy ratios under article 17 b of regulation CRBF no.97-02. This exemption also applies to the Basel II procedure (see article 1 of CRBF ruling 20 February 2007).

The information given below (including information on the presentation of procedures and comments on operational risks) relates to the parent company, the CM4-CIC Group.

Since 1 January 1996, market risks, mainly interest rate risk, foreign exchange risk, equity risk and settlement/counterparty risks on the bank trading portfolio are subject to the capital requirements of the European Capital Adequacy Directive (CAD).

The global capital requirement is therefore equal to the aggregate of the capital requirement to cover credit risks in respect of all of the weighted risks excluding the trading portfolio, the requirement to cover trading portfolio market risks and possibly the requirement in respect of major risks.

The group calculates the capital requirement to meet market risks using the standard regulatory model.

The capital adequacy ratio is 8 per cent. of net weighted risks.

Since 1 January 2008 the CM4-CIC Group is required to comply with the calculation of the solvency ratio determined by the ministerial decree of 20 February 2007 (Basel 2).

Under this framework, on 31 December 2008 weighted risk should be at least equal to 90 per cent. of risks calculated under CRBF 91-05 and 95-02 (Basel 1). This floor level is set to go down to 80 per cent. on 1 January 2009.

The consolidated European solvency ratio of CM4-CIC (shareholder of BFCM at group level) is as follows:

	31 December 2008	31 December 2007
	<i>(in € million)</i>	
<b>Overall Prudential Capital</b> .....	17,140	19,185
<b>Core capital – Tier 1</b> .....	16,766	15,576
<b>Additional capital – Tier 2</b> .....	354	3,460
<b>Supplementary capital – Tier 3</b> .....	20	149
Capital requirement for credit risk .....	11,807	9,335
Capital requirement for market risk .....	372	459
Capital requirement for operational risk .....	758	542
Additional capital requirement for new risk floor levels.....	2,335	3,824
<b>Overall Solvency ratio*</b> .....	8.98%	10.84%
(including additional capital requirement for risk floor levels)		
<b>Tier 1 Solvency ratio 1*</b> (core).....	8.78%	8.80%

Capital requirement = Weighted risks X 8 per cent.

\* Solvency ratio = Prudential Capital /Weighted risks

In 2008, negotiable securities were reclassified from the trading portfolio to the loans and receivables portfolio, the effect being to increase banking credit risks and reduce market risks albeit to a lesser degree.

The overall solvency ratio must be above 8 per cent.. The regulatory ratios applicable to the CM4-CIC Group complied with this requirement.

#### Prudential capital

Tier 1 capital increased by €1,190 million notably through the year-end issuances of super-subordinated notes (TSS) under French government measures to support the banks underwritten by the Société de prise de participation de l'Etat (SPEP) in the amount of €1,036 million.

#### Operational risks

Under Basel 2 prudential regulations, CIC has since 2002 progressively introduced a comprehensive system for the management of operational risks under the oversight of senior management bodies, providing for a single risk management framework and common quantitative assessment methods.

The operational risk management team has authority over the full scope of the CMCEE-CIC business (banks, federations and business line centers), and has delegated powers by which its responsibilities are extended as an arm of the CM-CIC Group.

The system for the oversight and measurement of operational risk is based on a common reference framework for the whole of the CM-CIC group, and on risk mapping and the identification and modeling of risks, and the calculation of the final capital requirement for operational risks.

Hence the CMCIC group has a consistent and structured overall reference framework for the performance of risk mapping, taking into account potential generic risk and summaries of risk along the eight business lines, matching the seven risk events under the Basel convention, making a connection between actual risk events and potential risks.

The Crédit Mutuel – CIC group has opted for an advanced measurement approach (AMA) of operational risks. Only the banks located abroad (Belgium, Luxembourg, Switzerland...) and the subsidiaries involved in factoring remain covered by the standard method, if only for the time being.

### **Main goals**

The operational risk management policy was set up to pursue the following goals:

- contribute to better overall conduct of business at group level by the management of risks and related costs;
- human aspects: protection of persons, accountability, independence and controls, capitalisation on group skills;
- economic aspects: preserve margins by providing the closest possible management of operational risks in all businesses, providing return on investment arising from regulatory compliance, optimising capital allocations in respect of cost of risk, and adjusting insurance coverage to identified risks;
- from a regulatory point of view: efficient response to Basel 2 regulations and to the requirement of the supervisory authorities, reliance on internal controls (CRBF 97.02), business continuity plans (PCA) in core businesses (CRBF 2004-02) and suitable changes to financial communication (pillar 3 Basel 2, NRE, LSF...).

### **Role and positioning of operational risk management function**

The operational risk group has responsibility for the coordination and consolidation of this arrangement. It has at its disposal a team dedicated to serving the group, providing leadership to operational risk managers in the regional groups.

The regions have responsibilities for implementing the procedures and making assessments consistent with the overall approach. Regional operational risk management provides leadership at the regional level.

### **Operational risk management and measurement procedure**

Homogenous risk mapping by business line under Basel 2, by type of risk has been implemented in all activities, with expert assessments and probability modelling. Validation of models is the responsibility of the operational risk technical committee. Capital allocations are calculated at regional and national level.

General orientations for reduction of operational risk include:

- effective prevention actions (costing less than risk management itself), identified by mapping implemented directly by operating staff and through permanent control and quality control; and
- protection actions that are as a matter of priority oriented towards the widespread adoption of business line continuity plans, logistics and IT service continuity for basic activities.

A general crisis management procedure has been widely adopted in the group, in line with procedures in the interbank market.

Programs for financing operational risks are reviewed as and when the results from “net risk” assessments are made available (including decisions on risk reduction). These programs adopt the following principles:

- insure serious and major risks that can be insured, and develop self-insurance procedures liabilities for the group below the levels set by insurers for deductibles;
- insure expected loss when justified, or finance expected loss by making deductions from operating accounts;
- unexpected losses (namely serious risks that are by nature uninsurable, or the uninsurable balance of liabilities) are covered by the prudential capital reserve; and
- major risks affecting securities trading systems and interbank payments are covered by the liquidity reserve fund set up under the system.

### **Reporting and general management**

Operational risk management policy and risk profiles are monitored using key indicators, thresholds and alerts for the assessment of potential risks, the assessment of the prevalence of risk events, ensuring the efficiency of risk reduction measures and associated financial decisions. Information on operational risk management policy is regularly given to the executive and decision-making organs.

### **Business continuity planning (PCA)**

Business continuity planning involves the protection procedures implemented by the company to limit the seriousness of a loss or malfunction, as part of its management of operational risks.

Business continuity planning methodology has been developed and is the baseline document for the Crédit Mutuel-CIC group. The document is available to all teams involved in business continuity planning and applies at the CM4-CIC group level.

Business continuity planning is of two types:

- *business line business continuity planning* is relevant to a bank business line connecting to a Basel business line; and
- *cross-departmental business continuity planning* is for the business lines whose purpose is to provide resources to other operational business lines (i.e. in logistics such as Human Resources and IT).

Business continuity planning is in three phases:

- *Back-up plan*: For immediate effect, implementing actions to respond to emergencies and set up solutions involving degraded operations.
- *Continuity plan*: For return to business in a degraded environment, using the procedures adopted prior to the crisis.
- *Return to normalcy plan*: preparations to have begun soon after the business continuity plan came into effect. The time to implement return to normalcy depends on the scale of loss or damage.

### **Crisis management and its organisation**

The crisis management approach set up at the CM4-CIC level covers crisis communications and makes provision for the most effective organisation of the crisis throughout the three business recovery phases: back-up plan, continuity plan and return to normalcy plan.

This approach is based on:

- a *crisis committee* taking fundamental decisions, setting priorities for actions and providing for internal and external communication, under the leadership of the senior management at regional level and of the Chief Executive Officer at national level;

- a *crisis cell* centralizing information, implementing decisions taken and monitoring their implementation;
- A *crisis contact point* by business line for in-the-field coordination of crisis management operations, keeping in contact with the crisis cell and, in particular, implementing business continuity planning during the time it takes to return to normalcy.

### **Insurance to reduce call on capital**

CM-CIC has underwritten insurance schemes covering property damage, banking and fraud liabilities, and professional and directors' liability.

The purpose of writing insurance is to reduce the call on regulatory capital for the coverage of operational risks.

### **Training**

In 2008, the CM4-CIC Group initiated training for all managers of CIC branches and Crédit Mutuel caisses, focusing on prudential procedures, detailing the type of risks, prevention and management procedures, surveys and the reporting system for any losses above €1,000.

### **2008 inventory of BFCM losses**

Total losses through defaults affecting the BFCM group amounted to €363 million of which €65 million were actual losses and €298 million were net charges to reserves on operational risks.

The Madoff loss on an own account operation cost close to €90 million. Furthermore, a charge of €223.4 million was recorded on a euros/dollar switch with Lehman Brothers at the time of its failure.

Total losses breakdown as follows:

- Human error or procedural failures: €230.2 million.
- Fraud: €112.6 million.
- Work relations: €12.8 million;
- Legal: €6.4 million.
- Natural event: €1 million.

Frauds, failures involving workplace relations or procedures, and involuntary errors are the main cause of losses.

### **Other risks**

Legal risks

Legal risks are included under operational risks

Industrial and environmental risks

Industrial and environmental risks are included in operational risks.

## **Report on the Process to Combat Money Laundering**

The procedures for combating money laundering throughout CMCEE-CIC Group have been considerably reinforced in the last few years. Measures aim at detecting transactions that may be suspect, so that more information about the clients concerned can be elicited, with a view to (if necessary) avoiding any relationships with those whose identity or businesses are poorly identified. The procedures adopted take up the recommendations of the Groupe d'Action Financière (GAFI - Financial Action Group), the legal and regulatory provisions contained among others in the French *Code monétaire et financier* (Monetary and financial code), and recommendations in the European Directives and legislation transposed into French law.

In this context, the CMCEE-CIC Group's goal is to:

- gain the fullest understanding of clients and their transactions;
- exercise vigilance over the origin of funds deposited and/or financial flows entrusted to the bank in order to detect uncustomary or atypical operations;
- supervise compliance to regulatory provisions and internal standards by performing appropriate controls and ensuring formal procedures are respected in all work;
- involve all staff in the fight against money laundering by undertaking regular training and awareness raising.

The control procedures with their different components (periodical, permanent and compliance) aim to ensure coherence in all procedures implemented, and their due application. The control procedure relies in particular on Tracfin correspondents, who keep a permanent watching brief over transactions, draft the reports required under regulations and contribute in all appropriate ways increasing vigilance from all concerned.

Staff members and control departments benefit in their work from the support of an extensive range of common group tools intended to alert them to operations or situations that require attention, enable them to record their observations, and keep their superiors and Tracfin correspondents informed. These tools are regularly improved and adapted to meet developments in regulatory requirements.

Additional obligations arise from the government Order no. 2009-104 30 January 2009 on combating money laundering and the financing of terrorism, which calls for modifications to tools, upgrading of procedures, and further training.

All this work, including the implementation of the additional procedures required by government decree, form the background to the specific actions to be undertaken in 2009.

### **Conflicts of Interest**

The Issuer is not aware of any conflict between the duties owed to it by its directors and their other principal activities as listed above or their private interests.

### **Employees**

BFCM and its subsidiaries employed 30,803 employees as at 31 December 2008.

### **Statutory Auditors**

The statutory auditors of the Issuer, who were re-appointed by the shareholders of the Issuer on 11 May 2004 and who have audited the Issuer's accounts since 1991, are Ernst & Young et Autres of 41 rue Ybry, 92576 Neuilly-sur-Seine, and KMT Audit, Réseau KPMG, Espace Européen de l'Entreprise, 9 avenue de l'Europe 67300 Schiltigheim.

The substitute statutory auditors of the Issuer are M. Pascal Macioce of 41, rue Ybry, 92576 Neuilly Sur Seine and M. Pascal Brouard of 1, Cours Valmy, 92923 Paris La Défense Cedex.

The statutory auditors of the CIC Group, who were re-appointed by the shareholders on 19 May 2005 are Ernst & Young et Autres of 41 rue Ybry, 92576 Neuilly-sur-Seine and PricewaterhouseCoopers Audit of 32 rue Guersant, 75816 Paris Cedex 17, who were appointed by the shareholders on 31 May 2000.

The substitute statutory auditors of the CIC Group are M. Pierre Coll of 32 rue Guersant, 75017 Paris and M. Pascal Macioce of 41, rue Ybry 92576 Neuilly-Sur-Seine, who was appointed by the shareholders on 19 May 2005 to replace M. Aldo Cardoso.

Each of BFCM's and the CIC Group's statutory auditors and substitute statutory auditors are regulated by the Haut Conseil du Commissariat aux Comptes and are duly authorised as Commissaires aux comptes in France.

The consolidated and non-consolidated financial statements of the Issuer for the financial years ended 31 December 2007 and 2008 have been audited by BFCM's statutory auditors.

## RECENT DEVELOPMENTS

### COMPLETION OF THE ACQUISITION OF MAJORITY CONTROL OF COFIDIS PARTICIPATIONS BY CREDIT MUTUEL-CIC

Banque Fédérative du Crédit Mutuel (“BFCM”) and 3 Suisses International (“3SI”) announced the completion of the acquisition by BFCM of a majority stake in Cofidis Participations. This transaction has been structured as an acquisition of 51% of Cofidis Participations by a holding company which is held jointly by BFCM (at 67%) and 3SI (at 33%). According to the terms of the agreements entered into in connection with the transaction, BFCM may increase its shareholding in Cofidis Participations to 67% (in share capital and voting rights) by 2016, at the option of either party.

Crédit Mutuel-CIC and Cofidis expect to join their forces to best serve their customers. Together with the acquisition of Citigroup’s retail banking activities in Germany (completed in December 2008), the acquisition of a majority stake in Cofidis represents an additional opportunity for Crédit Mutuel to enhance its activities within its core business both in France and abroad.

Separately, the parties have entered into an exclusivity agreement regarding the disposal by 3SI of its 66% shareholding in Monabanq to Cofidis Participations. Monabanq is an online bank dedicated to individuals which serves more than 250,000 customers. The aim of this contemplated acquisition will be to accelerate the development of Monabanq.

#### About Cofidis

Created in 1982, Cofidis is a pioneer of the credit by telephone concept in France. Today, Cofidis offers a full range of consumer credits. Cofidis is located in 9 European countries: France, Belgium, Spain, Italy, Portugal, Czech Republic, Hungary, Romania and Slovakia. With more than 11.5 million customers and 7.6 billion euros of credits granted as of December 31, 2008, Cofidis is the leader in the distance consumer credit market in France and a key player in many European countries.

#### About BFCM and CM5-CIC

One of the principal French retail banking groups with a total of 3,788 branches, the CM5- CIC group is composed of the Federations of Credit Mutuel Centre Est Europe, Sud-Est, Ile de France, Savoie-Mont Blanc and Midi-Atlantique (since January 1st, 2009), as well as of their common “Caisse fédérale” and of the Banque Fédérative du Crédit Mutuel. Controlled by the group CM5-CIC, BFCM is a holding company which purpose is to control the French and foreign operational subsidiaries (insurance, banking, IT...), to refinance the group and to serve as a vehicle for external growth transactions. The group CM5-CIC has one of the strongest balance sheet in terms of solvency and liquidity. As of December 31, 2008, the group had approximately € 360 billion in deposits and € 214 billion of outstanding credits, with a 2008 net result of € 509 millions.

#### About 3 Suisses International

The group 3SI federates distributors specialized in distance selling related to ladies, family and home products, financial services, office equipment and business services. In 2008, the group 3SI, located in 14 countries, generated a € 3.7 billion turnover and a € 8.15 billion of outstandings.



## SUMMARY FINANCIAL INFORMATION

The following tables set out in summary form consolidated balance sheet, profit and loss and statement of income information relating to BFCM. Such information is derived from, is qualified by reference to and should be read in conjunction with, the audited consolidated financial statements of BFCM as at and for the years ended 31 December 2008 and 2007 and the respective auditors' reports related thereto each of which is incorporated by reference in this Prospectus.

Pursuant to Regulation (EC) no. 1606/2002 relative to the application of International Accounting Standards ("IAS"), the consolidated financial statements for Banque Fédérative Du Crédit Mutuel ("BFCM") for the years ended 31 December 2008 and 2007 were prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Union at that date.

### Summary Annual Financial Information

#### BALANCE SHEET

	31 December 2008	31 December 2007
	<u>(€m)</u>	<u></u>
<b>Assets</b>		
Cash, central banks, post office accounts - assets .....	13,487	6,083
Financial assets at fair value through profit or loss .....	56,184	97,349
Derivative hedging instruments - assets .....	4,514	3,165
Financial assets available for sale .....	64,466	51,063
Loans and advances to credit institutions .....	104,743	96,977
Loans and advances to customers .....	147,689	121,660
Revaluation differences on portfolios hedged against interest rate risk .....	462	(63)
Financial assets held to maturity .....	8,228	6,085
Current tax assets .....	709	454
Deferred tax assets .....	1,457	383
Prepayments, accrued income and other assets .....	16,271	8,992
Investments in companies accounted for by the equity method .....	440	447
Investment property .....	880	928
Property, plant and equipment and finance leases – lessee .....	1,748	1,520
Intangible fixed assets .....	482	202
Goodwill .....	3,462	664
<b>Total assets</b> .....	<u>425,223</u>	<u>395,910</u>

	<b>31 December 2008</b>	<b>31 December 2007</b>
	<u>(€m)</u>	<u></u>
<b>Liabilities and shareholders' equity</b>		
Cash, central banks, post office accounts — liabilities .....	2,319	59
Financial liabilities at fair value through profit or loss .....	47,112	65,563
Derivative hedging instruments — liabilities.....	7,878	2,857
Amounts due to credit institutions .....	101,220	82,100
Amounts due to customers .....	88,306	69,980
Debt securities.....	100,639	99,770
Revaluation differences on portfolios hedged against interest rate risk .....	(1,375)	201
Current tax liabilities.....	182	151
Deferred tax liabilities.....	772	527
Accrued charges, deferred Income and other liabilities .....	13,178	10,701
Technical provisions on insurance contracts .....	45,834	45,355
Provisions for risks and charges.....	815	620
Subordinated debt .....	8,791	6,748
Shareholders' equity - minority interests .....	1,922	1,785
Shareholders' equity - Group Share .....	7,630	9,493
– Share capital.....	1,302	1,302
– Share premium .....	578	578
– Consolidated other reserves .....	6,853	5,644
– Unrealised or deferred gains or losses.....	(1,131)	505
– Net profit for the period .....	29	1,464
<b>Total liabilities and shareholders' equity .....</b>	<b><u>425,223</u></b>	<b><u>395,910</u></b>

### Profit and Loss Account

	<b>31 December 2008</b>	<b>31 December 2007</b>
	<u>(€m)</u>	<u></u>
Interest receivable and similar income.....	18,980	14,763
Interest and similar charges.....	(17,421)	(14,666)
Fees and commissions (income) .....	2,292	2,303
Fees and commissions (charges).....	(802)	(828)
Net profit on financial transactions* .....	117	2,768
Net gains (losses) on portfolios at fair value through profit or loss .....	371	2,576

	<b>31 December 2008</b>	<b>31 December 2007</b>
	<u>(€m)</u>	<u></u>
Net gains (losses) on financial assets available for sale .....	(254)	192
Income and charges from other activities .....	736	1,047
<b>Net banking Income (NBI)</b> .....	3,901	5,388
Operating expenses .....	(2,996)	(2,940)
Depreciation .....	(158)	(145)
<b>Gross operating Income</b> .....	746	2,303
Cost of risk .....	(1,016)	(128)
<b>Operating profit</b> .....	(270)	2,176
Share in net profit of companies accounted for by the equity method .....	96	64
Net gains (losses) on other assets .....	8	13
<b>Profit on ordinary activities before tax</b> .....	<u>(166)</u>	<u>2,253</u>
Corporation tax .....	304	(549)
<b>Total profit</b> .....	<u>138</u>	<u>1,704</u>
Minority interests .....	<u>109</u>	<u>239</u>
<b>Net Profit</b> .....	<u>29</u>	<u>1,464</u>

#### Cash Flow Statement

	<b>2008</b>	<b>2007</b>
	<u>(€m)</u>	<u></u>
Net profit .....	136	1,704
Corporation tax .....	(304)	549
<b>Profit on ordinary activities before tax</b> .....	<u>(168)</u>	<u>2,253</u>
Net charges to depreciation and amortisation of property, plant and equipment and intangible assets .....	156	149
Impairment of goodwill and other non-current assets .....	1	6
Net charges to provisions .....	1,429	(234)
Share in profit of companies accounted for by the equity method .....	(77)	(36)
Net loss (gain) from investing activities .....	(90)	(102)
(Income) charges from financing activities .....	0	0
Other movements .....	<u>(1,822)</u>	<u>2,317</u>
<b>Total non-cash items included in profit on ordinary activities before tax and other adjustments</b> .....	<u>(402)</u>	<u>2,102</u>
Cash flows from interbank transactions .....	7,182	(15,686)

	2008	2007
	(€m)	
Cash flows from customer transactions .....	(8,111)	(13,218)
Cash flows from other transactions affecting financial assets and liabilities	8,221	28,731
Cash flows from other transactions affecting non-financial assets and liabilities.....	(4,006)	1,425
Taxes paid .....	(221)	(752)
<b>Net decrease (increase) in assets and liabilities from operating activities</b> .....	3,065	500
<b>Total Cash flows from Operating Activities (A)</b> .....	2,495	4,855
<b>Cash flows from financial assets and investments</b> .....	(2,501)	(548)
<b>Cash flows from Investment properties</b> .....	34	46
<b>Cash flows from property, plant and equipment and intangible assets..</b>	(267)	(214)
<b>Total net cash flows from investing activities (B)</b> .....	(2,733)	(715)
<b>Cash provided by or to shareholders</b> .....	(241)	(183)
<b>Other net cash flows from financing activities</b> .....	1,169	5,862
<b>Total net cash flows from financing activities (C)</b> .....	927	5,679
<b>Impact of exchange rate movements on cash and cash equivalents (D)</b> .	8	13
<b>Net Increase (decrease) in cash and cash equivalents (A+B+C+D)</b> .....	697	9,831
Net cash flows from operating activities (A) .....	2,495	4,855
Net cash flows from investing activities (B).....	(2,733)	(715)
Net cash flows from financing activities (C) .....	927	5,679
Impact of exchange rate movements on cash and cash equivalents (D) .....	8	13
<b>Cash and cash equivalents - opening balance</b> .....	10,765	934
Banks, central banks and post office accounts (assets & liabilities) .....	6,023	3,634
Interbank demand accounts and short-term loans/borrowings (assets & liabilities) .....	4,742	(2,699)
<b>Cash and cash equivalents – closing balance</b> .....	11,462	10,765
Banks, central banks and post office accounts (assets & liabilities) .....	11,172	6,023
Interbank demand accounts and short-term loans/borrowings (assets & liabilities) .....	290	4,742
<b>Change in cash and cash equivalent</b> .....	697	9,831

## TAXATION

*The statements herein regarding taxation are based on the laws in force in the European Union, France and the Grand Duchy of Luxembourg as of the date of this Base Prospectus and are subject to any changes in such laws. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its tax adviser as to the tax consequences of any investment in or ownership and disposition of the Notes under the laws of the European Union, France, the Grand Duchy of Luxembourg or any other jurisdiction.*

***All prospective Noteholders should seek independent advice as to their tax positions.***

### **EU Directive on the Taxation of Savings Income**

On 3 June 2003, the European Council of Economic and Finance Ministers adopted Directive 2003/48/EC on the taxation of savings income (the “Directive”). Pursuant to the Directive and subject to a number of conditions being met, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Directive (interest, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State (the “Disclosure of Information Method”).

For these purposes, 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), instead of using the Disclosure of Information Method used by other Member States, and unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax equals 15 per cent. during the first three years, 20 per cent. during the subsequent three years and 35 per cent. until the end of the transitional period.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the “OECD Model Agreement”) with respect to interest payments within the meaning of the Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

## **French Taxation**

The Directive was implemented into French law under Article 242 *ter* of the French Code général des impôts, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

Payments of interest and other revenues with respect to Notes which are issued or are deemed to be issued by the Issuer outside the Republic of France benefit from the exemption from the withholding tax set out under Article 125 A III of the French *Code général des impôts*, as provided for in Article 131 *quater* of the French *Code général des impôts*. Accordingly, such payments do not give the right to any tax credit from any French source.

Notes, whether denominated in Euro or in any other currency, and which constitute *obligations* or *titres de créances négociables*, or other debt securities considered by the French tax authorities as falling into similar categories, are deemed to be issued outside the Republic of France, in accordance with Circular 5 I-11-98 of the *Direction générale des impôts* dated 30 September 1998 and Rulings 2007/59 and 2009/23 of the *Direction générale des impôts* dated 8 January 2008 and 7 April 2009 respectively.

The tax regime applicable to Notes which do not constitute obligations or titres de créances négociables, or other debt securities considered by the French tax authorities as falling into similar categories, will be set out in the relevant Final Terms.

## **Luxembourg Taxation**

### **Withholding tax – Luxembourg non-residents**

Under Luxembourg tax law currently in effect and subject to the application of the Luxembourg laws dated 21 June 2005 (the “Laws”) implementing the Directive and several agreements concluded between Luxembourg and certain dependent territories of the European Union, there is no withholding tax on payments of interest (including accrued but unpaid interest) made to Luxembourg non-resident Noteholders. There is also no Luxembourg withholding tax, subject to the application of the Laws, upon repayment of principal or upon redemption, repurchase or exchange of the Notes.

Under the Directive, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required as of 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State, unless the beneficiary of the interest payments elects for an exchange of information. The same regime applies to payments to individuals resident in certain dependent territories.

The withholding tax rate is initially 15 per cent., increasing steadily to 20 per cent. and to 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

### **Withholding tax – Luxembourg individual residents**

A 10 per cent. withholding tax has been introduced, as from 1 January 2006 on interest payments made by Luxembourg paying agents (defined in the same way as in the Directive) to Luxembourg individual residents. Only interest accrued after 1 July 2005 falls within the scope of this withholding tax. Income (other than interest) from investment funds and from current accounts provided that the interest rate is not higher than 0.75 per cent. are exempt from the withholding tax. Furthermore, interest which is accrued once a year on

savings accounts (short and long term) and which does not exceed €250 per person and per paying agent is exempted from the withholding tax.

### **Income tax on principal, interest, gains on sales or redemption**

Noteholders who are non-residents of Luxembourg and who have neither a permanent establishment nor a fixed base of business in Luxembourg with which the holding of the Notes is connected, will not be subject to taxes (income taxes and net wealth tax) or duties in Luxembourg with respect to payments of principal or interest (including accrued but unpaid interest), payments received upon redemption, repurchase or exchange of the Notes or capital gains realised upon disposal or repayment of the Notes.

Noteholders will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of the Notes.

Luxembourg resident corporate Noteholders, or Noteholders who have a permanent establishment in Luxembourg with which the holding of the Notes is connected, must for income tax purposes include any interest receivable in their taxable income and will be subject to net wealth tax. They will not be liable for any Luxembourg income tax on repayment of principal.

Interest received by an individual resident in Luxembourg is subject to withholding tax (see above “Withholding tax – Luxembourg residents). This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers.

Luxembourg resident individual Noteholders are not subject to taxation on capital gains upon the disposition of the Notes, unless the disposition of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months of the date of acquisition of these Notes. Upon a redemption of the Notes, individual Luxembourg resident Noteholders must however include the portion of the redemption price corresponding to accrued but unpaid interest in their taxable income.

Luxembourg resident corporate Noteholders which are companies benefiting from a special tax regime (such as holding companies subject to the law of 31 July 1929 and undertakings for collective investment subject to the law of 20 December 2002) are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e. corporate income tax, municipal business tax and net wealth tax) other than the subscription tax calculated on their share capital or net asset value.

Luxembourg net wealth tax will not be levied on a corporate Noteholder, unless (i) such Noteholder is a Luxembourg resident or (ii) the Notes are attributable to an enterprise or part thereof which is carried on in Luxembourg through a permanent establishment.

Luxembourg net wealth tax has been abolished for individual Noteholders as from the year 2006.

### **Other taxes**

No stamp, value, issue, registration, transfer or similar taxes or duties will be payable in Luxembourg by Noteholders in connection with the issue of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer or redemption of the Notes.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

Noteholders not permanently resident in Luxembourg at their time of death will not be subject to inheritance or other similar taxes in Luxembourg in respect of the Notes.



## **SUBSCRIPTION AND SALE**

### **Summary of Dealer Agreement**

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 7 July 2009 (as amended or supplemented from time to time, the “Dealer Agreement”) between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agent of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### **Selling Restrictions**

#### **United States**

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells 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. Terms used in the preceding sentence have the meaning given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **United Kingdom**

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

- (a) in relation to any Notes which have a maturity of less than one year from the date of issue, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of

their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer<sup>9</sup>;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **The Republic of France**

Each of the Dealers and the Issuer has represented and agreed that<sup>10</sup>:

(i) **Offer to the public in France:**

It has only made and will only make an offer of Notes to the public in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the Autorité des marchés financiers (“AMF”), on the date of its publication or, (ii) when a prospectus has been approved by the competent authority of a Member State (including the Commission de surveillance du secteur financier in Luxembourg) of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF, and ending at the latest on the date which is 12 months after the date of the approval of the Base Prospectus; or

(ii) **Private placement in France:**

it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 to D.411-3, of the French *Code monétaire et financier*.

### **Japan**

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”). Accordingly, each of the Dealers has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of

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<sup>9</sup> Any such Notes issued must have a minimum redemption value of £100,000.

<sup>10</sup> Until September 2008, prior to any offer of Notes to the public in France or any listing and admission to trading on Euronext Paris S.A., a notice has to be published in the French legal gazette called *Bulletin des annonces légales obligatoires* (“BALO”). This publication will no longer be required after 1 September 2008.

Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

Neither the Issuer nor any Dealer makes any representation that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such sale.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus, any other offering material or any Final Terms and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers sales or deliveries and neither the Issuer nor any other Dealer shall have responsibility therefore.

## FORM OF WHOLESALE FINAL TERMS

FINAL TERMS dated [●]

[LOGO, if document is printed]

**BANQUE FEDERATIVE DU CREDIT MUTUEL**

**Euro 45,000,000,000 Euro Medium Term Note Programme**

Series No: [●]

Tranche No: [●]

*Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the Programme*

Issued by

Banque Fédérative du Crédit Mutuel

**Name(s) of Dealer(s)**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] [and the supplement to the Base Prospectus dated [●] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing at Banque Fédérative du Crédit Mutuel, 34 rue du Wacken 67000 Strasbourg and [www.bfcm.creditmutuel.fr](http://www.bfcm.creditmutuel.fr) and copies may be obtained from [address] and will be available on [the Luxembourg Stock Exchange website [www.bourse.lu](http://www.bourse.lu)]/[●] [name of MIFID Regulated Market where admission to trading is sought].

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the [Base Prospectus] dated [original date] [and the supplement to the Base Prospectus dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”) and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Base Prospectus] dated [original date] [and the supplement to the Base Prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Base Prospectus dated [original date] and the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [●]]. [The [Base Prospectus] [and the supplement to the Base Prospectus] [is] [are] available for viewing at Banque Fédérative du Crédit Mutuel, 34 rue du Wacken 67000 Strasbourg and [www.bfcm.creditmutuel.fr](http://www.bfcm.creditmutuel.fr), and copies may be obtained from, BNP Paribas Securities Services, Luxembourg Branch (in its capacity as Principal Paying Agent), 33, rue de Gasperich, Hoswald Hersperange, L-2085 Luxembourg and will be available on the

Luxembourg Stock Exchange website (www.bourse.lu)/[●] [name of MIFID Regulated Market where admission to trading is sought].

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing final terms or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

- |   |  |  |
|---|--|--|
| 1 | Issuer:  | Banque Fédérative du Crédit Mutuel   |
| 2 | (i) Series Number:   | [●]  |
|   | (ii) Tranche Number:   | [●]  |
|   |  | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).</i>                     |
| 3 | Specified Currency (or Currencies in the case of Dual Currency Notes): | [●]  |
| 4 | Aggregate Nominal Amount:  | [●]  |
|   | (i) Series:  | [●]  |
|   | (ii) Tranche:  | [●]  |
| 5 | Issue Price of Tranche:  | [●] per cent. of the Aggregate Nominal Amount<br>[plus accrued interest from [insert date (in the case of fungible issues only, if applicable)]] |
| 6 | (i) Specified Denominations <sup>11</sup> :                            | [●]  |
|   | (ii) Calculation Amount:   | [●] <sup>12</sup>  |
| 7 | (i) Issue Date:  | [●]  |
|   | [(ii)] Interest Commencement Date (if different from the Issue Date)   | [Specify/Issue Date/Not Applicable] <sup>13</sup>  |

<sup>11</sup> If the specified denomination is expressed to be €50,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the following wording: “€50,000 and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No notes in definitive form will be issued with a denomination above[€99,000]”.

<sup>12</sup> The applicable Calculation Amount (which is used for the calculation of interest and redemption amounts) will be (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Notes or (ii) if there are several Specified Denominations or the circumstances referred to in Note 6 above apply (e.g. Specified Denominations of €50,000 and multiples of €1,000), the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations). If “Calculation Amount” is to be used in the Final Terms, corresponding references to the Calculation Amount for interest, put and call options and redemption amount calculation purposes should be included in the terms and conditions set out in the base prospectus. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for paying agents and/or ICSDs who should be consulted if such an amount is proposed.

<sup>13</sup> An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.

[(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.)]

- 8 Maturity Date: *[specify date or (for Floating Rate Notes) Specified Interest Payment Date falling in or nearest to the relevant month and year]*
- 9 Interest Basis: *[[●] per cent. Fixed Rate]  
[[specify reference rate] +/- [●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (specify)] (further particulars specified below)*
- 10 Redemption/Payment Basis: *[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (specify)]  
  
[(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.)]*
- 11 Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
- 12 Put/Call Options: *[Noteholder Put] [Issuer Call]  
[(further particulars specified below)]*
- 13 (i) Status of the Notes: *[Unsubordinated/Ordinarily Subordinated/Deeply Subordinated][Dated/Undated] Subordinated (if subordinated specify  
[Unsubordinated/Subordinated] interest and insert applicable provisions)]*
- (ii) [Date [Board] approval for issuance of Notes obtained:] *[[●] [and [●], respectively]]  
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*
- 14 Method of distribution: *[Syndicated/Non-syndicated]*

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

- 15 **Fixed Rate Note Provisions** *[Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Fixed Rate[(s)] of Interest: *[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (Specify)] in arrear]*

(ii)	Specified Interest Payment Date(s):	[●] in each year [adjusted in accordance with <i>[specify Business Day Convention and any applicable Financial Centre(s) for the definition of "Business Day"]/not adjusted</i> ]
(iii)	Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
(iv)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
(v)	Day Count Fraction:	[30/360/Actual/Actual-(ICMA/ISDA)/other] <sup>14</sup> <i>[specify other]</i>
(vi)	Determination Dates:	[●] in each year <i>(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))</i>
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/Give details]
16	<b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Interest Period(s):	[●]
(ii)	Specified Interest Payment Dates:	[●]
(iii)	First Interest Payment Date:	[●]
(iv)	Interest Period Date:	[●] (Not applicable unless different from Interest Payment Date)
(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ <i>[specify other]</i> <i>(insert "unadjusted" if the application of the relevant business day convention is not intended to affect the Interest Amount)</i> ]
(vi)	Additional Financial Centre(s):	[●]
(vii)	Manner in which the Rate(s) of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/other <i>(Give details)</i> ]
(viii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]

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<sup>14</sup> As of 1 July 2005, ISMA and IPMA have merged. The merged association is called ICMA (the International Capital Market Association).



- (ix) Screen Rate Determination:
    - Reference Rate: [•]
    - Interest Determination Date(s): [•][[TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]
    - Relevant Screen Page<sup>15</sup>: [•]
  - (x) ISDA Determination:
    - Floating Rate Option: [•]
    - Designated Maturity: [•]
  - (xi) Margin(s): [+/-][•] per cent. per annum
  - (xii) Minimum Rate of Interest: [•] per cent. per annum
  - (xiii) Maximum Rate of Interest: [•] per cent. per annum
  - (xiv) Day Count Fraction: [•]
  - (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•]
- 17 **Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [•] per cent. per annum
  - (ii) Day Count Fraction: [•]
  - (iii) Any other formula/basis of determining [Amortised Face Amount] payable: [•]
- 18 **Index-Linked/Other Variable Linked Interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/Other Variable: [Give or annex details]

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<sup>15</sup> Reuters agreed to purchase MoneyLine Telerate and from 31 December 2006 the Telerate services migrated to Reuters. The main page changes to note include:

- EUR-LIBOR-BBA moves from Telerate page 3750 to Reuters LIBOR01
- GBP-LIBOR-BBA moves from Telerate page 3750 to Reuters LIBOR01
- USD-LIBOR-BBA moves from Telerate page 3750 to Reuters LIBOR01
- JPY-LIBOR-BBA moves from Telerate page 3750 to Reuters LIBOR01
- AUD-LIBOR-BBA moves from Telerate page 3740 to Reuters LIBOR02
- CAD-LIBOR-BBA moves from Telerate page 3740 to Reuters LIBOR01

Care should be taken when referring specifically to Telerate pages in other documents (e.g. the Final Terms for floating rate notes) to ensure that successor pages will be covered (“e.g. Telerate Page [x] or any successor page”).

(ii)	Name and address of the Calculation Agent responsible for calculating the interest due:	[•]
(iii)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted:	[•][Need to include a description of market disruption or settlement disruption events and adjustment provisions]
(iv)	Interest Period(s):	[•]
(v)	Interest Determination Dates:	[•]
(vi)	Specified Interest Payment Dates:	[•]
(vii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other <i>(Give details)</i> ]
(viii)	Financial Centre(s):	[•]
(ix)	Minimum Rate of Interest:	[•] per cent. per annum
(x)	Maximum Rate of Interest:	[•] per cent. per annum
(xi)	Day Count Fraction:	[•]
19	<b>Dual Currency Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Rate of Exchange/method of calculating Rate of Exchange:	[Give details]
(ii)	Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[•]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]
(iv)	Person at whose option Specified Currency(ies) is/are payable:	[•]
<b>PROVISIONS RELATING TO REDEMPTION</b>		
20	<b>Issuer Call Option</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Optional Redemption Date(s):	[•]
(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
(iii)	If redeemable in part:	
(a)	Minimum nominal amount to be redeemed:	[•] per Calculation Amount

	(b) Maximum nominal amount to be redeemed:	[●] per Calculation Amount
	(iv) Issuer's Notice Period:	[●]
21	<b>Noteholder Put Option</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount]
22	<b>Final Redemption Amount</b>	
	In cases where the Final Redemption Amount is Index-Linked:	[●] per Calculation Amount
		[If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.] <i>[Give or annex details]</i>
	(i) Index/Formula/variable:	[●]
	(ii) Calculation Agent responsible for calculating the Final Redemption Amount:	[●]
	(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or variable:	[●]
	(iv) Determination Date(s):	[●]
	(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[●]
	(vi) Payment Date:	[●]
	(vii) Minimum nominal amount to be redeemed:	[●] per Calculation Amount
	(viii) Maximum nominal amount to be redeemed:	[●] per Calculation Amount

**23 Early Redemption Amount**

- |       |  |                  |
|-------|--|------------------|
| (i)   | Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): | [●]              |
| (ii)  | Redemption for taxation reasons permitted on days other than Specified Interest Payment Dates:   | [Yes/No]         |
| (iii) | Unmatured Coupons to become void upon early redemption:  | [Yes/No]         |
|       | [Bearer notes only]:   | [Not Applicable] |

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- |       |   |  |
|-------|---|--|
| 24    | Form of Notes:  | Bearer Notes   |
| (i)   | New Global Note:  | [Yes/No]   |
| (ii)  | Temporary or Permanent Global Note:   | <p>[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]</p> <p>[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]</p> <p>[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]</p> |
| (iii) | Applicable TEFRA exemptions:  | [C Rules/D Rules/Not Applicable]   |
| 25    | Financial Centre(s) or other special provisions relating to payment dates:  | <p>[Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs [16 (ii), 17(vi) and 19(viii) relate]]</p>  |
| 26    | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):   | [Yes/No. If yes, give details]   |
| 27    | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and , consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | [Not Applicable/Give details]  |
| 28    | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:  | [Not Applicable/Give details]  |

- |    |  |  |
|----|--|--|
| 29 | Redenomination, renominatisation and reconventioning provisions: | [Not Applicable/The provisions [in Condition [●]]apply]  |
| 30 | Consolidation provisions:  | [Not Applicable/The provisions [in Condition [●]]apply]  |
| 31 | Other final terms:   | <p>[Not Applicable/Give details/Specify rating, if applicable/Specify any Payment Disruption Events and the consequences thereof, if applicable]</p> <p><i>(When adding any other final terms consideration should be given as to whether such terms constitute a “significant new factor” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)</i></p> |

## **DISTRIBUTION**

- |    |   |   |
|----|---|---|
| 32 | (i) If syndicated, names of Managers (specifying Lead Manager): | <p>[Not Applicable/Give names, addresses and underwriting commitments]</p> <p><i>[Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.]</i></p> <p><i>[Indicate material features of agreements including quotas. If any portion of the issue is not underwritten, include a statement of that portion.]</i></p> |
|    | (ii) Date of Subscription Agreement (if any):                   | [●]   |
|    | (iii) Stabilising Manager(s) (if any):                          | [Not Applicable/Give name(s)]   |
| 33 | If non-syndicated, name and address of relevant Dealer:         | [Not Applicable/Give name]  |
| 34 | Total commission and concession:                                | [●] per cent. of the Aggregate Nominal Amount   |
| 35 | Additional selling restrictions:                                | [Not Applicable/Give name(s)]   |

## **[PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue[, listing on the official list of the Luxembourg Stock Exchange/Luxembourg Stock Exchange’s EuroMTF Market/specify other] and admission to trading on the [specify relevant regulated market] of the Notes described herein pursuant to the [insert Programme Amount] [Debt Issuance Programme] [Euro Medium Term Note Programme] of [●].]

## **RESPONSIBILITY**

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

[[*(Relevant third party information)* has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1 LISTING AND ADMISSION TO TRADING APPLICATION

- (i) Admission to trading: [Application has been made for the Notes to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange/the EuroMTF market/[●]] with effect from [●].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading)*
- (ii) Listing: Official List of the Luxembourg Stock Exchange/other (*specify relevant regulated market*)/Not applicable
- (iii) Estimate of total expenses related to admission to trading: [●]

### 2 RATINGS

- Ratings: The Notes to be issued have been rated:
- [S&P: [●]]
- [Moody's: [●]]
- [Fitch Ratings: [●]]
- [Other: [●]]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider, for example:*
- “As defined by Standard & Poors, an [AA+] rating means that the Issuer’s capacity to meet its financial commitment under the Notes is very strong.”*
- “Obligations rated [Aa] by Moody’s are judged to be of high quality and are subject to very low credit risk. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category.”*
- “As defined by Fitch an [AA] rating denotes a very low expectation of credit risk. It indicates a very strong capacity for timely payment of financial commitments. Such capacity is not significantly vulnerable to foreseeable events.”]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### **3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [“Subscription and Sale” in the Base Prospectus], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

### **4 [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

(i) Reasons for the offer:

[•]

*(See “Use of Proceeds” wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

(ii) Estimated net proceeds:

[•]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses:

[•] *[Include breakdown of expenses.]*<sup>16</sup>

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive applies, it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

### **5 [Fixed Rate Notes only – YIELD]**

Indication of yield:

[•]

[As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

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<sup>16</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.



**6 [Index-linked interest or other variable-linked interest notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]<sup>16</sup>*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [will not provide any post-issuance information, except where required by any applicable laws or regulations].<sup>16</sup>

**7 [Derivative Securities only – OTHER INFORMATION CONCERNING THE SECURITIES TO BE [OFFERED]/[ADMITTED TO TRADING]]<sup>16</sup>**

Name of the Issuer of the underlying Security:	[•]
ISIN Code:	[•]
Underlying Interest Rate:	[•]
Exercise price or final reference price of the underlying:	[•]
Relevant weightings of each underlying on the basket:	[•]
Description of any market disruption or settlement disruption events concerning the underlying:	[•]
Adjustment Rules with relation to events concerning the underlying:	[•]
Source of information relating to the [index/indices]:	[•]
Place where information to the [index/indices] can be obtained:	[•]

**8 Derivative Securities only – MATURITY/EXPIRATION**

Expiration/Maturity date of derivative securities:	[•]
Exercise date or final reference date:	[•]

**9 *Derivative Securities only* – SETTLEMENT PROCEDURES FOR DERIVATIVE SECURITIES**

Need to include a description of the settlement procedures of the derivative securities.

**10 *Derivative Securities only* – RETURN ON DERIVATIVE SECURITIES**

Return on derivative securities: *[Description of how any return on derivative securities takes place]*

Payment or delivery date: [•]

Method of calculation: [•]

**11 [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE [AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT]]**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.*

**12 OPERATIONAL INFORMATION**

Intended to be held in a manner which would allow Eurosysteem eligibility: [Yes/No]

[Note that the designation ‘yes’ simply means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (i.e. Euroclear Bank SA/N.V. and Clearstream Banking, société anonyme) as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosysteem monetary policy and intra-day credit operations by the Eurosysteem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosysteem eligibility criteria]  
*[include this text if ‘yes’ is selected, in which case the Notes must be issued in NGN form]*

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société anonyme and the relevant identification number(s): [Not Applicable/Give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) [Not Applicable/Give name(s), addresses]  
(if any):

### 13 [TERMS AND CONDITIONS OF THE OFFER

*Need to include:*

- (i) *the time period, including any possible amendments, during which the offer will be open and description of the application process;*
- (ii) *description of any possibility to reduce subscriptions and the procedures for refunding excess amounts paid by applicants;*
- (iii) *details of the minimum and/or maximum amount of application<sup>17</sup>;*
- (iv) *the method and time limits for paying up the securities and for delivery of the securities;*
- (v) *the manner and date in which results of the offer are to be made public;*
- (vi) *the procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised;*
- (vii) *the categories of potential investors to which the securities are offered<sup>18</sup>,*

*[for example:*

*“Legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities.*

*Any legal entity which has two or more of (1) an average of at least 250 employees during the financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts.”]; and*

- (viii) *the process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.*

### 14 [PLACING AND UNDERWRITING

*Need to include:*

*The name and address of the co-ordinator(s) of the global offer and of single parts of the offer<sup>19</sup>;*

*The name and address of any paying agents and depository agents in each country (in addition to the Principal Paying Agent);*

*The names of entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements<sup>20</sup>;*

*The names and addresses of entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment;*

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<sup>17</sup> Whether in number of securities or aggregate amount to invest.

<sup>18</sup> If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.

<sup>19</sup> To the extent known to the Issuer, of the placers in the various countries where the offer takes place.

<sup>20</sup> Where not all of the issue is underwritten, a statement of the portion not covered.

*Indicate when the underwriting agreement has been or will be reached; and Provide the name and address of the calculation agent.*

## FORM OF RETAIL FINAL TERMS

FINAL TERMS dated [●]

[LOGO, if document is printed]

**BANQUE FEDERATIVE DU CREDIT MUTUEL**

**Euro 45,000,000,000 Euro Medium Term Note Programme**

Series No: [●]

Tranche No: [●]

*Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the Programme*

Issued by

Banque Fédérative du Crédit Mutuel

**Name(s) of Dealer(s)**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] [and the supplement to the Base Prospectus dated [●] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing at Banque Fédérative du Crédit Mutuel, 34 rue du Wacken 67000 Strasbourg and [www.bfcm.creditmutuel.fr](http://www.bfcm.creditmutuel.fr) and copies may be obtained from [address] and will be available on [the Luxembourg Stock Exchange website [www.bourse.lu](http://www.bourse.lu)]/[●] [name of MIFID Regulated Market where admission to trading is sought].

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the [Base Prospectus] dated [original date] [and the supplement to the Base Prospectus dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”) and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Base Prospectus] dated [original date] [and the supplement to the Base Prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Base Prospectus dated [original date] and the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [●]]. [The [Base Prospectus] [and the supplement to the Base Prospectus] [is] [are] available for viewing at Banque Fédérative du Crédit Mutuel, 34 rue du Wacken 67000 Strasbourg and [www.bfcm.creditmutuel.fr](http://www.bfcm.creditmutuel.fr), and copies may be obtained from, BNP Paribas Securities Services, Luxembourg Branch (in its capacity as Principal Paying Agent), 23, avenue de la Porte Neuve, L-2085 Luxembourg and will be available on the Luxembourg

Stock Exchange website (www.bourse.lu)/ [●] [name of MIFID Regulated Market where admission to trading is sought].

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing final terms or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

- |   |  |   |
|---|--|---|
| 1 | Issuer:  | Banque Fédérative du Crédit Mutuel  |
| 2 | (i) Series Number:   | [●]   |
|   | (ii) Tranche Number:   | [●]   |
|   |  | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).</i>                  |
| 3 | Specified Currency (or Currencies in the case of Dual Currency Notes): | [●]   |
| 4 | Aggregate Nominal Amount:  | [●]   |
|   | (i) Series:  | [●]   |
|   | (ii) Tranche:  | [●]   |
| 5 | Issue Price of Tranche:  | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)] |
| 6 | (i) Specified Denominations <sup>21</sup> :                            | [●]   |
|   | (ii) Calculation Amount:   | [●] <sup>22</sup>   |
| 7 | (i) Issue Date:  | [●]   |
|   | [(ii)] Interest Commencement Date (if different from the Issue Date)   | [Specify/Issue Date/Not Applicable] <sup>23</sup>   |
| 8 | Maturity Date:   | <i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant</i>                                 |

<sup>21</sup> If the specified denomination is expressed to be €50,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the following wording: “€50,000 and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No notes in definitive form will be issued with a denomination above[ €99,000]”.

<sup>22</sup> The applicable Calculation Amount (which is used for the calculation of interest and redemption amounts) will be (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Notes or (ii) if there are several Specified Denominations or the circumstances referred to in Note 6 above apply (e.g. Specified Denominations of €10,000 and multiples of €1,000), the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations). If “Calculation Amount” is to be used in the Final Terms, corresponding references to the Calculation Amount for interest, put and call options and redemption amount calculation purposes should be included in the terms and conditions set out in the base prospectus. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for paying agents and/or ICSDs who should be consulted if such an amount is proposed.

<sup>23</sup> *An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*

*[(N.B. If the Final Redemption Amount is other than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.)]*

- month and year]*
- 9 Interest Basis: *[●] per cent. Fixed Rate]*  
*[[specify reference rate] +/- [●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (specify)] (further particulars specified below)*
- 10 Redemption/Payment Basis: *[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (specify)]*  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.)*
- 11 Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
- 12 Put/Call Options: *[Noteholder Put] [Issuer Call]*  
*[(further particulars specified below)]*
- 13 (i) Status of the Notes: *[Unsubordinated/ Ordinarily Subordinated/ Deeply Subordinated][Dated/Undated] Subordinated] (if subordinated specify [Unsubordinated/Subordinated] interest and insert applicable provisions)]*
- (ii) [Date [Board] approval for issuance of Notes obtained:] *[●] [and [●], respectively]*  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*
- 14 Method of distribution: *[Syndicated/Non-syndicated]*

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

- 15 **Fixed Rate Note Provisions** *[Applicable/Not Applicable]*  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Fixed Rate[(s)] of Interest: *[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (Specify)] in arrear]*
- (ii) Specified Interest Payment Date(s): *[●] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Financial Centre(s) for the definition of “Business Day”]/not adjusted]*

(iii)	Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
(iv)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
(v)	Day Count Fraction:	[30/360/Actual/Actual-(ICMA/ISDA)/other] <sup>24</sup> ][specify other]
(iv)	Determination Dates:	[●] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/Give details]
16	<b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	Interest Period(s)	[●]
(ii)	Specified Interest Payment Dates:	[●]
(iii)	First Interest Payment Date:	[●]
(iv)	Interest Period Date:	[●] (Not applicable unless different from Interest Payment Date)
(v)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ [specify other] <i>(insert “unadjusted” if the application of the relevant business day convention is not intended to affect the Interest Amount)</i>
(vi)	Additional Financial Centre(s):	[●]
(vii)	Manner in which the Rate(s) of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/other <i>(Give details)</i> ]
(viii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]
(ix)	Screen Rate Determination:	
	– Reference Rate:	[●]
	– Interest Determination Date(s):	[●] [[TARGET] Business Days in [specify city]

<sup>24</sup> As of 1 July 2005, ISMA and IPMA have merged. The merged association is called ICMA (the International Capital Market Association).



		for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]
	– Relevant Screen Page <sup>25</sup>	[•]
(x)	ISDA Determination:	
	– Floating Rate Option:	[•]
	– Designated Maturity:	[•]
(xi)	Margin(s):	[+/-][•] per cent. per annum
(xii)	Minimum Rate of Interest:	[•] per cent. per annum
(xiii)	Maximum Rate of Interest:	[•] per cent. per annum
(xiv)	Day Count Fraction:	[•]
(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[•]
17	<b>Zero Coupon Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Amortisation Yield:	[•] per cent. per annum
	(ii) Day Count Fraction:	[•]
	(iii) Any other formula/basis of determining [Amortised Face Amount] payable:	[•]
18	<b>Index-Linked/Other Variable Linked Interest Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Index/Formula/Other Variable:	[Give or annex details]
	(ii) Name and address of the Calculation Agent responsible for calculating the interest due:	[•]

<sup>25</sup> Reuters agreed to purchase MoneyLine Telerate and from 31 December 2006 the Telerate services migrated to Reuters. The main page changes to note include:

- EUR-LIBOR-BBA moves from Telerate page 3750 to Reuters LIBOR01
- GBP-LIBOR-BBA moves from Telerate page 3750 to Reuters LIBOR01
- USD-LIBOR-BBA moves from Telerate page 3750 to Reuters LIBOR01
- JPY-LIBOR-BBA moves from Telerate page 3750 to Reuters LIBOR01
- AUD-LIBOR-BBA moves from Telerate page 3740 to Reuters LIBOR02
- CAD-LIBOR-BBA moves from Telerate page 3740 to Reuters LIBOR01

Care should be taken when referring specifically to Telerate pages in other documents (e.g. the Final Terms for floating rate notes) to ensure that successor pages will be covered (“e.g. Telerate Page [x] or any successor page”).

(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted:	[•] [Need to include a description of market disruption or settlement disruption events and adjustment provisions]
(iv) Interest Period(s):	[•]
(v) Interest Determination Dates:	[•]
(vi) Specified Interest Payment Dates:	[•]
(vii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other ( <i>Give details</i> )]
(viii) Financial Centre(s):	[•]
(ix) Minimum Rate of Interest:	[•] per cent. per annum
(x) Maximum Rate of Interest:	[•] per cent. per annum
(xi) Day Count Fraction:	[•]
<b>19 Dual Currency Note Provisions</b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
(i) Rate of Exchange/ method of calculating Rate of Exchange:	[Give details]
(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[•]
(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]
(iv) Person at whose option Specified Currency(ies) is/are payable:	[•]
<b>PROVISIONS RELATING TO REDEMPTION</b>	
<b>20 Issuer Call Option</b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
(i) Optional Redemption Date(s):	[•]
(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
(iii) If redeemable in part:	
(a) Minimum nominal amount to be redeemed:	[•] per Calculation Amount
(b) Maximum nominal amount to be redeemed:	[•] per Calculation Amount

	(iv) Issuer's Notice Period:	[●]
21	<b>Noteholder Put Option</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
22	<b>Final Redemption Amount</b>	
	In cases where the Final Redemption Amount is Index-Linked:	[●] per Calculation Amount  [If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.] [Give or annex details]
	(i) Index/Formula/variable:	[●]
	(ii) Calculation Agent responsible for calculating the Final Redemption Amount:	[●]
	(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[●]
	(iv) Determination Date(s):	[●]
	(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[●]
	(vi) Payment Date:	[●]
	(vii) Minimum nominal amount to be redeemed:	[●] per Calculation Amount
	(viii) Maximum nominal amount to be redeemed:	[●] per Calculation Amount

**23 Early Redemption Amount**

- |       |  |                  |
|-------|--|------------------|
| (i)   | Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): | [●]              |
| (ii)  | Redemption for taxation reasons permitted on days other than Specified Interest Payment Dates:   | [Yes/No]         |
| (iii) | Unmatured Coupons to become void upon early redemption   | [Yes/No]         |
|       | [Bearer Notes only]  | [Not Applicable] |

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- |       |  |  |
|-------|--|--|
| 24    | Form of Notes:   | Bearer Notes:  |
| (i)   | New Global Note:   | [Yes]/[No]   |
| (ii)  | Temporary or Permanent Global Note:  | <p>[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]</p> <p>[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]</p> <p>[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]</p> |
| (iii) | Applicable TEFRA exemptions:   | [C Rules/D Rules/Not Applicable]   |
| 25    | Financial Centre(s) or other special provisions relating to payment dates:   | <p>[Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs [16 (ii), 17(vi) and 19(viii) relate]]</p>  |
| 26    | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):  | [Yes/No. If yes, give details]   |
| 27    | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and, consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | [Not Applicable/Give details]  |
| 28    | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:   | [Not Applicable/Give details]  |

- |    |  |  |
|----|--|--|
| 29 | Redenomination, renominatisation and reconventioning provisions: | [Not Applicable/The provisions [in Condition [●]]apply]  |
| 30 | Consolidation provisions:  | [Not Applicable/The provisions [in Condition [●]] apply]   |
| 31 | Other final terms:   | <p>[Not Applicable/<i>Give details/Specify rating, if applicable/Specify any Payment Disruption Events and the consequences thereof, if applicable</i>]</p> <p><i>(When adding any other final terms consideration should be given as to whether such terms constitute a “significant new factor and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)</i></p> |

## DISTRIBUTION

- |    |   |   |
|----|---|---|
| 32 | (i) If syndicated, names of Managers (specifying Lead Manager): | <p>[Not Applicable/Give names, addresses and underwriting commitments]</p> <p><i>[include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.]</i></p> <p><i>[Indicate material features of agreements including quotas. If any portion of the issue is not underwritten, include a statement of that portion.]</i></p> |
|    | (ii) Date of Subscription Agreement (if any):                   | [●]   |
|    | (iii) Stabilising Manager(s) (if any):                          | [Not Applicable/Give name(s)]   |
| 33 | If non-syndicated, name and address of relevant Dealer:         | [Not Applicable/Give name]  |
| 34 | Total commission and concession:                                | [[●] per cent. of the Aggregate Nominal Amount]   |
| 35 | Non-exempt Offer:   | <p>[Not Applicable] [An offer of the Notes may be made by the Managers [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) – which must be jurisdictions where the Prospectus and any supplements have been passported] (Public Offer Jurisdictions) during the period from [specify date] (Offer Period). See further Paragraph 10 of Part B below</p>   |
| 36 | Additional selling restrictions:                                | [Not Applicable/Give details]   |

## **[PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue and [public offer in the Public Offer Jurisdictions][, listing on the official list of the Luxembourg Stock Exchange/Luxembourg Stock Exchange's EuroMTF Market/specify other] [and] [admission to trading on the [*specify relevant regulated market*] of the Notes described herein pursuant to the [*insert Programme Amount*] [Debt Issuance Programme] [Euro Medium Term Note Programme] of [●].]

## **RESPONSIBILITY**

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

[(*Relevant third party information*) has been extracted from (specify source). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1 LISTING AND ADMISSION TO TRADING APPLICATION

- (i) Admission to trading: [Application has been made for the Notes to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange/the EuroMTF market/[•]] with effect from [•].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading)*
- (ii) Listing: Official List of the Luxembourg Stock Exchange/other (*specify relevant regulated market*)/Not applicable
- (iii) Estimate of total expenses related to admission to trading: [•]

### 2 RATINGS

- Ratings: The Notes to be issued have been rated:
- [S&P: [•]]
- [Moody's: [•]]
- [Fitch Ratings: [•]]
- [Other: [•]]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider, for example:*
- “As defined by Standard & Poors, an [AA+] rating means that the Issuer’s capacity to meet its financial commitment under the Notes is very strong.”*
- “Obligations rated [Aa] by Moody’s are judged to be of high quality and are subject to very low credit risk. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category.”*
- “As defined by Fitch an [AA] rating denotes a very low expectation of credit risk. It indicates a very strong capacity for timely payment of financial commitments. Such capacity is not significantly vulnerable to foreseeable events.”]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### **3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [“Subscription and Sale” in the Base Prospectus], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

### **4 [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]<sup>26</sup>**

(i) Reasons for the offer: [•]

*(See “Use of Proceeds” wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

(ii) Estimated net proceeds: [•]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses: [•]

*[Include breakdown of expenses.]*  
*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive applies, it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

### **5 [Fixed Rate Notes only – YIELD]**

Indication of yield: [•]

Calculated as *[include details of method of calculation in summary form]* on the Issue Date.

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<sup>26</sup> If the Notes are derivative securities to which Annex XII of the Prospectus Regulation applies, disclosure in respect of Estimated Net Proceeds and Total Expenses is only required if reasons for the offer are disclosed.



[As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

**6 [Floating Rate Notes only – HISTORIC INTEREST RATES]**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].

**7 [Index-Linked Interest or other Variable-Linked Interest Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]<sup>27</sup>*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained] ] [will not provide any post-issuance information except where required by any applicable laws or regulations].<sup>27</sup>

**8 [Derivative Securities only - OTHER INFORMATION CONCERNING THE SECURITIES TO BE [OFFERED]/ [ADMITTED TO TRADING]]<sup>27</sup>**

Name of the Issuer of the underlying Security:	[•]
ISIN Code:	[•]
Underlying Interest Rate:	[•]
Exercise price or final reference price of the underlying:	[•]
Relevant weightings of each underlying on the basket:	[•]
Description of any market disruption or settlement disruption events concerning the underlying;	[•]
Adjustment Rules with relation to events concerning the underlying:	[•]
Source of information relating to the [index/indices]:	[•]
Place where information to the [index/indices] can be obtained:	[•]

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<sup>27</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

**9 Derivative Securities Only – MATURITY/EXPIRATION**

Expiration/Maturity date of derivative securities	[•]
Exercise date or final reference date	[•]

**10 Derivative Securities only – SETTLEMENT PROCEDURES FOR DERIVATIVE SECURITIES**

Need to include a description of the settlement procedures of the derivative securities.

**11 Derivative Securities only - RETURN ON DERIVATIVE SECURITIES**

Return on derivative securities:	[Description of how any return on derivative securities takes place]
Payment or delivery date:	[•]
Method of calculation:	[•]

**12 [Dual Currency Notes only - PERFORMANCE OF RATE[S] OF EXCHANGE [and explanation of effect on value of investment]]**

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.<sup>28</sup>

**13 OPERATIONAL INFORMATION**

Intended to be held in a manner which would allow Eurosysteem eligibility:	[Yes/No]
	[Note that the designation ‘yes’ simply means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (i.e. Euroclear Bank SA/N.V. and Clearstream Banking, <i>société anonyme</i> ) as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria] [include this text if ‘yes’ is selected, in which case the Notes must be issued in NGN form]
ISIN Code:	[•]
Common Code:	[•]
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société anonyme	[Not Applicable/Give name(s) and number(s)]

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<sup>28</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

and the relevant identification number(s):

Delivery:

Delivery [against/free of] payment

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

[Not Applicable/Give name(s), addresses]

#### **14 [TERMS AND CONDITIONS OF THE OFFER]**

Offer Price

[Issue Price][specify]

Conditions to which the offer is subject:

[Not Applicable/give details]

Description of the application process

[Not Applicable/give details]

Description of possibility to reduce subscriptions and  
manner for refunding excess amount paid by  
applicants:

[Not Applicable/give details]

Details of the minimum and/or maximum amount of  
application:

[Not Applicable/give details]

Details of the method and time limits for paying up  
and delivering the Notes:

[Not Applicable/give details]

Manner in and date on which results of the offer are  
to be made public:

[Not Applicable/give details]

Procedure for exercise of any right of pre-emption,  
negotiability of subscription rights and treatment of  
subscription rights not exercised:

[Not Applicable/give details]

Categories of potential investors to which the notes  
are offered and whether tranche(s) have been  
reserved for certain countries:

[Not Applicable/give details]

Process for notification to applicants of the amount  
allotted and the indication whether dealing may  
begin before notification is made:

[Not Applicable/give details]

Amount of any expenses and taxes specifically  
charged to the subscriber or purchaser:

[Not Applicable/give details]

Name(s) and address(es), to the extent known to the  
Issuer, of the placers in the various countries here the  
offer takes place.

[None/give details]

#### **15 [PLACING AND UNDERWRITING]**

*Need to include:*

*The name and address of the co-ordinator(s) of the global offer and of single parts of the offer<sup>29</sup>;*

*The name and address of any paying agents and depository agents in each country (in addition to the Principal Paying Agent);*

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<sup>29</sup> To the extent known to the Issuer, of the placers in the various countries where the offer takes place.

*The names of entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements<sup>30</sup>;*

*The names and addresses of entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment;*

*Indicate when the underwriting agreement has been or will be reached; and provide the name and address of the calculation agent.*

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<sup>30</sup> Where not all of the issue is underwritten, a statement of the portion not covered.

## GENERAL INFORMATION

1. No authorisation procedures are required of the Issuer in the Republic of France in connection with the establishment and update of the Programme. However, to the extent that Notes issued under the Programme may constitute obligations under French law, the issue of Notes up to a maximum aggregate amount of euro 45,000,000,000 was authorised for a period of one year from 6 May 2009 by a resolution of the *Conseil d'administration* on 6 May 2009. On the same day, the *Conseil d'administration* delegated the authority to issue Notes severally to its *Directeur Général*, Mr Michel Lucas and to Mr Christian Klein. Issues of Notes will be authorised pursuant to the foregoing authorisations or any replacement authorisations, passed in accordance with French law.
2. Except as disclosed on page 137 of this Base Prospectus, there has been no significant change in the consolidated financial or trading position of the Issuer or any of its subsidiaries which is material in the context of the Programme or the issue and offering of the Notes thereunder since 31 December 2008 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 December 2008.
3. Except as disclosed in this Base Prospectus, neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings which may have or have had, during the 12 months preceding the date of this Base Prospectus, significant effects on the financial position or profitability of the Issuer or any of its subsidiaries nor so far as the Issuer is aware are any such governmental, legal or arbitration proceedings pending or threatened.
4. The Issuer has not entered into any contracts outside the ordinary course of the Issuer's business, which could result in the Issuer or any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to holders of Notes in respect of the Notes being issued.
5. Each Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
6. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code and the International Securities Identification Number ("ISIN") for each Series of Notes will be set out in the relevant Final Terms. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 avenue JF Kennedy L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.
7. For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection, and in the case of items (i), (vii), (viii) (with the exception of the interim accounts) and (ix), copies may be obtained, at the registered office of the Issuer and at the specified offices of the Fiscal Agent and Paying Agents, each as set out at the end of this Base Prospectus:
  - (i) this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus and each of the documents incorporated by reference herein or therein;
  - (ii) all reports, letters and other documents, historical financial information, balance sheets, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus or any Supplement to this Base Prospectus;

- (iii) the Agency Agreement (which includes the form of the Global Notes, the definitive Notes, the Coupons, the Receipts and the Talons);
- (iv) the Dealer Agreement;
- (v) the Deed of Covenant;
- (vi) The Issuer/ICSD Agreement dated 11 July 2007 between the Issuer and each of Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme with respect to securities to be issued in New Global Note form under the Programme;
- (vii) the *statuts* of the Issuer;
- (viii) the published annual report and audited accounts of the Issuer for the latest two financial years, and the latest unaudited six-monthly interim consolidated accounts of the Issuer (the Issuer does not publish six-monthly non-consolidated accounts); and
- (ix) each Final Terms for Notes that are listed on the official list and admitted to trading on the Regulated Market or EuroMTF of the Luxembourg Stock Exchange or any other stock exchange.

In addition, copies of this Base Prospectus, further Base Prospectuses, any supplements thereto and any Final Terms and any documents incorporated by reference in this Base Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

8. In accordance with French law, BFCM is required to have a minimum of two statutory auditors (*commissaires aux comptes*) and two substitute statutory auditors. The statutory auditors of the Issuer are currently Ernst & Young et Autres (represented by Olivier Durand) and KMT Audit (KPMG network) (represented by Henri Koenig and Arnaud Bourdeille). The substitute statutory auditors are M. Pascal Macioce of 41, rue Ybry, 92576 Neuilly Sur Seine and M. Pascal Brouard of 1, Cours Valmy, 92923 Paris La Défense Cedex. Each of the statutory and substitute statutory auditors of the Issuer carry out their duties in accordance with the principles of the *Compagnie Nationale des Commissaires aux Comptes* (“CNCC”) and are members of the CNCC professional body.

The consolidated and non-consolidated financial statements of BFCM for the financial years ended 31 December 2008 and 2007 have been audited without qualification by the statutory auditors of BFCM.

9. The Issuer has other bonds listed on the regulated market of Euronext Paris and listed on the official list and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.

**REGISTERED OFFICE OF THE ISSUER**

**Banque Fédérative du Crédit Mutuel**

34, rue du Wacken  
67000 Strasbourg  
France

**ARRANGER**

**BNP PARIBAS**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**DEALERS**

**Banque Fédérative du Crédit Mutuel**

34, rue du Wacken  
67000 Strasbourg  
France

**BNP PARIBAS**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Goldman Sachs International**

Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR  
United Kingdom

**FISCAL AGENT AND PRINCIPAL PAYING AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**

33, rue Gasperich Howald-Hesperange  
L-2085 Luxembourg  
Grand Duchy of Luxembourg

**PAYING AGENTS**

**Citibank, N.A.**

21st Floor  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**The Bank of New York Mellon, Brussels**

Rue Montoyerstraat, 46  
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