

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 described in this Base Prospectus (the “**Programme**”), 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 (the “**Base Prospectus**”) supersedes and replaces the Base Prospectus dated 11 July 2007.

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).

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 date of the commencement of the offering and 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 depository 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
ABN AMRO
BNP PARIBAS
GOLDMAN SACHS INTERNATIONAL
HSBC
LEHMAN BROTHERS

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.

TABLE OF CONTENTS

	Page
SUMMARY	5
RISK FACTORS	12
DOCUMENTS INCORPORATED BY REFERENCE	17
CROSS-REFERENCE LIST IN RESPECT OF THE FINANCIAL INFORMATION OF BFCM INCORPORATED BY REFERENCE.....	18
GENERAL DESCRIPTION OF THE PROGRAMME	19
TERMS AND CONDITIONS OF THE NOTES	24
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	44
USE OF PROCEEDS.....	48
BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL	49
RECENT DEVELOPMENTS.....	108
SUMMARY FINANCIAL INFORMATION	109
SUBSCRIPTION AND SALE.....	115
FORMS OF FINAL TERMS.....	119
GENERAL INFORMATION	151

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, Lyonnaise de France and Savoie Mont Blanc regions) and is the largest regional banking group in France, with around 4 million clients and 681 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 2007 it refinanced a total of euro 50 billion of such loans (compared to 42 billion in 2006).

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 2007, BFCM had consolidated assets of €395.91 billion (compared to €339.03 billion as at 31 December 2006) and shareholders' equity, Group share, of €9.49 billion (compared to €8.36 billion as at 31 December 2006). Net profit on ordinary activities before taxation for the year ended 31 December 2007 was €2,253 million (compared to €2,606 million for the year ended 31 December 2006). Net profit, Group share, for the year ended 31 December 2007 was €1,464 million (compared to €1,642 million for the year ended 31 December 2006). 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).

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.

Variable Redemption Amount Notes

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).

Zero Coupon Notes

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.

Other Notes

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.

Redemption by Instalments

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.

Optional Redemption

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.

Denominations of Notes

Notes will be issued in such denominations as may be specified in the applicable 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 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

(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.

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 Ruling 2007/59 of the *Direction générale des impôts* dated 8 January 2008.

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.

Ratings

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.

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.

Listing and admission to trading

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).

Governing Law

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.

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, 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.

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.

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.

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) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2006 and the related notes thereto (such financial statements and notes being at pages 47 to 87 of the Issuer's 2006 Annual Report);
- (b) 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 2006 (being at pages 43 to 46 of the Issuer's 2006 Annual Report);
- (c) 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);
- (d) 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);

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).

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

Prospectus Regulation – Annex 11	Page Reference
11.11.1 Historical financial information	
<i>Audited consolidated financial statements of the Issuer for the financial year ended 31 December 2006:</i>	
➤ Consolidated balance sheet	Pages 49 to 50 of the 2006 Annual Report
➤ Consolidated statement of income	Page 51 of the 2006 Annual Report
➤ Consolidated cash flow statement	Page 52 of the 2006 Annual Report
➤ Notes to the consolidated financial statements	Pages 54 to 87 of the 2006 Annual Report
➤ Auditors' report on the consolidated financial statements for the financial year ended 31 December 2006	Pages 43 to 46 of the 2006
<i>Audited consolidated financial statements of the Issuer for the financial year ended 31 December 2007:</i>	
➤ Consolidated balance sheet	Pages 106 to 107 of the 2007 Annual Report
➤ Consolidated statement of income	Page 108 of the 2007 Annual Report
➤ Consolidated cash flow statement	Page 109 of the 2007 Annual Report
➤ Notes to the consolidated financial statements	Pages 111 to 146 of the 2007 Annual Report
➤ Auditors' report on the consolidated financial statements for the financial year ended 31 December 2007	Pages 69 to 70 of the 2007 Annual Report*

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.

ISSUER:	Banque Fédérative du Crédit Mutuel
DESCRIPTION:	Euro Medium Term Note Programme (the “ Programme ”)
SIZE:	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.
ARRANGER:	BNP Paribas
DEALERS:	Banque Fédérative du Crédit Mutuel, ABN AMRO Bank N.V., BNP Paribas, Goldman Sachs International, HSBC Bank plc and Lehman Brothers International (Europe).

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.

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.

FISCAL AGENT AND PRINCIPAL PAYING AGENT:	BNP Paribas Securities Services, Luxembourg Branch.
PAYING AGENTS:	Citibank N.A., London office, The Bank of New York Mellon, Brussels and BNP Paribas Securities Services in Paris.
METHOD OF ISSUE:	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: <p>(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);</p> <p>(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</p>

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.

ZERO COUPON NOTES:

Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest.

VARIABLE COUPON AMOUNT NOTES:

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.

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 agreed between the Issuer and the relevant Dealer(s) prior to issue and set out in the applicable Final Terms.

SPECIFIED INTEREST PAYMENT DATES, INTEREST PERIODS AND RATES OF INTEREST:

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.

VARIABLE REDEMPTION AMOUNT NOTES:

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).

REDEMPTION BY INSTALMENTS:

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.

OTHER NOTES:

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

WITHHOLDING TAX: 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 Ruling 2007/59 of the *Direction générale*

des impôts dated 8 January 2008.

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 9 July 2008 (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 9 July 2008 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**”).¹

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.

¹ The French language version of the BIS Press Release is attached to the annual report of the *Commission Bancaire*.

4. Interest and other Calculations

(a) **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).

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

(c) **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).

(d) 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.

(e) 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.

(f) 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)).

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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:

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” 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 D₁ is greater than 29, in which case D₂ 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:

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” 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 D₂ 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:

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” 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 D₁ will be 30; and

"D₂" 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 D₂ 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.

(l) 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 European Council Directive 2003/48/EC or any 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 (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 unexpired Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired 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, unexpired 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 unexpired 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 unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Note is presented for redemption without any unexpired 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 the European Council Directive 2003/48/EC dated 3 June 2003 or any 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.

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). 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 1NQ 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 Depository (as defined below).

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the “**Common Depository**”), 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 Depository 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 9 July 2008 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). 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 8 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 *Groupement 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 1st 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 million clients and 681 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 2006 and 2007. 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.

	31 December 2007	31 December 2006
	BFCM Group (IFRS)	BFCM Group (IFRS)
	(€ millions)	(€ millions)
<i>Total balance sheet</i>	395,910	339,025
Shareholders' equity – Group Share.....	9,493	8,359
Outstanding deposits	69,980	61,080
Net banking income	5,388	5,657
Gross operating income	2,303	2,656
Net income.....	1,464	1,642

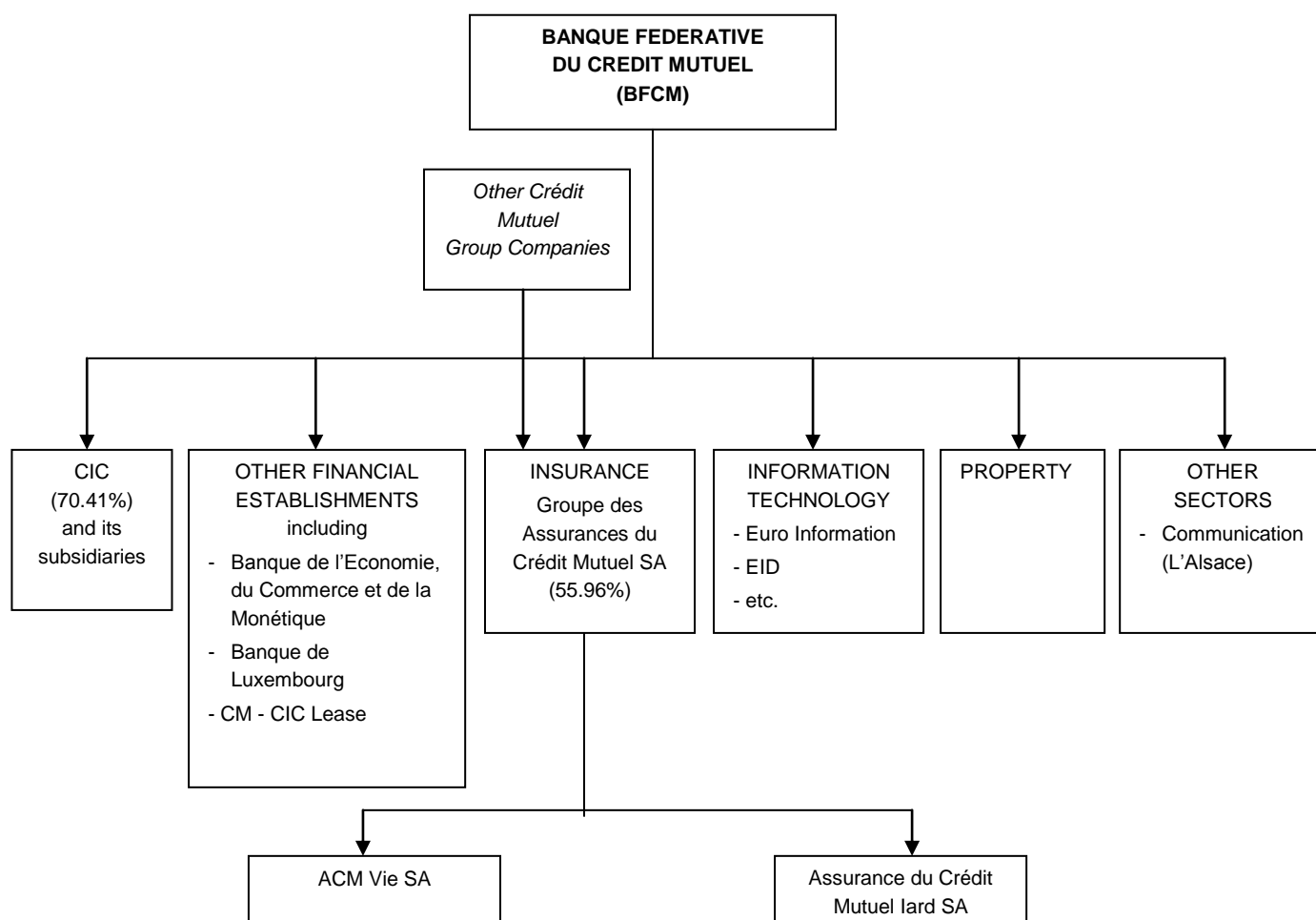
Share Capital

As at 31 December 2007, the total issued share capital of the Issuer amounted to euro 1,302,192,250 divided into 26,043,845 fully paid up shares of euro 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, the 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 Federations, Ile de France and Savoie Mont Blanc 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.

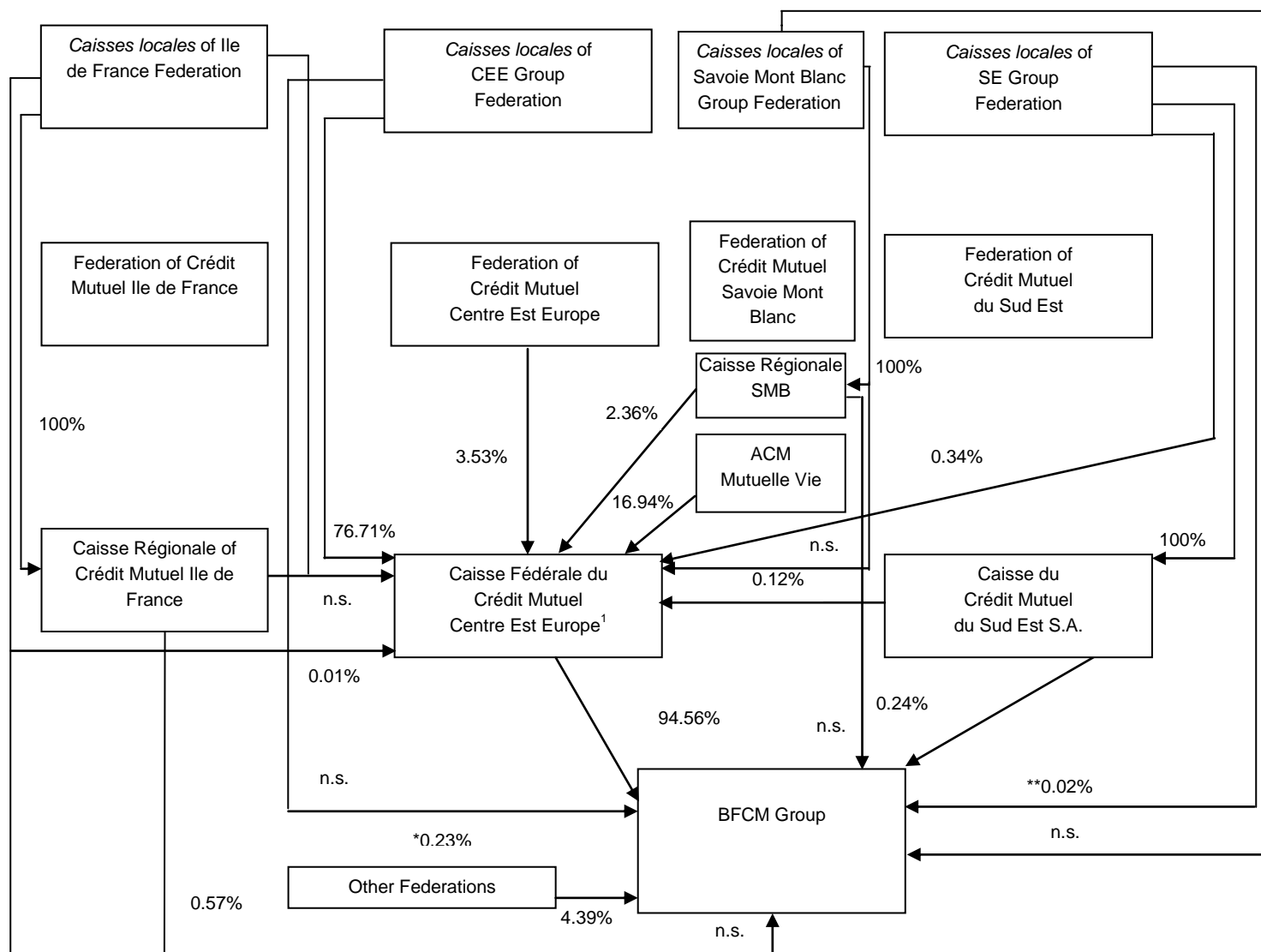
The BFCM Group

The following diagram shows the structure of the BFCM Group as at 31 December 2007:



The BFCM Group forms part of the CEE Group. The following diagram shows the structure of the CEE Group as at 31 December 2007:

The CEE Group



Note:

*/** Caisses locales of CEE Group, SE Group, Ile de France and Savoie Mont Blanc held together 0.26 per cent. of BFCM.

- (1) Joint *Caisse Fédérale* for Centre Est, Sud-Est, Ile de France and Savoie Mont Blanc Federations since 1 January 2006.
- (2) In the table above, 'n.s.' stands for 'non significant'.

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 681 of these 1,988 *caisses locales*.

At the **regional level** each sub-group is generally comprised of 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 is comprised of 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

The total funds collected by CM-CIC on behalf of BFCM and CIC increased by nearly 30 per cent. in 2007. As was the case in 2006, these deposits were invested in the same proportion of 58 per cent. short term and 42 per cent. medium and long term instruments.

There was a very substantial rise in the amount invested in tradable certificates of deposit, which doubled from €14 billion at year end 2006 to €28 billion as at 31 December 2007. The financial crisis of June 2007 was an incentive to many investors to seek security and to entrust their investments to the CM-CIC group.

During this liquidity crisis, the arrangements put in place to manage this crisis demonstrated their effectiveness. Due to the characteristics and availability of our liquid asset portfolio we were able to refinance ourselves in the markets by tendering for funds made available by the European Central Bank when necessary.

2007 saw the setting-up of CM-CIC Covered Bonds, a financial company with restricted aims and objects (bank code 15 848), 99.99 per cent. owned by BFCM and designed to issue AAA graded securities for international investors, guaranteed by residential mortgages granted by the CM-CIC group. In this way, the group was able to develop further capacity for refinance which was essential for the commercial development of the retail banking business.

CM-CIC Covered Bonds made its first two issuances – one in July, in the amount of €2.5 billion with a five-year maturity, and one in November, in the amount of €2 billion with a three-year maturity.

As interest rates rose in the course of the year, we were able to borrow €300 million for an eight-year term at 5.10 per cent., invested in the customer base of Crédit Mutuel – CIC.

There was extensive co-operation with the European Investment Bank during 2007, particularly with regard to the use of the new funding package known as Prêt Global PG XI.

DEPOSITARY OF UNDERTAKINGS FOR COLLECTIVE INVESTMENT — ORGANISMES DE PLACEMENT COLLECTIFS (“OPC”)

Since 29 December 2006, Banque Fédérative du Crédit Mutuel has acted as the custodian for the mutual funds of the CMCEE-CIC Group (i.e. the funds managed by the investment management companies CM-CIC Asset Management, CM-CIC Capital Privé and LBO Partners), and of various outside asset managers.

Since that date, the custody activities exercised by Caisse Fédérale du Crédit Mutuel, Caisse Centrale du Crédit Mutuel and CIC have been transferred to Banque Fédérative du Crédit Mutuel.

Undertakings for Collective Investment are vehicles in the nature of mutual funds (FCPs, SICAVs, FCPE, FCPRs among others), governed by regulations requiring:

- the account holding and custody (of transferable securities and cash primarily), and the holding of positions for other securities, futures, financial instruments and other pure financial instruments in the bearer's name). This business is handled by the specialist entities in the CM4¹-CIC Group;
- the management of OPC/UCI mutual fund liabilities, in particular the processing of subscription and redemptions of OPC mutual funds. This business is handled by specialist structures in the CM4-CIC Group;
- the control of regularity of management decisions of the OPC mutual funds themselves or of fund management companies.

Features of 2007 were:

- the continued restructuring of the depositary business, which commenced in late 2006, for OPC mutual funds in the CM4-CIC Group. Banque Fédérative du Crédit Mutuel is now the custodian of the OPC mutual funds, formerly deposited in Caisse Fédérale du Crédit Mutuel CEE, Caisse Centrale du Crédit Mutuel, CIC, Lyonnaise de Banque, Bonnasse Lyonnaise de Banque and CIC Est;
- a substantial redrafting of the regulations governing the activity of custodian of OPC mutual funds;
- market disruption as a result of the American sub-prime market crisis. Note however that no OPC mutual fund deposited with the Banque Fédérative du Crédit Mutuel held securities backed by sub-prime American mortgages.

At year-end 2007, Banque Fédérative du Crédit Mutuel was the depositary for 717 OPC mutual funds, whose combined total assets under management were worth € 53.4 billion (representing an increase of 4.5 per cent. since 31 December 2006).

The vast majority of the OPC mutual funds deposited with BFCM are managed by fund management companies in the CM4-CIC Group, namely CM-CIC Asset Management for general purpose undertakings for collective investment and employee savings schemes, and CM-CIC Capital Privé and CIC LBO Partners in respect of FCPR mutual funds. BFCM is also the depositary for 16 independent fund management companies.

Key accounts and structured finance

2007 saw contrasting developments:

- the first half of the year continued as it had in 2006, with substantial business in highly leveraged financial transactions entered into by investment funds including large-scale deals which played an increasingly significant role;
- the second half of the year (from July onwards) was marked by the sub-prime crisis, resulting in a more selective approach by the banking sector, a rise in lending margins, and a market driven by purely corporate deals following the withdrawal of investment funds withdrew.

¹ CM4 is made up of the following four federations): Crédit Mutuel Centre Est Europe (Strasbourg), Crédit Mutuel du Sud-Est (Lyon), Crédit Mutuel Ile-de-France (Paris) and Crédit Mutuel Savoie-Mont Blanc (Annecy).

In this context, CM-CIC Key Accounts continued:

- developing its customer base by extending its relationships, to include, among others, virtually all the companies listed in the CAC 40 index;
- reinforcing existing relationships by accelerating the cross-business line approach involving a group-wide approach to the corporate client, including a targeted approach to financial operations and intermediation on behalf of key accounts;
- accelerating progress in the field of payment methods (the group's core business) by continuing to develop know-how in three directions: (i) the implementation of pilot schemes for automated mobile payment, (ii) the preparation of SEPA and the extension of the product offering (cross-border acquisition and (iii) the strengthening of the quality of service and uninterrupted monitoring of transactions in a secure environment.

The development of our selling strategies to customers to include large-scale structured transactions was part of our policy of keeping up a high-quality, low-risk portfolio of lending in a context favourable to the corporate sector.

Such uneven developments could equally be a feature of 2008, the early months of which are still affected by the continuing impact of the sub-prime crisis, and gathering uncertainties with regard to the prospects for economic growth.

In this more difficult context, the Key Account commercial focus will be on establishing strong and balanced relationships at the European level, with a long-term perspective, which should continue to bear fruit.

SHAREHOLDINGS

The total portfolio of investments in subsidiaries and shareholdings, including equity loans, amounted to €4,404.1 million as at 31 December 2007, compared with €3,938.1 million as at 31 December 2006.

Among the transactions affecting the portfolio of shares in subsidiaries during the course of the financial year are:

- **Groupe Républicain Lorrain:** Banque Fédérative took control of this press group by acquiring:
 - 100 per cent. of the equity of **SOLODIF** for €27,675,000;
 - 100 per cent. of **Editions Serpenoises** for €230,000;
 - 71.77 per cent. of the equity of **Groupe Républicain Lorrain Communication** for €43,340,000;
 - 20 per cent. of **IDEL** company for €405,000.
- **CM-CIC Foncière:** this specialist property subsidiary was set up in 2007 alongside CIC, our stake being 60 per cent. (€300,000);
- **Caisse de Refinancement de l'Habitat:** the equitable interest of Banque Fédérative rose from 7.82 per cent. to 20.26 per cent. after a share buyback in the year (165,263 shares for €609,661), the acquisition of 891,346 shares previously owned by CIC (for €14,074,337.56) and the underwriting of 265,739 shares as part of a rights issue (for €4,196,018.81).
- **Club Sagem:** Banque Fédérative acquired 14,000,000 shares for €38.7 million, raising its stake to 25.26 per cent.
- **ICM Finance (Switzerland):** disposal of 100 per cent. of the equity for CHF9,000,000;
- **Crédit Mutuel Participations:** before the merger with CIC Epargne Salariale, Banque Fédérative disposed of its securities to CIC (51.16 per cent. of the equity) for €4,002,628;

- **La Pérennité:** disposal of the shareholding, namely 21.25 per cent. of the equity for €27,989,640;
- **SCI Plateau de Guyancourt:** disposal of the whole shareholding, amounting to 5.46 per cent. of the equity (€41,597)

Finance and similar activities

Groupe Crédit Industriel et Commercial SA (CIC): the CIC group generated consolidated net income of €1,204 million in 2007 and €1,139 million excluding minority interests.

The 10 per cent. fall in net income compared to 2006 is to be explained by the sub-prime crisis, which adversely affected the New York subsidiary, albeit in limited proportions. However, the other businesses continue to make sound progress.

1 Continuing consolidation of the group including Crédit Mutuel

The merger of CIC Banque CIAL and CIC Banque SNVB took place at the end of last year, giving rise to Banque CIC Est. Lyonnaise de Banque which will absorb Bonnasse Lyonnaise de Banque in 2008. The CIC group now has five strong and homogeneous regional entities covering France, a structure which allows for the development of a single national CIC brand.

There is now only one single specialist subsidiary by business line at group level, each subsidiary being of a size sufficient to begin taking initiatives for development abroad. This has occurred with CM-CIC Bail, which has been set up in Belgium, in support of a major vehicle hire company. One of the last subsidiaries to experience such a development will be the entity concerned with employee savings and share ownership schemes arising from the merger between CMP and CIC Epargne Salariale, which was initiated in early 2008.

The unification of the information system was a preliminary condition for these developments, enabling the group to move forward into a phase of optimisation of its functional organisation. This requires a considerable commitment to staff training, with a view to ensuring that every staff member is in a position to provide added value. The positions in question are, primarily, found in the retail network, so that training has both economic gain and professional advancement as its rationale. The programme is an extensive one, which is necessarily supported by careful monitoring of staff. It requires the introduction of new elements, one of which is training centres with increased capacity.

Optimisation of resources also involves the rationalisation of the administrative headquarters, some of which have already been sold and others refurbished. The situation in Paris is still not optimised, as there are many different locations, each with central services.

The group is now in the position to give consideration to business development abroad. The first step was the acquisition of SwissFirst Private Banking, which took place early in 2007. CIAL Suisse will change its name into CIC Suisse. Banque Transatlantique set up a subsidiary in Belgium. In Italy, discussions are underway with the Banca Popolare di Milano, with a view to deepening the strategic partnership which is already in place.

2 The business is progressing, but it has been affected by changes in the general economic environment and the consequences of the financial crisis.

The target set of 4 million customers in the retail network is close to being reached.

The loan book has continued to rise (up 21 per cent. to €114.6 billion), and the growth of balance sheet funds has accelerated (up 20 per cent. to €67.9 billion), as a result of a special drive to raise new funds at market interest rates. There was a further 5 per cent. rise to €220 billion in savings deposited with the bank, under its management and in its custody.

However, the more sluggish growth of the economy generally has had an effect on new lending, where the pace of increase has decelerated slackened somewhat to only 8 per cent., with growth in new home loans being particularly slow at 1 per cent.

The CIC group's net banking income fell by 3.7 per cent., from €4,354 million in 2006 to €4,193 million in 2007.

Certainly, the retail bank's net banking income, which is the core CIC business as it accounts for 69 per cent. of group net banking income, increased by 3.1 per cent. to €2,897 million, and pre-tax profit rose by 3.9 per cent. to €820 million. Net banking income in private banking increased by 12.3 per cent. to €449 million and pre-tax profit rose by 11 per cent. to €181 million. Venture capital net banking income increased by 40 per cent. to €381 million, and pre-tax profit by 43 per cent. to €339 million.

Even so, the finance and market-related banking business felt the adverse effects of the sub-prime crisis, albeit to a limited degree.

The New York subsidiary manages a portfolio of asset backed securities (RMBS and ABS) valued at €3.9 billion on its own account, either for trading purposes or for AFS. It is made up of 91 per cent. AAA rated paper. The exposure to the sub-prime credits amounted to €142 million, of which €67 million were AAA rated securities. However the continued slump in real estate prices led to lower ratings on a number of issuances and to a squeeze on liquidity, resulting in loss of value on the portfolio, which recorded a negative net banking income in the amount of €180 million. The portfolio as a whole was valued at market prices, based on external data from major American brokers, or failing this, on the basis of comparable market-listed securities. However, given the quality of the securities in the portfolio, it should not report a significant loss on maturity.

As a result of continuing sound performance from other business sectors, the finance and market-related business net banking income fell by only 23.7 per cent. or €161 million to €519 million, pre-tax profit being €256 million, down 41 per cent.

There was a 50 per cent. rise in the cost of risk, from €40 million to €120 million, which is attributable wholly to the retail network, in the light of the general trading environment. The cost of risk is nevertheless very low compared to the overall loan book, being no more than 0.11 per cent. as against 0.09 per cent. in 2006, having been 0.13 per cent. in 2005. The rate of coverage for doubtful and disputed debt remains unchanged at 63.6 per cent.

In spite of the substantial rise in loans outstanding, and reduction in profits, the European core capital adequacy ratio of the CIC group, calculated according to the old formula, remains high at 8.2 per cent. The regulatory capital qualifying as core increased by €1 billion in a year to €9.5 billion.

Earnings per share fell from €36.18 to €32.16, as did Return On Equity, which was 15.6 per cent.

The Board will propose to the Annual General Meeting of Shareholders on 22nd May 2008 a net dividend of €4.80 per share, an 8.35 per cent. increase in dividend, in line with the dividend increases of the last three years. The option is available for dividend payment in shares, as last year.

Banque de l'Economie du Commerce et de la Monétique SAS (BECM): BECM is the group subsidiary mainly involved in the medium and large corporate market, and in providing finance to realty professionals: property development, asset-owning companies and asset finance. In the latter segment, BECM is the hub of the CM4-CIC business. In the industrial and commercial enterprise market, BECM is active across the whole of France (and in Germany), providing its customers with highly technical services, both financing their needs and offering them high value added services such as the engineering of domestic and international cash flow, social and financial engineering and market trading services. Out of a concern to enhance the efficiency and coherence of operations within the group, BECM and CIC's network, serving large and medium sized business corporations, has moved to ensure convergence in their procedures and tools, both in the technical and marketing fields and in risk management and monitoring. BECM has also developed a comprehensive asset management business, targeted at senior business executives and decision-makers.

BECM has stood by its policy of sustained business development by notably increasing the pace of its new lending (up 15 per cent.) and of its book sources of funds which, assessed as at monthly average levels, rose 59 per cent. mainly from the issuance of CDNs. As a result, lending margins have substantially increased, by 12 per cent. over their previous levels. Commissions continue to rise as a result of the quality of the bank's staff, and the value-added services and products offered to customers. Risk has been kept at low levels. After an FRBG allowance of €15 million, net book income rose 16 per cent. to €57 million.

CM-CIC Covered Bonds SA: CM-CIC Covered Bonds was approved as a financial company with strictly limited aims and objects (bank code 16848), namely group refinancing by the issuance of covered bonds, following a decision of CECEI on 31 May 2007.

The entity is 99.99 per cent. owned by Banque Fédérative du Crédit Mutuel (BFCM), and its establishment marks the point of completion of the market refinancing arrangements of the CM-CIC Group.

Shareholders' equity is €240 million, made up of:

- €120 million capital stock,
- €60 million indeterminate subordinated loans (Article 4c of the CRBF 90-02),
- €60 million fixed term subordinated loans (Article 4d of the CRBF 90-02).

CM-CIC Covered Bonds, within the legal framework of its €15 billion EMTN programme, issues AAA and Aaa rated covered bonds (ratings from three agencies, namely S&P, Fitch and Moody's). The bonds benefit from a financial guarantee as required by article L431-7-3 of the *Code Monétaire et Financier*, relating to the granting of eligible home loans to customers of the Crédit Mutuel-CIC retail network.

In spite of the market being made particularly difficult by the liquidity and confidence crisis that arose in the course of 2007, caused by write-downs related to the U.S. sub-prime markets, CM-CIC Covered Bonds nevertheless made two issuances in 2007.

The first was for a term of five years in July, raising €2.5 billion, and the second was in November, raising €2 billion for a three year term.

The net book income for 2007, the first year of trading of CM-CIC Covered Bonds, was €366,000. Banque Fédérative's equitable interest in the company is €119,963,300.

Ventadour Investissement SA: acquiring shareholdings in other companies is the main business of Ventadour Investment. The gross value of shares owned outside the Groupe Crédit Mutuel remained at €0.7 million in 2007, as in the previous financial year. The CIC line remained unchanged at €1,060 million, as no transactions took place in 2007, a year in which the Banque Fédérative underwrote 6,000,000 securities for €90 million.

Groupe Sofemo SA: the company's business is mainly focused on arranging payment by instalments and finance packages on sales of goods. Lending to customers rose from €310 million to €423 million in 2007. The book profit was €2.6 million for financial 2007. Shareholders' equity prior to the appropriation of earnings was €22.7 million.

CM-CIC SCPI Gestion SA: 2007 was the year when the management of the two commercial SCPI property companies Crédit Mutuel Immobilier and Ouest Pierre Investissement were consolidated into SCIO. Their total physical assets amounted to 50,000m², and at the close of the financial year ended 31 December 2007 they had earnings of around €100,000.

Banque de Luxembourg: In 2007 the bank's business grew with, deposits increasing by some 9 per cent., following contributions both from the Luxembourg market and from neighbouring countries. In the highly volatile market environment of 2007, Banque de Luxembourg continued to give priority to protection of capital values and regular performance over the long term. As a result, the turbulence of the home loans crisis in the United States had little and isolated impact on customer portfolios.

The performance of the Bank's financial products was in line with the benchmark indexes and broadly above long-term average returns. In 2007 the range of investment solutions proposed by Banque de Luxembourg was extended, as three new funds responding to fundamental change in the markets and to the attractive prospects arose.

Banque de Luxembourg also reinforced its know-how in the specialist investment fund field (SIF) and in the venture capital investment companies known as SICAR in France, remaining faithful to its strategy of providing high value added services.

On 31 December 2007, Banque de Luxembourg carried €14.6 billion on its balance sheet. As compared to the previous financial year, cash deposits from customers increased by 23 per cent. to €11.5 billion and loans to customers by 17 per cent. to €2.1 billion. Assets in cash and securities deposited by customers were worth €66.1 billion, a 9 per cent. increase. As a result of the sound development of the Bank's business, it reported a 3.6 per cent. rise in profit to €71.7 million.

Boréal SAS: Boréal performed well in 2007, in spite of the relatively chaotic economic background. Another feature of the year, however, was the successful acquisition of a new customer, in November.

Revenues increased 4.4 per cent. to €2,999,000, and earnings decreased by 2.6 per cent. to €724,000 after allowance for non-recurrent migration charges.

CM-CIC Lease SA: after two relatively stable years, most property lease and buyback operators reported a significant growth in business in 2007 of an estimated 20 per cent., due to new agreements signed (worth €5.5 billion), including a 4.7 per cent. increase in the number of transactions financed. However, the total assets under management by the leasing industry fell back very slightly after the early exercise of many options, caused by the scale of the property transactions during the past year. The market remains characteristically competitive and margins are being squeezed down.

Against this background, CM-CIC Lease reported 39 per cent. growth in business and more than 20 per cent. growth in the number of transactions financed, without detriment to the quality of risk exposure in new deals and with a level of margin close to that of the previous financial year.

The assets under management by CM-CIC Lease remained stable, at a time when well controlled structural costs and a number of extraordinary transactions generated €19.2 million net income after payment of €7.1 million in commission to networks of business providers.

The make-up of the realty assets financed remained unchanged, comprising 55 per cent. warehouses and industrial premises, 23 per cent. retail premises, 12 per cent. offices and 10 per cent. other buildings.

CM-CIC Asset Management SA: This entity stands at the very centre of the Crédit Mutuel – CIC group asset management business.

CM-CIC AM has reorganised under a new Board, which adopted a three-year business development plan at year-end 2007.

At the end of December 2007, assets under management rose to €53.1 billion from €50.7 billion at year-end 2006. The funds contributed by employees to share ownership and savings schemes under the management of CM-CIC Asset Management amounted to €4.2 billion. In addition to managing these assets CM-CIC AM acted as a book-keeping service provider to 50 other fund management companies holding assets of €10 billion and acting on behalf of 185 OPCVM/UCITS mutual funds.

In France the liquidity crisis affected the inflow of funds into OPCVM mutual funds, which slipped for the first time in 10 years. CM-CIC AM's positioning helped it withstand the crisis, and continuing inflows were regularly received into the money market funds. In spite of the climate of mistrust of vehicles exposed to the securitisation of asset backed securities and credit markets, inflows remained high into these dynamic cash management and absolute performance funds.

In 2007, as in 2006, the management teams achieved an excellent performance, and received many awards in recognition of this. Among these were Lauriers de Bronze from *Investir financier* journal, five *Trophées du Revenu*, three Trophées d'Or, and the Alpha League Table Europerformance/EDHEC award.

2007 revenues rose to €329.5 million from €295.5 million at year-end 2006, an 11.5 per cent. increase over the year, giving net income of around €6 million.

Insurance

Groupe des Assurances du Crédit Mutuel SA (GACM): reported consolidated premium income of €7.792 million for financial year 2007, 2.9 per cent. down on 2006.

The substantial increase in premiums on personal insurance (up 9.7 per cent.), driven by insurance contracts underwritten by borrowers to protect their repayments, and property insurance (up 8.5 per cent.) did not offset the lower inflow (down 6.4 per cent.) of personal savings into insurance-based schemes.

The latter decline occurred in a market where the premiums for life assurance and inflows into with-profits schemes fell by 3 per cent. Note that savers building up assets through traditionally euro-denominated insurance-based schemes were increasingly attracted by more modern multiple-

compartment investment products, whose collections increased by 15 per cent. (in spite of uncertainties affecting the stock market) at a time when euro-denominated products have decreased 38 per cent. compared to 2006.

Liabilities to the policyholders, for which technical provisions were made in the amount of €54.9 billion, increased by 8.2 per cent.

Investments of the funds collected by the insurance business totalled €61.5 billion, of which €6.3 billion were in U.C.

Shareholders' equity at year-end 2007 was €4.635 billion, including earnings before appropriation.

Technical results were headed in the right direction in spite of a decline in activity of life insurance, and collections by insurance-based with-profits savings schemes were combined with the inclusion into the scope of consolidation of new companies (RMA-Watanya and Partners Assurances). As a result, net income of €552 million was generated, 7.7 per cent. up on financial 2006.

The consolidation of GACM into the over-the-counter sales of insurance by the retail banking network, known as bancassurance, operated by BFCM and the group, required some restatements to the figures shown above to meet the IFRS standards in force, the outcome being IFRS net income of €557 million and shareholders' equity before appropriation of earnings of €4.654 billion.

IT services

Euro-Information SAS: Euro-Information had a good 2007 resulting in net profit of €51.2 million. Euro-Information, which owned 10 per cent. of NRJ Mobile, now owns 50 per cent. of its subsidiary, whose business performed in line with forecasts. Banque Fédérative du Crédit Mutuel owns 14 per cent. of the equity.

Property

CM-CIC Participations Immobilières SA: by providing support to property developers in setting up investments in SCI civil property companies, and by supporting residential property development across the whole of France, CM-CIC Participations Immobilières has been instrumental in 10 new property deals on behalf of the Group, for the building of some 600 units of accommodation, generating revenues of €118 million and requiring the investment of €1.9 million of shareholders' funds. Net book income was €2.7 million.

Sarest SA: in 2007 this property developer was unable to bring more than the average amount of new developments on stream, due to delays in the granting of permission for land development. Rights to 127 land subdivisions were sold and 131 reserved, generating revenues of €18.793 million. Sarest also saw its business expand into new regions, in particular the Rhône-Alpes region. Sarest's year-end profit amounted to €1.677 million.

CM-CIC Agence Fédérative Immobilière SAS: CM-CIC Afedim, as an intermediary company selling new residential accommodation, operates under the Hoquet law and on the joint account of the networks of Crédit Mutuel, CIC and the private banking arm. This company acting for the group targets investors and home buyers. The property developments on offer are previously approved by a committee taking its decision on the basis of the combined input from the engagement, asset management and sales entities. In 2007, 2,603 units of accommodation were sold for €447 million, generating €18.4 million in fee income, excluding tax, of which €17.4 million was retroceded to the network. The year-end profit was €309,000.

Sofédim SAS: the profits of this subsidiary now include the initial proceeds of the property developments commenced in 2004, on a partnership basis, providing handsome rewards to the network in terms of the acquisition made. Including the fees from CM4 and CIC property assets arbitraging, and the fees from assistance to the project owners and main contractors, the after-tax profit generated was €340,000.

CM-CIC Foncière SNC: a company set up to provide a structure for construction works relating to the extension of the CM-CIC group training centres at Bischenberg and Verrières le Buisson. 2007 saw the start-up of works which will be financed partly out of capital and partly by bank lending. In the manner of its constitution under law, and by intention, this group company feeds back earnings into the group, although a loss of €101,226 was made at the end of the first financial year.

Media

Société Civile de Gestion des Parts du Crédit Mutuel dans le Journal "L'Alsace": (Crédit Mutuel Management Organ for the *Alsace* newspaper) the 55 per cent. equity owned in the *L'Alsace* press title is recorded in the balance sheet as an asset worth €1.6 million.

Société Française d'Édition de Journaux et d'Imprimés Commerciaux "L'Alsace" SAS: this holding company, which is 23 per cent.-owned by BFCM, controls all the companies of L'Alsace group, with activities in publishing, communications, radio and advertising.

Devestmedia SAS: set up as part of the group's expansion into the media business, Devestmedia's aim is to acquire and manage shareholdings in radio broadcasting. As a minority shareholder, this company is a long-term investor. The year ended with a loss of €1,100.

Ebra SAS: a company set up in partnership with the Est Républicain newspaper, the controlling operator. It acquired Groupe Delaroche, owner of a number of press titles and related businesses (printing, TV, advertising). A reorganisation is underway. Banque Fédérative owns 49 per cent. of the company.

Groupe Républicain Lorrai: being wholly owned by Banque Fédérative through two companies, Solodif and GRLC, this press group, which was acquired in 2007, is currently being reorganised and was thus loss-making in 2007.

Services and other

Réma SNC: the revenues of this subsidiary specialising in the resale of equipment, fell by 8.3 per cent. from €15.6 million to €14.3 million, the year ending with profits of €67,743 million, a 12 per cent. increase on the previous year.

Bischenberg SA: revenues were close to €3.4 million, a 12 per cent. increase, gross pre-tax profit being €120,000. External customers generated 25 per cent. of revenues, substantially down on 2006. A high room occupancy rate of around 70 per cent. outside the school holiday period was recorded. Revenue losses through providing accommodation to customers in external hospitality facilities were €146,000 and the outsourcing of business worth €64,000 to Villa Mathis significantly dented revenues. The first phase of extension works began at year end.

Sofédis SA: revenues at €43.9 billion were higher than 2006, net income being €2,200,000.

Devest 6 SA: through lease and buyback arrangements with a local partner, the company continues to manage and deliver services to the aerospace industry.

Trends and prospects

The advent of new participants in the domestic market will heighten competition. Uncertainty as to the future of interest rates and the impact of the American recession gives reason to believe that 2008 will be chaotic. A historically well controlled business expansion in the interests of our customers and historic members, combined with well managed costs and risks, should ensure that we can overcome the difficulties likely to come our way. The development of our tools, supported by regular training delivered to employees, provides quality assurance for our products and services.

CONSOLIDATED ANNUAL RESULTS OF BFCM FOR 2007

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

Balance sheet

The balance sheet as at 31 December 2007 stood at €154.6 billion, a 29.8 per cent. rise on the previous financial year.

Liabilities to credit institutions took the form of deposits from the Caisses de Crédit Mutuel des Fédérations Centre Est Europe, Sud-Est, Ile-de-France and Savoie-Mont Blanc, operating through the Caisse Fédérale du Crédit Mutuel Centre Est Europe (CFCMCEE). Deposits rose to €36.5 billion, or by 4.8 per cent., compared to 2006.

Customer accounts in credit, recorded as liabilities in the balance sheet, were €3.7 billion, a sum mainly made up of OPCVM mutual fund instant access accounts in credit, worth €3.1 billion, and customer accounts in credit and fixed term borrowing from customers, in the amount of €0.6 billion.

Securities loaned, securities in the interbank market and debt securities of €30.9 billion, added to bonds worth €28.6 billion, generated funds in the form of securities worth €59.5 billion.

The fund for general banking risks in the amount of €61.6 million and the €1.6 billion in Super Subordinated Securities remained unchanged from one financial year to the next. Shareholders' equity and quasi equity stood at €4.5 billion before appropriation of earnings for the financial year.

On the asset side, the role played by BFCM as the central treasury management entity of the CM4-CIC group resulted in outstanding loans from credit institutions in the amount of €135.2 billion. The refinancing granted to CFCMCEE to fund the lending by Caisses de Crédit Mutuel makes up the majority of this at €50 billion. On the other hand, the specific use of funds by Caisse Fédérale du Crédit Mutuel CEE is refinanced in the amount of €23.5 billion. The Banque Fédérative refinancing activity also extends to Banque de l'Economie du Commerce et de la Monétique, and to the entities of the CIC Groupe. The funds allocated to these entities are €43.5 billion.

Transactions with customers amounted to €3.8 billion, lending being mainly to major corporations.

Investment in trading securities, securities held for sale and securities held to maturity are the other uses to which treasury was put (€8.4 billion).

Shareholdings in related companies, amounting to €4.2 billion, are mainly made up of equity in CIC (€2.6 billion) and in Groupe des Assurances du Crédit Mutuel (€659 million).

Profit and loss account

Interest and equivalent income amounted to €11.3 billion, of which €10.6 billion related to lending to credit institutions.

Interest and equivalent expenses were €11.2 billion. The interest payable to credit institutions (€8.4 billion) and interest on securities issued (€2.7 billion) account for the majority of interest expense.

The revenue from securities, at €351.2 million, was wholly made up of dividends paid by Investessor (€130.1 million), by CIC (€110.7 million), by Groupe des Assurances du Crédit Mutuel (€50 million), by BECM (€18.7 million) and by CM-CIC Lease (€11 million).

Given commissions and other operating items, net banking income rose to €288 million from €267 million in 2006.

General operating expenses amounted to €40.9 million.

Furthermore, the sum of €13,866 was recorded as rental payments and depreciation of company vehicles, an amount not allowable in deduction of taxable profit, and thus included in taxable income at the standard rate.

Finally, income for the financial year rose 21.5 per cent. to €254.3 million in 2007, from €209.1 million in 2006.

Financial statements

Under EU regulation 1606/2002 on the application of international accounting standards and EU regulation 1725/2003 in regard to the adoption of those standards, the consolidated financial statements are drawn up according to the IFRS framework adopted by the European Union, as of the date of close-out. The IFRS framework includes the IAS standards, IFRS standards 1 to 7 and the interpretations adopted to date. The summary documents are presented in accordance with recommendation CNC 2004-R.03.

Analysis of balance sheet

The total consolidated balance sheet assets drawn up under IFRS of the BFCM group are €395.9 billion, as against €339 billion in 2006, a rise of 16.8 per cent.

The financial liabilities assessed at fair value through profit or loss (“FVTPL”) amounted to €65.6 billion in 2007 as against €26.6 billion in 2006. These are mainly the liabilities from derivatives and other financial trading and debts to credit institutions at FVTPL.

The value of the other debts to credit institutions (€82.1 billion) fell by 20.6 per cent. from one financial year to the next.

Issuances of securities other than those valued at FVTPL were made in the amount of €99.8 billion in total, as against €72 billion in 2006 (up 38.5 per cent.). Interbank market securities and tradable notes accounted for the majority of issuances in the amount of €68.5 billion, followed by bond debt (€30.7 billion). The balance under this heading is made up of short term borrowing and other securities.

The liabilities to customers on the liabilities side is made up of customer deposits in the form of savings schemes, including receivables on loans attaching to them. Deposits increased by 14.6 per cent. to €70 billion in 2007, reflecting a substantial recovery in the flow of funds for savings purposes. The contribution from CIC entities alone amounted 93 per cent. of the total or €64.8 billion.

Technical provisions on insurance contracts representative of liabilities in respect of the policyholders amounted to €45.4 billion or 7.5 per cent. more than the past financial year. Most of this (€40.7 billion) was made up of customer savings entrusted to the insurance companies of the Groupe Assurance du Crédit Mutuel.

The minority interests on the liabilities side (€1.8 billion at year-end 2007) relate primarily to other Crédit Mutuel groups in the GACM (23.5 per cent. of whose equity they own) and to the other, external shareholders of the CIC (8 per cent. of the equity).

On the assets side, investments in the interbank market rose by 1.9 per cent. from 2006 to 2007, to €97 billion.

Lending to customers amounted to €121.7 billion on 31 December 2007, an increase of 21.7 per cent. over the previous financial year. More than 90 per cent. of lending took place through CIC entities. The trend over the period was one of a substantial rise in lending.

The value of the financial instruments assessed at FVTPL was recorded at €97.3 billion, as against €65.5 billion in the previous year.

Goodwill on the assets side (€664.4 million) related mainly to the acquisition of CIC securities (€505 million residual goodwill).

Analysis or profit and loss account

In 2007, the BFCM Group saw its attributable net profit fall from €1,642.5 million to €1,464.4 million, as a result of lower net banking income in the market-related business and holding activities.

The rising cost of funds, particularly the cost of refinancing, which the group had to call upon in order to finance its strong growth, depressed the rate of earnings growth in retail banking (up 2.6 per cent.), whereas earnings from the finance and market-related business were marginally affected by the credit crisis (down 36.7 per cent.). Insurance (up 13.9 per cent.), private banking (up 14.3 per cent.) and venture capital (up 21 per cent.) reported satisfactory improvement in their earnings.

The net banking income of the BFCM Group fell by 4.8 per cent. from €5.7 billion to €5.4 billion.

The underwriting of insurance business through the retail banking “high street” network, known as *Bancassurance de proximité*, is the core businesses of the BFCM Group, accounting for 75.9 per cent. of the group’s net banking income. Net banking income rose by 2.5 per cent. from €4,009 million to €4,110 million.

The other businesses also contributing to the rise in net banking income were private banking (up 14.4 per cent.) and venture capital (up 26.4 per cent.), although net banking income fell in the finance banking

and market trading businesses with a decrease of 54.7 per cent. for the market-related activities and in the holding activity.

General expenses rose 2.8 per cent. compared to the previous year, to €3,084.3 million.

The operating coefficient rose from 53 per cent. to 57.2 per cent.

The cost of risk rose from 0.10 per cent. to 0.90 per cent. of the total of the gross outstanding loan book in 2007, and in absolute terms was booked at €127.6 million in 2007 as against €89.9 million in 2006.

The rate of coverage of doubtful and bad debt was 66.4 per cent. in 2007.

Pre-tax profit excluding extraordinary items fell by 13.6 per cent. from one financial year to the next, to €2.3 billion.

Analysis by Activity

Description of activity branches

The activities as described below reflect the organisation of the BFCM Group.

- Retail banking is the core business of the BFCM Group and includes the BECM network, the CIC regional banking network and the CIC Ile-de-France network, as well as all the specialised activities whose products are marketed by the retail network: moveable property lease and buyback, real property lease and buyback, PNF finance packages on sale of goods, factoring, mutual fund management, employee share ownership and savings schemes, and property management.
- Insurance products developed through the Groupe des Assurances du Crédit Mutuel (GACM) and its subsidiaries are marketed by the retail network. The GACM companies operate in the French life and non-life assurance markets, in insurance broking, in re-insurance, in remote supervision, and in financial schemes covering automotive maintenance.
- The finance and market trading business is twofold:
 - first, lending to or financing major business corporations and institutional customers, value added finance (project and asset finance, export finance etc.), as well as the financing of the bank's own international operations and foreign branches; and
 - secondly, the BFCM and CIC market trading activities form part of the single CM-CIC Market entity, under a single management.

The market trading activities are organised into three business lines, namely refinancing, buying and selling for third parties, and trading on own account. Trading takes place on two sites (Paris and Strasbourg) and is reported in two balance sheets:

- BFCM, for the refinancing business; and
- CIC for the buying and selling for third parties and own account business lines.
- Private banking covers the companies with private banking as their main business object, 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).
- The development capital business, transacted on own account, is a significant source of earnings, the business being organised around three main entities: CIC Finance, CIC Banque de Vizille and IPO.
- The structure and holding branch covers those activities not ascribable to another branch and hence lodged in the holding company; as well as purely logistics organisations, such as intermediate holding companies and property management services accommodated within specific companies.

Results by activity

Retail banking

<i>(millions of Euros)</i>	2007	2006	Change 2007/2006
Net banking income	3 151	3 099	+1.7%
General expenses	(2191)	(2108)	+3.9%
Gross operating profit	960	990	-3.1%
Cost of risk	(114)	(115)	-0.9%
Operating profit	846	875	-3.3%
Pre-tax profit	862	881	-2.2%
Net book profit	590	575	+2.6%

In 2007, the BFCM Group continued its network development strategy.

Overall, the net banking income of the retail side of the business of the BFCM Group (58 per cent. of group net banking revenues) rose by 1.7 per cent.

General expenses increased by 3.9 per cent. over 2006, and the operating coefficient rose from 68 per cent. in 2006 to 69.5 per cent. in 2007.

Gross operating profit fell by 3.1 per cent.

Pre-tax profit fell 2.2 per cent. from €881 million to €862 million. Retail banking net income was €590 million, accounting for 34.6 per cent. of total net income.

The bank's business development strategy is assessed on the basis of the numbers from the CIC networks and the numbers from the BECM network.

With respect to the 2,055 branches in the CIC network, generating nearly 92 per cent. of the gross banking income of the retail banking system, the priority was commercial development, the achievements of which were:

- a 4.9 per cent. increase in the number of customers (up 185,000), including private individuals, professionals, self-employed individuals and small businesses, and medium and large corporations (3,988,325 as at 31 December 2007, of which 673,498 were corporate and professionals);
- boosting lending to customers by 8 per cent., particularly consumer credit (up 19 per cent.), lending for the purposes of capital investment, and corporate operating credits (up 16 per cent.), the total value of outstanding loans rising by 19 per cent.;
- a 14 per cent. increase in the amounts held on deposit and a 7 per cent. increase in savings under management and in custody;
- a real boost to the property and casualty insurance business (a 20 per cent. rise in number of contracts for MRH-Automobile and 20 per cent. in life insurance);
- boosting the services businesses.

BECM, a subsidiary of the BFCM Group, operates mainly in corporate finance and the finance of real estate dealers, managers and developers, both in France and Germany (property development, freehold land deals, and asset finance). There was a committed policy of business growth, reflected in the highlights set out below:

- substantial rise in loans granted (up 15 per cent.);
- rise in funds raised and entered in the books (up 19.2 per cent.);

- net banking income of €162.4 million, a rise of 8.8 per cent. on 2006;
- net income rising by 13 per cent. to €71.5 million.

Insurance

<i>(in millions of Euros)</i>	2007	2006 <i>Proforma</i>	2006 <i>Published</i>	<i>Change 2007/2006</i>
Net banking income	960	892	910	+7.6%
General expenses	(278)	(264)	(282)	+5.2%
Gross operating profit	682	628	628	+8.6%
Cost of risk	0	(0)	(0)	Ns
Operating profit	682	628	628	+8.6%
Pre-tax profit	710	639	639	+11%
Net book profit	490	430	430	+13.9%

At the BFCM Group level, insurance accounts for some 18 per cent. of net banking income and 29 per cent. of net book profit. The assessment of the second largest business in the Group relies on the key performance indicators of GACM's insurance business (nearly 76.5 per cent. owned by BFCM Group):

- 6.5 million policyholders (up 4.8 per cent. on 2006), with more than 18 million contracts underwritten (up 8.2 per cent. over 2006);
- overall consolidated premium income (life, non-life) of €7.8 billion, a fall of 2.8 per cent. compared to 2006;
- an 8 per cent. rise in funds under management collected from life insurance premiums; rising to €50.4 billion in 2007 from €46.7 billion in 2006;
- commissions paid to the various networks rose 8.7 per cent., including a 70 per cent. increase in loans over four years.

Investment banking and market trading

<i>(in millions of euros)</i>	2007	2006	Change 2007/2006
Net banking income	611	815	-25.1%
General expenses	(279)	(317)	-12.0%
Gross operating profit	332	499	-33.4%
Cost of risk	(7)	32	-122.2%
Operating profit	325	531	-38.8%
Pre-tax profit	325	531	-38.8%
Net book profit	233	368	-36.7%

Net banking income fell by 25.1 per cent. as compared to 2006, mainly as a result of market trading, generating net banking income which fell by 54.7 per cent., due to the U.S. home loans crisis and its effect on the New York branch.

The New York branch has a portfolio of €3.9 billion in residential mortgage backed securities (RMBS) and asset backed securities (ABS), of which 91 per cent. are AAA rated (33 per cent. agency and 58 per cent. non agency AAA).

The exposure within these portfolios to the subprime credits is €142 million, of which €67 million were AAA rated.

Given the impaired value of these securities and the illiquidity of their markets, as at 31 December 2007, the portfolio recorded as a negative item in the amount of €180 million, in terms of net banking income.

This entire portfolio was valued at market prices from external data provided by the major American brokers themselves or, when no price was available, from the comparable market-listed securities.

Special attention was granted to, and a detailed appraisal made of, this portfolio. Because the quality of the securities held was (91 per cent. AAA rated), the BFCM Group does not believe that there is to date a significant risk of loss on maturity. The BFCM Group is also not involved in collateralised debt obligations or similar, nor in structured investment vehicles (SIVs) or asset backed commercial paper (ABCP).

The overall net banking income from market trading and intermediation fell from €538 million in 2006 to €244 million in 2007, a fall of 54.7 per cent.

The net banking income of the investment bank increased by 32.5 per cent. from €277 million in 2006 to €367 million in 2007.

The BFCM Strategic Accounts business accounted for 10.9 per cent. of the net banking income of the investment bank, as against 7 per cent. in 2006.

The corporate business of the foreign subsidiaries reported an 18.4 per cent. rise in net banking income as compared to 2006.

The net income of the financing business and market trading was €233 million, as compared to €368 million in 2006.

Private banking

<i>(in millions of Euros)</i>	2007	2006	Change 2007/2006
Net banking income	449	392	+14.4%
General expenses	(261)	(233)	+12.4%
Gross operating profit	187	160	+17.3%
Cost of risk	(6)	(5)	+28.7%
Operating profit	181	155	+16.9%
Pre-tax profit	181	155	+17.0%
Net book profit	135	118	+14.3%

This specialist business of the BFCM group is exclusively in the hands of CIC entities. Its net banking income (8 per cent. of the group's) increased by 14.4 per cent. to €449 million for the year-ended 2007. Gross operating profit increased by 17.3 per cent., from €160 million to €187 million.

Private banking net income, accounting for 7.9 per cent. of the group's net income, rose by 14.3 per cent. compared to 2006, to €135 million.

Venture capital

<i>(in millions of Euros)</i>	2007	2006	Change 2007/2006
Net banking income	424	335	+26.4%
General expenses	(42)	(34)	+23.0%

Gross operating profit	382	302	+26.8%
Cost of risk	(0)	(1)	n/a
Operating profit	382	300	+ 27.3%
Pre-tax profit	382	300	+ 27.3%
Net book profit	367	303	+21.0%

Net banking income from the venture capital business, accounting for 8 per cent. of the group's net banking income, surged by 26.4 per cent. to €424 million, in a strong market.

Nearly 90 per cent. of the net banking income was generated by the three entities making up the CIC (alongside CIC Finance, IPO, and Banque de Vizille). Investment outlays rose by 94 per cent. from €220 million in 2006 to €426 million, the total portfolio being worth €1.592 billion after revaluation.

The funds invested by BFCM were close to €171 million in 2007 as compared with €254.4 million in 2006. Capital gains of €40 million were also made in 2007 on the Investessor shareholding.

The net income attributable to the venture capital business line rose 21.5 per cent. to €367 million in financial 2007, accounting for 21.5 per cent. of group net income.

Structure and holding

<i>(in millions of Euros)</i>	2007	2006	Change 2007/2006
Net banking income	(182)	132	-314
General expenses	(58)	(54)	-4
Gross operating profit	(240)	78	-318
Cost of risk	0	(0)	n/a
Operating profit	(240)	78	-318
Pre-tax profit	(207)	100	-307
Net book profit	(111)	88	-310

The net banking income of the BFCM group holding company and structure was generated by its main subsidiaries CIC Holding and CIC Participations, which generated:

- capital gains on disposals of securities of €11 million, including other proceeds from securities;
- the cost of the negative working capital in this activity and the holding company expenses in the amount of €87 million;
- dividends of €23 million from shareholdings.

The main change affecting the net banking income of the structure and holding activity came from the CIC Participations subsidiary, affected by the conversion option of the Banca Popolare di Milano convertible bond, resulting in a negative entry of €93 million in 2007, as against a positive €167 million in 2006.

Other appropriations to the BFCM structure and holding sector were:

- capital gains on disposals of investment securities in the amount of €4.3 million including other proceeds from securities;
- dividends of €8 million from shareholdings.

The BFCM Group recorded €30.2 million income attributable to it from the companies consolidated by CMCP (€13.2 million) and by Euro-information (€16.9 million), consolidation being by the equity method.

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:

Name/Address/Current Position	Principal Occupation/Other Directorships and Business Experience
<p>M. Etienne PFLIMLIN Address: 17, rue des Charpentiers 67100 Strasbourg <i>Chairman of the Board of BFCM</i></p>	<p>Chairman of the Board: 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</p> <p>Chairman 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"</p> <p>Director: Groupe des Assurances du Crédit Mutuel – Société Française d'Edition de Journaux et d'Imprimés Commerciaux "L'ALSACE – FIMALAC "</p> <p>Member of the supervisory Board: Journal "Le Monde S.A." – Le Monde et Partenaires Associés – Société Editrice du Monde</p> <p>Permanent representative: of Fédération du Crédit Mutuel Centre Est Europe (Director of Sofédis, member of board of the management Euro-Information), of Caisse Centrale du Crédit Mutuel (Director of CM-CIC AM), of Crédit Industriel et Commercial (director of Banque Scalbert Dupont-CIN, Crédit Industriel de l'Ouest, Société Bordelaise du CIC and CIAL until 20 December 2007)</p>
<p>M. Michel LUCAS Address: 91, rue Jouffroy d'Abbans 75016 Paris <i>Chief Executive Officer and Director</i></p>	<p>Chief Executive Officer: Confédération Nationale du Crédit Mutuel</p> <p>President of Board of Directors: Crédit Industriel et Commercial</p> <p>Chairman of the Board: Banque du Crédit Mutuel Ile-de-France - Groupe des Assurances du Crédit Mutuel, Assurances du Crédit Mutuel Vie S.A. – Assurances du Crédit Mutuel Vie SFM – Assurances du Crédit Mutuel Iard SA</p> <p>Chairman of the supervisory Board: – Euro Information Production</p> <p>Chairman: Crédit Mutuel Cartes de Paiement</p>

Name/Address/Current Position	Principal Occupation/Other Directorships and Business Experience
	<p>Vice-Chairman: Europay France – Mastercard Europe Region - Banque de Luxembourg</p> <p>Chief Executive Officer – Director: Fédération du Crédit Mutuel Centre Est Europe – Caisse Fédérale du Crédit Mutuel Centre Est Europe</p> <p>Director: ACM Iard – Astree – Assurances générales des caisses des jardins – Banque de Tunisie – CIC Banque Transatlantique – Banque Transatlantique Belgium – Caisse de Crédit Mutuel Grand Cronenbourg » - Crédit Mutuel Paiements Electroniques –CIC Investissements – CIC Finance – CIC Lyonnaise de Banque – SOFEDIS</p> <p>Member of the Board of the Management: Euro-Information – Euro-Information Développement – Ebra</p> <p>Member of the supervisory Board: Banque de l'Economie du Commerce et de la Monétique – Fonds de Garantie des Dépôts – CM-CIC Asset Management – Manufacture Beauvillé – SAFRAN</p>
<p>Mme Marie-Paule BLAISE Address: 16, rue de la Ménagerie 67100 Strasbourg <i>Director</i></p>	<p>Chairman: Union des Caisses de Crédit Mutuel de la Communauté Urbaine de Strasbourg</p> <p>Chairman of the Board: Caisse de Crédit Mutuel Strasbourg Europe</p> <p>Director: Fédération du Crédit Mutuel Centre Est Europe</p>
<p>M. Jean-Louis BOISSON Address: 20, rue Piron 21000 Dijon <i>Director</i></p>	<p>Chairman: Union des Caisses de Crédit Mutuel du District de Bourgogne Champagne</p> <p>Chairman of the Board: Caisse de Crédit Mutuel de Montbard Venarey</p> <p>Vice-Chairman of the Board: Fédération du Crédit Mutuel Centre Est Europe</p> <p>Vice-Chairman of the supervisory Board: Banque de l'Economie du Commerce et de la Monétique</p> <p>Director: Confédération Nationale du Crédit Mutuel – Caisse Fédérale du Crédit Mutuel Centre Est Europe</p> <p>Member of the supervisory Board: EI Production</p>
<p>M. Pierre NEU Address: 12, rue Gutenberg 67160 Wissembourg <i>Director</i></p>	<p>Chairman: Union des Caisses de Crédit Mutuel du District d'Haguenau</p> <p>Chairman of the Board: Caisse de Crédit Mutuel Alsace du Nord</p> <p>Director: Fédération du Crédit Mutuel Centre Est Europe</p> <p>Member of the supervisory Board: Editions Coprur</p>
<p>M. Maurice CORGINI Address: 8, rue des Abbayes 25110 Baumes les Dames <i>Director</i></p>	<p>Chairman: Union des Caisses de Crédit Mutuel du District de Besançon</p> <p>Chairman of the Board: Caisse de Crédit Mutuel Beaume-Valdahon-Rougemont</p> <p>Director: Fédération du Crédit Mutuel Centre Est Europe - Caisse Agricole Crédit Mutuel</p> <p>Member of the supervisory Board: Crédit Industriel et Commercial</p> <p>Co-Manager: Cogithommes Franche-Comté</p>
<p>M. Gérard CORMORECHE Address: Domaine des Rosarges 01700 Les Echets <i>Director</i></p>	<p>Chairman: 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</p> <p>Director: Confédération Nationale du Crédit Mutuel – Caisse Fédérale du Crédit Mutuel Centre Est Europe - Société des Agriculteurs de France</p> <p>Vice-Chairman of the supervisory Board: Crédit Industriel et Commercial – CMAR (Crédit Mutuel Agricole et Rural)</p> <p>Manager: Scea Cormoreche Jean-Gérard – Sàrl Cormoreche</p> <p>Permanent representative: de la CCM Sud-Est (Conseil d'Administration de ACM Vie Sfm)</p>
<p>M. Eckart THOMÄ² Address: 33, rue de l'Eglise – 14980 Rots <i>Director</i></p>	<p>Functions of SAS CLOE: Director: Synergie Finance Member of the supervisory Board: CM-CIC AM</p> <p>Functions of M. THOMÄ Chairman: SAS CLOE</p> <p>Chairman of the Board: Fédération du Crédit Mutuel Normandie Caisse Fédérale du Crédit Mutuel de Normandie – NORFI – Créavenir – Caisse locale de Caen Centre</p> <p>Director: Confédération Nationale du Crédit Mutuel</p> <p>Chairman: Commission "Vie Associative" confédérale</p> <p>Member: Commission "Vie Sociale" confédérale</p> <p>Permanent representative: of Fédération du Crédit Mutuel Normandie (Chairman of the GIE CLOE Services, on Centre International du Crédit Mutuel, – de la Caisse Fédérale de Normandie, on Board of Directors of GACM)</p>
<p>M. Roger DANGUEL</p>	<p>Chairman: Union des Caisses de Crédit Mutuel du District de Sélestat</p>

² Following the Board meeting on 4 July 2008, M.Eckart THOMÄ will be succeeded by M.Jean-Pierre SCHNEIDER.

Name/Address/Current Position	Principal Occupation/Other Directorships and Business Experience
<p>Address: Quai de l'III 67600 Sélestat <i>Director</i></p>	<p>Chairman of the Board: Caisse de Crédit Mutuel de Sélestat-Scherwiller Director: Fédération du Crédit Mutuel Centre Est Europe Member of the supervisory Board: Banque de l'Economie du Commerce et de la Monétique</p>
<p>M. Jean-Louis GIRODOT Address: 5, rue Dufrenoy 75116 Paris <i>Director</i></p>	<p>Chairman: Caisses de Crédit Mutuel: Arcueil, Aubergenville, Chaville, Colombes, Eaubonne, Issy les Moulineaux, Le Petit Clamart, le Plessis Robinson, Le Raincy, Lieusaint-Carre Sénart, Meudon-Bellevue, Montereau-Fault-Yonne, Montrouge, Nanterre Ville, Neuilly sur Seine Sablons, Ozoir la Ferrière, Paris 17 Cardinet, Paris 20 Maraîchers, Paris Batignolles, Paris Saint Dominique, Paris Reuilly St Antoine, Plaine Saint Denis, Saint Cheron, Saint Cyr l'Ecole, Saint Michel sur Orge, Saint Rémy les Chevreuse, Sarcelles, Sceaux, Verneuil sur Seine, Versailles Saint Louis, Vert-St-Denis, Viroflay, Vitry-sur-Seine. Chairman of the Board: Fédération du Crédit Mutuel Ile-de-France – Caisse Régionale du Crédit Mutuel Ile-de-France Chief Executive Officer: Coopérative d'Edition de la Lettre de l'Economie Sociale ("CODLES") Chairman: Chambre Régionale de l'Economie Sociale (CRES) – AUDIENS – PEMEP. Vice-Chairman: Conseil Economie et Social d'Ile-de-France – Fédération Nationale de la Presse spécialisée (FNPS) Vice-Chairman of the supervisory Board: Cosmedias SA Director: 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: of Caisse Régionale du Crédit Mutuel Ile-de-France (Board of Directors of ACM Vie SFM) – (Commission paritaire des Publications et Agences de Presse)</p>
<p>M. Jacques HUMBERT Address: 16, rue de l'Eglise 68290 Bourbach le Bas <i>Vice-Chairman of the Board</i></p>	<p>Chairman: Union des Caisses de Crédit Mutuel du District de Mulhouse Chairman of the Board: Caisse de Crédit Mutuel La Doller Director: 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: of ADEPI au Conseil d'Administration du GACM</p>
<p>M. Robert LAVAL Address: 140, A rue du Général de Gaulle 57560 St Quirin <i>Director</i></p>	<p>Chairman: Union des Caisses de Crédit Mutuel du District de Sarrebourg Chairman of the Board: 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'Economie du Commerce et de la Monétique Permanent representative: CCM Sarrebourg et Environs: Manager of SCI Crédit Mutuel Les Cordeliers Directeur: Retirement house « Sainte Véronique » - Retirement house « La Charmille »</p>
<p>M. Jean-Paul MARTIN Address: 21, clos des Lilas 57155 Marly <i>Director</i></p>	<p>Chairman: Union des Caisses de Crédit Mutuel du District de Metz Chairman of the Board: CME 57 Director: Fédération du Crédit Mutuel Centre Est Europe</p>
<p>M. Albert PECCOUX Address: 162, route de l'Eglise 74370 Saint Martin Bellevue <i>Director</i></p>	<p>Chairman: 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-Chairman of the Board: Caisse de Crédit Mutuel d'Annecy-les-Fins Director: Confédération Nationale du Crédit Mutuel – Caisse Fédérale du Crédit Mutuel Centre Est Europe Member of the supervisory Board: Crédit Industriel et Commercial Permanent representative: of CRCM Savoie-Mont Blanc on Board of Director ACM Vie SFM</p>
<p>M. Alain TETEDOIE Address: 5, rue des Péniches 44450 Saint Julien des Concelles <i>Director</i></p>	<p>Chairman: FITEGA Chief Executive Officer: Nanteurop Chairman of the Board: Fédération du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest – Caisse Fédérale de Crédit Mutuel de Loire-Atlantique et du Centre-Ouest Vice-Chairman of the Board: Caisse de Crédit Mutuel of Saint-Julien de Concelles Vice-Chairman of the supervisory Board: BCME Chairman of the supervisory Board: Pfalzeurop (GmbH) Director: Confédération Nationale du Crédit Mutuel – ATARAXIA Member of the supervisory Board: Crédit Industriel et Commercial - Suravenir – INFOLIS Censor: Suravenir Assurances holding</p>

Name/Address/Current Position	Principal Occupation/Other Directorships and Business Experience
	Permanent representative: of Caisse Fédérale de Crédit Mutuel de Loire-Atlantique et du Centre-Ouest (Chairman of INVESTLACO, on Board of Directors of GACM, on the supervisory Board of SODELEM as from October 2006 – of Suravenir Assurances, Director of Suravenir Assurances) – of société EFSA (Director of CIO-BRO)
M. Gérard OLIGER Address: 11, rue Victor Hugo 57720 Volmunster <i>Director</i>	Chairman: Union des Caisses de Crédit Mutuel du District de Sarreguemines Chairman of the Board of Directors: Caisse de Crédit Mutuel Emile Gentil (Volmunster) Director: Fédération du Crédit Mutuel Centre Est Europe

Extract of the Report on the operations of the Board and internal control procedures

The provisions of article L 225-37 of the *Code de Commerce* specify that the Chairman of the Board of a *société anonyme* (public limited company) should, in a report attached to the annual report, give an account of the conditions whereby the work of the Board was prepared and organised, including the procedures for internal control set out by the company and limitations (if any) set upon the powers of the Managing Director.

1. Preparation and organisation of the work of the Board

Make-up of the Board

The Board of Banque Fédérative du Crédit Mutuel currently comprises 16 members appointed by the Annual General Meeting of Shareholders for a term of three years and by four *censeurs* also appointed for a three year term by the Board pursuant to Article 20 of the *statutes*. The list of board members showing the responsibilities exercised in other companies is shown in an appendix in accordance with legal requirement. The Board includes representatives of partner groups (Ile-de-France, Savoie-Mont Blanc and 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* (Inter-federal Works Council).

No attendance fees are paid nor stock options granted to members of the Board.

The Chairman and the Managing Director will, in respect of their responsibilities within the Group, receive compensation determined in accordance with the required procedures, by decision of a Compensation Committee.

Operation of the Board. Exercise of general management responsibilities

Under Article L 225-51-1 of the *Code de Commerce*, the Board has opted for a dual approach to the exercise of general management responsibilities.

The Chairman of the Board is Mr. Etienne PFLIMLIN, and in this capacity he represents the Board, organises and directs the working of the Board and ensures that the directors are able to fulfil their duties.

The head of general management is Mr. Michel LUCAS, and in this capacity by law he is vested with extensive powers to act in the name of the company and represent it in respect of third parties.

There are no formal internal rules setting out the manner in which the Board is to operate. The Board is governed by legal provisions.

On an individual level, in addition to the obligations to respect confidentiality and professional secrecy with regard to the company and its aims and objects, the directors shall in their capacity as elected members respect the code of ethics in force in the Group.

In 2007, the Board met on six occasions, on average 80 per cent. of members were in attendance.

At each meeting of the Board, a dossier covering the points on the agenda is sent by mail to all directors, *censeurs* and representatives of the Works Council. At each meeting, managers with responsibility for business lines or activities covered by one or more points on the agenda are invited to make representations, comment, or respond to questions. The minutes of the meetings are sent to all directors.

All these Board meetings deal with matters relating to shareholdings, intra-group financial relationships, decisions on loans taken by the Credit Committee, and, if necessary, the affiliation of new local entities, known as *Caisses*.

The length of meetings varies according to the amount of business on the agenda, and the matters under discussion.

The number of meetings may vary from one financial year to another in the light of circumstances, although for the last few years no fewer than four meetings have been held in any one year.

Exceptionally, under consultation may be organised in cases of emergency. Any decisions taken in this case are brought to the notice of the following Board meeting for approval.

2. INTERNAL CONTROL PROCEDURE

The BFCM internal control procedure is part of the overall arrangements for internal controls implemented for the CM4³ -CIC, as described below.

The purpose of the work undertaken in respect of internal control is to oversee the application of all of the rules required by the supervisory authorities in performance of the Group's business by relying on the tools, frameworks and procedures set up for this purpose. Within that framework, this report was drawn up by the internal control department with assistance from the relevant departments, undertaking such reviews and audits as appeared necessary, and relying on the framework and application guide recommended by the *autorité des marchés financiers*, the French financial markets authority. The main internal controls implemented in financial year 2007 were scrutinised.

2.1. General arrangements for internal control in CM4-CIC Group

The Group has on a consolidated basis deployed an internal control procedure covering all of the companies which are part of the group's organisation, the purpose of which is to oversee the compliance with regulatory provisions and ensure proper risk management, the security of transactions and the improvement of performance.

2.1.1. A common, fully structured and independent approach

The Group thus ensures that the arrangements introduced are suited both to its size, to its transactions and to the scale of the risks to which it is exposed in the course of its business.

By relying on the common methods and tools, the internal control and risk management system introduced has the following aims:

- to exhaustively cover all of the activities and business transacted by the Group;
- to identify, assess, monitor and aggregate risks in a homogeneous manner, and on a consolidated basis;
- to ensure compliance with the laws and regulations in force, and with internal standards; and
- to oversee correct implementation of internal processes, and check the reliability of financial information.

The purpose of the system which has been implemented is to check the quality and exhaustiveness of the internal control system. The Group, with regard to itself and for the companies under its control,

³ Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est, Crédit Mutuel Ile-de-France, Crédit Mutuel Savoie-Mont Blanc.

oversees that the provisions as deployed are based on a set of procedures and operational limits compliant with regulatory requirements and the standards determined. In its work, the Group relies on the methods and tools determined at Group level and on the rules normally in force in the fields of audit, inspection and controls.

The identification of the key risks through benchmarks or mapping and their monitoring to ensure compliance with relevant limits, using formalised procedures and dedicated tools, is performed within the context of a fixed objective, the achievement of which is dependent on the contributions of the control departments of the Group as a whole. In addition to taking action with a view to detecting and reducing risks, these control departments are involved in the work, seeking to improve the effectiveness of the controls. At the same time, analytical tools and monitoring schedules make it possible to regularly review and assess the various risks to which the group is exposed in the course of its business, be they counterparty risks, balance sheet management risks, and operational risks. In accordance with regulatory requirements, in addition to the internal control report, a report on the assessment and supervision of risks is also drafted, which requires a detailed review of the risk management and control arrangements. The ongoing is to ensure that the targets set for internal control correspond with the resources made available for this purpose.

The necessary independence of these controls is achieved by means of ensuring that those who exercise responsibility within the organisation are divested of all operational responsibilities, and report to superiors in a manner that ensures that they have full freedom of judgement, appraisal and discretion.

2.1.2. Organisation of controls

The Group CM4-CIC control procedures were reorganised in 2006, with an objective which was two fold:

- separating out the different types of existing controls within the separate subsidiaries (periodical, permanent and conformance controls), in order to comply with changes in regulations; and
- harmonising the working procedures undertaken within the Group in the field of control, by introducing a common organisation based on homogeneous methods and tools.

Distribution of work by type of control

Independently of the controls undertaken by the various levels of management as part of their day-to-day responsibilities, the actual deployment of controls is governed by the following arrangements:

- periodical controls in the nature of an inspection performed by means of in-depth audit is performed as part of control cycles extending over several financial years;
- permanent controls applicable to all work which is by its nature recurrent, and performed with remote control audit tools; and
- controls of conformity in respect of all matters relating to the application of regulatory provisions and internal standards.

Periodical controls are required to oversee the overall quality of the internal control arrangements in their entirety and the efficacy of the tracking and management of risk, as well as verifying that the permanent and conformance controls are properly implemented and compliant.

Distribution of responsibilities networks/business lines

Under the organisational framework set up for controls, the work is distributed between a network branch covering retail banking, and a business line branch which covers business lines, including commercial banking, market activities, asset management, financial services, and cash flow, among others. In each of the control organisations managers are appointed, exercising the responsibilities allocated to them and answering to the CM4-CIC Group.

Underlying organisation providing support to the different control procedures

The support organisation for internal financial controls has as its purpose:

- developing and maintaining to appropriate standards the tools required for efficacious audit and control;
- contributing to the deployment of standard methods throughout the various control teams; and
- ensuring the development of the reporting tools required to monitor and control activities and reviews, and ensuring the appropriate organisation of the management bodies.

2.1.3. Overall management of control procedures: Group Conformance and Control Committee

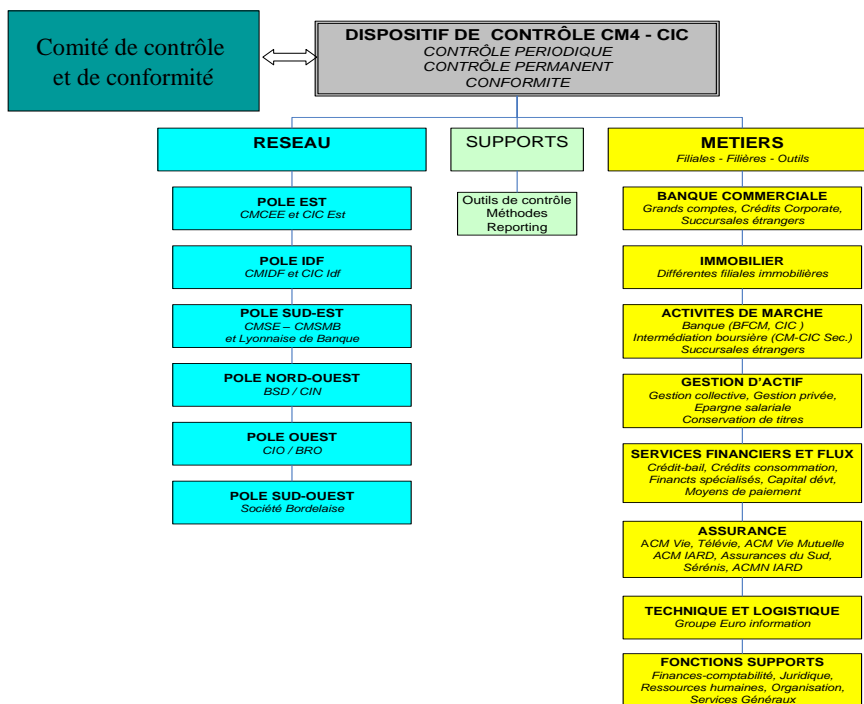
Answering directly to a member of the executive body, the Conformance and Control Committee ensures regular meetings of Group managers working in the audit and control field (periodical, permanent and conformance controls), including risk management. The purpose of the Conformance and Control Committee is to:

- co-ordinate all of the control and audit arrangements;
- oversee that the works and missions entrusted to the various participants are complementary;
- review and assess the results of internal and external audit and control missions; and
- monitor the implementation of the recommendations made to the various entities in the group as part of the control and audit procedures.

The Compliance and Control Committee also examines a number of investigations or documents which are of value to the group in providing a framework in this field. In 2007 it thus gave its opinion on the new draft of ethical principles for the CM4-CIC Group.

The Conformance and Control Committee met five times in 2007 (February 13, May 21, September 10, October 29, December 17).

General diagram of organisation



2.1.4. Developments underway

At year-end 2007, a number of measures were taken to further reinforce the monitoring of risks and controls at Group level.

Group Audit Committee

The decision was taken to set up a Group Audit Committee, to be set up in the first half of 2008, comprising the members of the decision-making bodies of the BFCM and the CIC, meeting at least twice a year. The Group Audit Committee will have at its disposal for review:

- the conclusions of the reviews performed by periodical controls and the results of permanent and conformance controls;
- the conclusions of external controls, in particular the possible changes recommended by the supervisory authorities; and
- actions taken in implementing the key recommendations arising from the internal and external control and audit reports.

It is intended that this Committee should also examine the draft presentations of the annual and half yearly financial statements, with a view to making an assessment of the procedures adopted in drawing them up, and to provide an assurance both of the appropriateness and the permanence of the principles and accounting methods applied.

Group Risk Department

The purpose of the Group Risk Department is to undertake analysis and review of risks of all types with respect to the return on the bank's regulatory capital, having as its purpose to contribute to the development and to the profitability of the Group, whilst overseeing the quality of the risk management procedures.

New risk management committees

Two new committees have been set up, the first being a Group Risk Committee meeting on a monthly basis, whose members are operational managers, and the second being a Group Risk Monitoring Committee comprising members of the decision-making bodies, whose meetings will be held quarterly for the purposes of examining the strategic challenges faced by the Group in the matters of risk exposure and management. The manager of the Group Risk Department will be a member of both committees.

2.2. BFCM specific internal control procedures

Because BFCM is the holding company of the Group and owned by Caisse Fédérale du Crédit Mutuel Centre Est Europe and by the other Caisses (Crédit Mutuel Centre Est Europe, Sud-Est, Ile-de-France and Savoie-Mont Blanc), it has management responsibility over the shareholdings owned by the Group's specialised subsidiaries, all of which are subject to the general internal control procedures of the Group.

As BFCM is an integral part of the CM4-CIC Group, it has also, (in relation to the business it manages) deployed an internal control procedure which pursues the same goals of risk avoidance and management.

BFCM is the financial entity of the Group, and as such manages the Group's treasury and intervenes in the financial markets. It takes part in financing major projects and has within its remit financial engineering. BFCM is also the correspondent for the major international partners of the Group.

The process of centralisation and pooling of the market activities of BFCM, CIAL and of CIC, within a single CM4-CIC trading room, was completed in 2006. The threefold purpose of this was to:

- refinance the whole of the CM4-CIC Group by means of a single treasury management team;
- reinforce the ability to sell market products to customers; and
- improve rates of return, by doing own account business in an efficient and secure manner.

This fundamental change was accompanied by a reorganisation of the specific control entity involved. Monitoring methodologies were re-examined, procedures redrafted, and the system determining the limits of exposure to risk was unified. These changes were incorporated into a rulebook which was finalised in 2007.

The market activities are governed by a member of the CIC Board. The CIC Supervisory Board and the BFCM Board approve the strategy of each business line (refinance, commercial, own account) and the allocation of capital, monitoring limits of exposure and expenditures, as well as budgets.

Under this arrangement, the market activities are under the supervision and management of a number of Committees:

- the CM-CIC Market Management Committee meets weekly to define strategy and to analyse activities, results, risk and compliance with the relevant limits, including co-ordination of operational aspects (information system budget, human resources procedures),
- the Market Risks Committee meets monthly and monitors and oversees compliance with the rule book and decisions of the Market Management Committee, approving operational limits consistent with the general limits set by the CIC Board and the BFCM Board, whilst overseeing the market activities of the foreign branches in terms of their risk management and exposure; and
- the CM-CIC Market Credit Committee meets weekly to take decisions on requests submitted for credit lines, consistent with the powers delegated by the CM4-CIC Engagement Committee.

Since 2006, limits are no longer separately allocated by entity, but on an overall basis to cover CM-CIC markets, giving rise to internal limits specific to the refinancing, commercial and own account entities. The total limits (around 5 per cent. of CM4-CIC capital) cover market risks (CAD – CRBF 95-02 as amended) and credit risks (CRBF 91-05 as amended). The limits for counterparty risks are allocated to CM-CIC markets by the CM4-CIC Engagement Committee compliant to Group standards.

The internal control system is reliant on the post-market services activities, which are responsible for the monitoring and control of risks and results, for regulatory controls and accounting audit on the one hand, and, the market activities controls department, which reports to the permanent business line control manager, and the BFCM compliance.

Similar to the consolidation of market trading into a single organisation, BFCM and CIC Grand Comptes began to consolidate their activities from 2006 onwards. The harmonisation of tools and procedures was implemented in 2007 within CIC Grand Comptes, the strategic accounts arm. The co-ordination of the control tasks through a single portal was undertaken by the business lines permanent control manager, and the results of the controls and audits performed during the year were integrated into the same portal.

The Group's depositary activity was transferred at the end of 2006 to BFCM, as the BFCM Board on December 15, 2006 agreed that BFCM would guarantee the BFCM mutual funds issued by CM-CICAM, and authorised the introduction of conventions involving Caisse Fédérale, Caisse Centrale du Crédit Mutuel and CIC. Restructuring made it possible to improve the efficiency of available resources and to optimise the management of the depositary control plan, based on the definition of a set of audit tasks, drafted on a concerted basis with the business line permanent control entities and the BFCM compliance entity. This plan reinforces the client and product risk based approaches, by implementing a controlled process of establishing relationships with clients, and with respect to products, a controlled analytical process when mutual fund style undertakings for collective investments (UCIs) are set up. This provides a comprehensive after the event control and allows for the identification of all of the risks related to mutual fund management. On completion of the controls in 2007, the level of risk was qualified as low.

The ethical provisions are included in a handbook containing both general principles and specific arrangements introduced as part of the BFCM activities. The fundamental principles of respect for the primacy of the customers' interests and market integrity, are, among others, contained in the handbook.

As part of the management of operational risks, an assessment of the operational risks deriving from market based activities took place, thereby reinforcing the protection measures in the event of a major adverse event impacting the business. BFCM contributes to the updating of the mapping of specific risks, and the methods of assessment relating to them.

With regard to protection measures, a market activities disaster plan has been defined, the purpose being to ensure that the most critical activities can continue after a serious disaster or inability to access the premises. The new trading room dedicated information system benefits from the support of a geographically separate back-up site.

Periodical control is performed by Group Audit department on a multi-annual basis. The conclusions of these reviews are presented to the Conformance and Control Committee and shown in the annual report to the Commission Bancaire. Reviews may be of general scope, or undertaken on a timely basis.

2.3. Internal control over the drafting and processing of financial accounting information

2.3.1. Role of governing bodies

At the end of each accounting period giving rise to disclosure of the financial information relating to that period, the relevant financial information is presented by the Financial Department to the Board. The calculation of corporate income, the presentation of the financial situation and of the business itself are the subject of a presentation incorporating the reconciliation of these factors with the data and ratios (interest rates, average capital ratios, etc.) outside the pure accounting field, which are required for the management of the business.

The annual financial statements are also presented to an Accounts Committee.

The accounting principles adopted, which have a significant impact, are subject to prior review and validation by the statutory auditors, who are regularly summoned to the Board Meeting dealing with the financial statements, and to the meeting of the Accounts Committee. The statutory auditors are invited to report on their review and to make known the results of their work to the decision-making body.

The Group accounting principles used for the consolidation of the financial statements are compliant with the Group's accounting principles as set out by the Crédit Mutuel central body, the Confédération nationale of the Crédit Mutuel, and are set out in detail in the notes to the financial statements.

2.3.2. Special features of banking activities

The supervision of the accounting and financial organisation takes place in such a way as to correspond to the special features of a credit institution and its business:

- Virtually all of the transactions performed by a bank give rise to financial transactions or arrangements for which an accounting record must be made;
- There are a considerable volume of accounting entries based on an entirely automated process of recording the transactions performed;
- Unlike industrial and commercial companies, there is reliance on the decentralisation of accounting entries within the organisation as a whole, and responsibility for records is not limited to a single accounting department.

Hence the overwhelming majority of accounting records are carried out by the information system itself according to pre-defined rules, whose automated procedures have as their purpose to ensure:

- The exhaustivity, measurement and correct classification of the accounting entries which reflect the transaction into the financial statements recording the economic operations performed;
- The prevention of the risk of fraud by predefining, on a central basis, the transactions to be performed or prohibited to every individual participant;
- Rapid and regular centralisation of accounts, accounting entries being made in real time, or, at the latest, at the time of batch processing of the entries for each business day;
- A values homogenisation of accounting data across all of the companies of the Group.

2.3.3. Accounting system

Accounts architecture

The company shares an IT platform which is common to the 14 *Fédérations de Crédit Mutuel* and to the CIC banks, which include accounting and regulatory functionalities covering in particular:

- The plan of accounts whose structure is common to all of the institutions managed on the platform;
- The definition of the schematics and automated procedures common to all of the banks (means of payment, deposits and credits, day to day operations, etc.);
- Data recovery and restatement tools (BAFI, data feeds into consolidation software...) and the conduct of financial controls.

As part of the above framework, the administration of the common accounting information system is entrusted to dedicated divisions known as Accounting Schemes and Procedures divisions, constituted as independent cells within the CM4-CIC Financial Department for the retail network banks, or the CM4-CIC Financial Department for the business line specialisms.

The latter organisations have special responsibility for:

- Management of the common plan of accounts (set-up of accounts, definition of characteristics of accounts etc.);
- Definition of common procedures and schemes and compliance with tax and regulatory requirements. Wherever necessary, the tax department is consulted and schemes are introduced, covered by a validation procedure which involves different operational managers.

The Departments with responsibility for Accounting Schemes and Procedures are independent, both in terms of management lines of responsibility and, operationally, from the departments producing accounting entries there is a separation of functions between the administration of the accounting architecture, and the other operational departments.

Within the company, all the accounts are dedicated to a particular operational department on a mandatory basis, which has responsibility for the relevant operations and audits. No account is consequently left unattended or without the clearly identified appointment of a person or persons with responsibility for its monitoring and oversight.

The organisations and procedures in place ensure conformance with Article 12 of the CRBF regulation 97-02, and ensure that audit trails are kept.

Plan of accounts

The plan of accounts takes into consideration two main types of account: first, third party accounts, which record credit and debit entries of individual third parties and, second, the accounts under the purview of the general accounting system.

There is a single set of accounting headings for the plan of accounts of all the credit institutions managed under the common IT platform known as the *Nouveau Plan de Comptes Interne* (NPCI—New Internal Plan of Accounts). Its management is in the hands of the Departments for Accounting Schemes and Procedures.

This plan of accounts determines the properties of accounts including:

- Regulatory attributes (proper match to the official plan of accounts of credit institutions, known as PCEC, establishing connections to the Section of the accounts dealing with legally required financial disclosures);
- Certain tax characteristics (VAT status etc.);
- Financial control characteristics (their mandatory nature or otherwise; connection to consolidation plan of accounts, data holding time of online transactions, presence or absence at central / distributed counter level, etc.).

Processing tools

The accounting information system tools mainly rely on internal applications developed by the Group IT departments.

These are supplemented by a number of specialist internal or external applications, notably software in respect of financial control reporting, financial statements or balances, file processing, consolidation software processing regulatory schedules, asset management software, and software for handling tax returns.

Automated controls

The processing of the accounting software is covered by a series of automated controls prior to the final allocation of items to entries or headings, including file balancing, file validity checks, update of audit trails of the accounts recognising booked transactions.

Internal tools provide for controls over transactions for a given accounting day, detecting anomalies if any.

2.3.4. Internal control when drafting the parent company financial statements, and internal controls for the consolidation process

Controls on closing of parent company financial statements:

At each close-out, actual results as booked are reconciled to forecast management data for validation. The forecast management data is produced by departments independent of the departments preparing the financial statements (financial control and budget control).

Analytical examination relates in particular to:

- the lending margin; in with regard to interest rate instruments (deposits, credits and off balance sheet), the financial controller calculates the yields and expected costs on the basis of observed average capital levels and the capital levels are subsequently compared to the interest actually booked and validated by activity sector;
- the level of commissions; based on activity indicators, where the financial controller estimates the volume of commissions received and payable, compared to book data;
- general expenses (personnel expenses and other general operating expenses);
- risk expense (level of provisions and observed losses).

Accounting procedures and accounting schemes are formalised. For the retail network, the required procedures are displayed on the bank's intranet.

The day-to-day accounting controls are performed by the relevant staff at each till.

The accounting control services additionally perform a general audit and control review taking into consideration regulatory controls, monitoring of internal accounting procedures, monitoring of tills, control of foreign exchange position, control of net banking income by business or activity, accounting procedures and schemes, the interface between the back offices and statutory auditors.

Furthermore, the control services (periodical, permanent, conformance) are required to perform work in the accounting field. A dedicated control portal for the accounting function is currently in the preparatory phase.

Controls on the consolidated financial statements:

The system is periodically adjusted in order to respond to regulatory changes (IFRS) or to improve the reliability of the preparation of the financial statements (in 2006, automated calculation of deferred taxation using data from the accounting packages was utilised and an IFRS cash flow table drafted).

The accounting principles set by the IFRS standards have been applied since 1 January 2005 in the Group entities. A summary of the IFRS accounting principles is given in the consolidated financial statements.

The CM4-CIC defines both the French (CNC) and international (IFRS) accounting principles and methods, to be applied by all entities in the Group to the individual financial statements. The foreign subsidiaries have been made aware of these, to enable them to switch from their local standards to

French and international standards in the consolidation packages and financial reporting. The accounting principles used in the consolidation of the financial statements are compliant to the accounting principles used by the Crédit Mutuel central body, and by the Confédération Nationale du Crédit Mutuel.

The accounting managers of the CM4-CIC Group entities meet twice a year to prepare for the close-out of the financial statements.

The individual accounts governed by international accounting principles (IFRS) are drawn up in the central information system for the entities using this system. The individual IFRS accounts are closed out using the same organisation and by the same team used for the individual accounts drawn up according to the French accounting principles (CNC).

The Group has a consolidated plan of accounts. Within the common information system, each account in the common plan of accounts corresponds to the consolidated plan of accounts. This correspondence is therefore unique, for a single plan of accounts, and applicable to all the companies managed by that plan of accounts.

The drafting of the consolidated financial statements takes place according to a timetable circulated to all the subsidiaries and to the statutory auditors, including, if necessary, changes in procedures or standards. Within each consolidated subsidiary, an accounts manager for the close-out of that subsidiary is appointed, as well as a manager for the review of the reciprocal accounts for companies that are wholly consolidated.

On a parallel basis, the statutory auditors send audit instructions to the legal auditors of the consolidated companies the purpose of which is to ensure compliance with the different standards for each subsidiary, in accordance with their own professional standards.

The consolidation of the financial statements is performed by dedicated software, using one of the major market standards. Items fed into the consolidation software (consolidation package) are partially automated using an interface developed by the accounting information system, enabling an automatic recovery of balances, and ensuring homogeneity between the parent company data and the consolidated data.

On the other hand, the consolidation package can only be sent by the subsidiary companies after a number of directly programmed checks for consistency in the package have taken place. These control and auditing rules (of which there are more than 600 at present) have been developed by the consolidation departments and relate to a number of different elements (changes in capital, provisions, assets, cash flow etc.). Blocking controls prevent the subsidiary sending on the consolidation package, unless a waiver is granted by the consolidation services.

Consistency controls are also performed with the parent company data by the consolidation department on receipt of the packages (level of income reported, intermediate management balances etc.).

Finally, systematic reconciliation takes place between the parent company data and the consolidated data, in regard to capital and profits. This process which ensures the coherence between the two sets of data (parent company and consolidated) takes place outside the consolidation software package, so that the consolidated data can be validated.

In conclusion, the BCFM provisions for internal control and the supervision of risks, based on common methods and tools, is part of the framework for the new organisation of the CM4-CIC Group controls. An ongoing goal is to continue reinforcing these provisions and improving their effectiveness. Initiatives to be undertaken in 2008 have this aim in mind.

3. LIMITATION OF POWERS OF MANAGING DIRECTOR

The Board has provided for no limitations to the powers of the Managing Director except as defined by the law and by our internal statutes and regulations.

RISK REPORT

This chapter covers the information required by IFRS 7 in regard to the risks relating to financial instruments.

The figures in this chapter have been audited, except for those particularly marked by a *.

Contents

Credit risk
Balance sheet risk
Market risk
Capital adequacy ratio
Operational risk
Basel II process – CM-CIC Group credit risks
Other risks

Risk management

This chapter covers the information required by IFRS 7 on the risks relating to financial instruments.

The changes in the organisation occurring in 2006 and relating to the organisation for controls, whether periodic, permanent or compliant, became fully operational in 2007. They have resulted in a reinforced security of the processes in respect of the activity as a whole.

The establishment in the last quarter of 2007 of a Risk Division will additionally make it possible to further consolidate the overall management and control of risk, and to optimise it in regard to capital adequacy ratios required under regulations in respect of each business, including the rates of return.

CREDIT RISK

a – Organisation of the engagement entity

The organisation and management of engagements makes a distinction, as required by the regulations currently in force, between the provisions for granting credits on the one hand, and on the other hand the arrangements for measuring risks and supervising engagements. Management of engagements relies on a common framework and the Group Risk Framework, which fixes the rules and processes used by the group.

Process for granting credits

The process for granting credits is based on knowledge of customers, risk assessment and decision-making regarding engagements.

Knowledge of customer

Knowledge of the customer and the targeting of prospects relies on the close relationships established by the group's regional organisations in their regional economic environment. Customer segmentation, and their allocation to various risk categories, provides guidance to the commercial prospecting of targeted customers. Items relating to knowledge of borrowers and risk analysis are gathered in the credit dossier. The availability of the most recent accounting documents is subject to computerised monitoring by the balance sheet collection application.

Risk assessment

Risk assessment relies on the analysis performed at a number of stages, according to a formalised process. This is based on:

- Customer ratings,
- Risk groups,
- Product weighting relating to the nature of risk and guarantees or collateral provided.

The bank staff are trained in risk management, including regular refresher courses.

Customer rating

The system of internal rating of customers which is common to all group entities has been determined and adopted. Ratings are determined either using automated algorithms (in the retail network), or manually prepared rating matrices (finance and investment banking). Rating systems are suited to each type of customer market.

Customer rating is governed by the following general principles:

- *Uniqueness: the method used for determining ratings is a single one covering the group at the national level.*
- *Exhaustivity: ratings are calculated for each of the third parties identified in the information system.*
- *Automation: in retail banking, rating is automatically determined by the information system.*
- *Market rating: third-party customers are rated using an algorithm specific to their market of attachment (individuals, small companies, and self-employed, business corporations, etc.), depending on the type of market determined in the information system.*
- *Calculation of rating for groups of third parties: the calculation of a “group” rating makes it possible to weight individual ratings for each of the component parts of the group, by the overall risk to which the group is exposed.*
- *Uniform data recovery: 12 ratings common to each of the markets have been determined: 9 classes of non-defaulting customers, and 3 classes of defaulting customers.*
- *Declassification: the ratings are recalculated on a monthly basis (primary rating) and corrected on a day-to-day basis by serious risk events (final rating).*

Risk groups

The set-up and updating of risk groups are continuously tracked by the managers with responsibility for commercial relationships, and on a periodical basis are tracked by two directors at group level. The rules for the setting up of risk groups as defined in a specific process take into consideration the provisions of the first article of CRB 93-05.

Weighting of products

Calculation of engagements to be taken into consideration:

- The inherent risks for the type of lending: certain credits are weighted, namely the discounting of promissory notes, and some commitments by signature,
- Sureties and collateral: a weighting is applied to all or part of the engagement covered by the guarantees to which the weighting applies.

Decision for engagement

The decision process for entering into an engagement is differentiated, according to markets and ratings, to ensure a proper match to the customer credit requirements while minimising exposure to risk. The decision for engagement is based upon:

- Clearly identified levels of delegated responsibility,
- Principle of dual oversight,
- Rules for capped authorisation, in the light of levels of capital,
- Level of remuneration appropriate to risk profile and to the capital allocated to risk coverage.

Limits of delegated powers

In the retail banking network, the rules for delegated powers to make loans and allow overdrafts as procedurally defined are set up in a manner compliant to the Basel II directives, and fundamental principles defined for the banks in the group more generally. Each participant has powers delegated in persona. The determination of the level of delegated authority takes into consideration:

- Total value of engagements, and Risk Group: Family, SIREN (French statutory statistical segmentation of undertakings by industry segment), CRD,
- Rating of customer or Group of customers,
- Exclusions from delegated authority.

Management of delegated authority is automated.

For investment and finance banking, and for lending dossiers from the retail banking network in an amount greater than allowable under delegated authority (outlined above), decisions are taken by centralised decision-making bodies, whose role is to make loans, within a framework of clearly defined delegated responsibility. The CM4⁴-CIC Engagement Decisions Commission heads the overall organisation. This Commission has the power to take all decisions for granting loans, subject only to regulatory compliance.

Role of engagement departments

Each region has an engagement department reporting to General Management, which is independent of the operational departments. The functions of these departments are twofold, and hence allocated to two independent teams. First, the team with responsibility for ensuring the quality of the decisions to grant loans by means of back-up analysis and oversight of the loan applications, ensuring that the income from the loans granted is consistent with the risk exposure, and secondly, a team with responsibility for implementing a prudential supervisory process, and assessing the credit risk, supplementing the processes undertaken by the permanent control organisation.

Risk measurement and engagement supervision

Monitoring engagements is the responsibility of national and regional structures and national and regional organisations, using tools which have been set up in compliance with Basel II regulatory requirements.

Consolidated risk measurement tools

The summary of consolidated risks provides for real-time knowledge, based on reliable accounting entries of the authorisations / utilisation of funds (both nominal and weighted), of credit notes, of single third parties or groups of third parties associated with product lines, as well as entities and third parties (for groups). Data summary tables are generated on a monthly basis from the consolidated summary of risks, enabling an identification of engagements:

- By groups of third parties
- By business area (retail network, major companies, specialist financing, real estate operators, international)
- By groups of third parties under supervision
- By activity sector.

The monthly centralisation of loans outstanding declared to the *Banque de France* central risk department provides insight into the outstandings declared by third parties or groups of third parties.

⁴ CM4 is made up of federations: *Crédit Mutuel Centre Est Europe (Strasbourg)*, *Crédit Mutuel du Sud-Est (Lyon)*, *Crédit Mutuel Ile-de-France (Paris)* and *Crédit Mutuel Savoie-Mont Blanc (Annecy)*.

The credit risk monitoring module provides an overview of liabilities, both high level, retail banking, subsidiaries, and business lines. This module gives some insight into the risk of concentration, inter-banking risks, and country risk.

The supervision of engagements and detection of sensitive risks

Monitoring engagements

Monitoring unauthorised breaches of credit limits and other incidents in the operation of accounts is undertaken by the banks in the Group using advanced risk detection tools (management of debtors / sensitive risks / automated initiation of recovery processes), based both on external criteria, and more particularly on the manner in which accounts operate and are rated. The purpose of these indicators is to identify and manage dossiers with potential risk exposure in an automated, systematic and exhaustive manner, before loan defaults actually occur.

The monitoring of the corporate internal and regulatory limits is independent of the organisation granting loans. The limits are determined on a six-monthly basis in the light of the bank's capital, compliant with Regulation CRB 93-05 with respect to regulatory limits, and on the basis of the shareholders' equity and the internal rating of the counterparties, with regard to internal limits.

The monitoring of major corporate risks allows for quarterly monitoring, independent of the organisation granting the loan, of changes affecting major corporate counterparty risks. Monitoring involves identifying engagements giving rise to a number of alerts (change in amounts, exposure to trading risk, change in credit rating).

Monitoring market counterparty limits takes place in order to detect, first, failure to comply with authorised limits, and second, deteriorating counterparty risk profiles.

Monitoring both portfolios and risks requires, for the investment and finance bank, quarterly analysis of engagements, reliance on management tools forming the basis of decisions to classify engagements as sensitive, or of decisions to declassify or reclassify, and decisions to make allowance accounts for bad debt. With respect to the retail network, the supervision of engagements is organised as part of the framework of quarterly reporting on the dossiers under supervision. Quarterly monitoring of debt portfolios gives rise to an exhaustive review of the internal ratings of the third parties, or groups of third parties for each portfolio.

The detection of sensitive risks, move to default status, provisions for bad debt

The purpose of the process is to detect as early as possible any situation of risk exposure based on definite criteria for each customer segment, doing so either through the information system or through the relevant and competent operational and engagement managers. The counterparties detected are attributed an index qualifying them as sensitive.

Detection, declassification and provisions are computerised. For retail banking, the amount of provisions is determined by the managers with relevant accreditation, based on proposals from the IS application. For the investment and finance bank, declassification allowances require a proposal to be validated.

Recovery

Recovery of debt relies on specialist units. The recovery processes consist of three distinct phases: settlement of outstandings, debt recovery by private treaty and involvement of specialist units and, if necessary, enforced debt recovery.

Permanent monitoring of engagements

A second level control is undertaken by units with dedicated skills acting independently of the engagement department, providing monthly identification of risk factors involving the application of specific criteria and the analysis of engagements deemed at risk. Corrective measures are then taken in consequence.

An automated analysis based on some 20 ratios also identifies monthly those branches encountering difficulties in the management of their engagements, so as to be rapidly able to take decisive action to resolve matters as necessary.

This provides additional security in the management of credit risk.

Reporting

Quarterly risk management committee

The quarterly risk management committee deals with the four regulatory risks: credit risk, market risk, balance sheet management risk and operational risk.

Concerning credit risk, the presentation to the committee includes the following information:

- key figures,
- summary reports of the quarter's credit risk, including trends analysed in both qualitative and quantitative terms covering the amounts outstanding and new lending, the dispersion of risk, the amounts exposed to risk, cost of risk, and major concerns in regard to risk,
- quantified data from risk monitoring,
- amounts at risk: detail of the cost of risk, dossiers under supervision, main allowances/write-backs,
- reports monitoring major corporate risks,
- reports monitoring dossiers outside the limits of internal processes or regulations,
- reports of GMCIC Market's Risk Committee.

b – Quantified data

Lending to customers

In a broadly favourable economic environment, a feature of 2007 was the growth in the amount of loans granted, whilst confirming the quality of the loan book, and the good control in the cost of risk.

Substantial increase in loans outstanding

The portfolio of loan business with customers rose by 18 per cent. to €161 billion (capital outstanding at end December 2007). These engagements represented €119 billion of loans and outstandings entered on the balance sheet (up 21 per cent.), plus €12 billion of off-balance sheet commitments (up 13 per cent.), and €30 billion off-balance sheet finance (up 8 per cent.).

Loans to customer broken down as follows:

(in millions of Euros capital, end of month)	31/12/2007	31/12/2006	Change 2007/2006	Relative weight
Short-term lending	40,543	32,065	26.4%	34%
Ordinary overdrafts	6,016	5,157	16.7%	5%
Commercial lending	3,135	3,446	-9.0%	3%
Cash lending	31,157	23,162	34.5%	26%
Export loans	235	300	-21.7%	0%
Medium- and long-term lending	78,074	65,667	18.9%	66%
Loans to acquire goods or equipment	16,697	14,850	12.4%	14%
Home loans	49,682	39,954	24.3%	42%
Hire purchase and equivalent	6,238	5,722	9.0%	5%
Other lending	5,457	5,141	6.1%	5%

Total customer outstandings	118,617	97,732	21.4%	100%
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Source: Financial statements – excluding doubtful debt, additional attached loans and securities on loan

Exposure

(in millions of Euros capital end of month)	31/12/2007	31/12/2006
Loans and outstandings		
Credit institutions	96,003	73,627
Customers	123,876	102,303
Gross exposure	219,879	175,930
Provisions for depreciation		
Credit institutions	-8	-9
Customers	-2,194	-2,340
Net exposure	217,676	173,581

Source: Financial statements – excluding securities on loan

(in millions of Euros capital end of month)	31/12/2007	31/12/2006
Finance commitments given		
Credit institutions	1,498	1,721
Customers	30,485	28,258
Guarantees given		
Credit institutions	971	830
Customers	12,212	10,816
Provisions for risks on engagements		

Source: Financial statements

High quality portfolio

- The loan customers are highly rated. On an internal scale of 12 levels, customers in the eight best categories account for 97 per cent. of outstandings for personal loans, and 92 per cent. for loans to small businesses, the self-employed, professionals and the corporate sector, and 97 per cent. in investment and finance banking.
- There was no major country risk, except for marginal exceptions, as the portfolio is limited to France and the OECD countries.

The security on home loans was as follows:

(in millions of Euros capital end of month)	31/12/2007
Home loans	49,682
With <i>Crédit Logement</i> or <i>cautionnement Mutuel Habitat Security</i>	14,802
With mortgage or similar first ranking security	23,611

With lower ranking* security or unsecured	11,269
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Source: Financial statements, *Other sureties: lower ranked mortgages, financial and other assets pledged as collateral

Suitably diversified portfolio

- Counterparty risks are well diversified: the 10 largest groups of customers accounted for less than 2 per cent. of the on- and off-balance sheet commitments of the BFCM group as at 31 December 2007. At this time, the group met the required ratios for the coverage of major risks.
- Well diversified engagements by sector, there being no significant engagements with respect to any particular sector: this favourable situation is the outcome of particular vigilance on sectors exposed to cyclical risks (real estate, aerospace) or to sector specific contingencies (poultry breeding, automotive components manufacturing, transportation).

Distribution of credits by customer type

Distribution of credits by customer type	31/12/2007 in %	31/12/2006 in %
Consumer loans	56	56
Corporate loans	30	32
Larger corporate loans	10	9
Specialist and other finance	3	3

Source: Risk monitoring

Geographical distribution of customer risks

Geographical distribution of customer risks	31/12/2007 in %	31/12/2006 in %
France	95	95
Europe outside France	4	3
Other countries	1	2

Source: Financial statements

Concentration of customer risks

Concentration of customer risks	31/12/2007	31/12/2006
* Engagements above €300m		
Number of groups of counterparties	34	40
Total engagements in €m	24,951	26,470
Of which total balance sheet in €m	11,305	9,761
Of which total off-balance sheet guarantees and finance	13,646	16,709
Total credit notes (loan accounts, securities) in €m	5,691	11,718

Concentration of customer risks	31/12/2007	31/12/2006
* Engagements exceeding €100m		
Number of groups of counterparties	93	103
Total engagements in €m	36,085	37,394
Of which total balance sheet in €m	15,373	13,461
Of which total off-balance sheet guarantees and finance	20,712	23,933
Total credit notes (loans, securities) in €m	7,868	14,613

Source: Monthly SRC – Major Companies tables, scope CIC + BFCM + BECM

No major risk is in excess of 25 per cent. of prudential capital.

Dispersion by sector

Dispersion of risks by sector	31/12/2007 in %	31/12/2006 in %
Services to enterprise	21.3%	23.2%
Real property	20.8%	20.4%
Manufacturing industry	14.6%	15.2%
Financial	12.6%	8.6%
Retail	12.3%	13.3%
Construction	5.8%	6.1%
Transport and communication	3.4%	3.7%
Hotels and restaurants	2.5%	2.8%
Services, collective; social and personal	1.2%	1.1%
Health and social affairs	1.1%	1.2%
Agriculture, hunting, forestry	1.1%	1.1%

Source: Operational or risk monitoring

The figures on sectorial distribution are taken from the amounts outstanding shown on the balance sheet, and the amounts guaranteed off balance sheet, provided by the information system, and classified by NAF code. The regrouping of NAF codes into industry sectors is based on the French National Statistical Institute's ("INSEE") segmentation of industry types.

Sovereign risk

Sovereign risks	2007 Outstandings	2007 Provisions	2006 Outstandings	2006 Provisions
Argentina			0.1	
Bosnia Herzegovina	0.1		0.1	
Congo			2.5	2.4
Côte d'Ivoire	0.1	0.1	0.1	0.1
Gabon	4.9	4.5	3.3	2.8
Lebanon	0.1		0.1	0.1

Sovereign risks	2007 Outstandings	2007 Provisions	2006 Outstandings	2006 Provisions
Niger			0.4	0.2
Somalia			0.3	0.3
Venezuela	1.5	1.0	2.7	1.1
Total	6.7	5.6	9.6	7.0

Source: *Financial statements*

The provisions cover only doubtful and disputed debt to state-controlled organisations located in countries deemed a risk.

Breakdown of internal ratings of sound customer outstandings

Breakdown of sound customer outstandings by internal rating	31/12/2007 in %	31/12/2006 in %
A+ & A-	23	24
B+ & B-	34	35
C+ & C-	30	27
D+ & D-	11	11
E+	2	3

Source: *Post 2007 risk monitoring, excluding foreign branches and private banking*

Well controlled cost of risk

Doubtful debt amounted to €3,312 million at 31 December 2007, in comparison to €3,494 million as at 31 December 2006, a fall of 5.2 per cent. Doubtful debt accounted for 2.6 per cent. of lending to customers, in comparison to 3.4 per cent. on 31 December 2006.

The coverage ratio of doubtful debt to financial assets, excluding allowances for country risk and collective reserves, was 63.8 per cent. as at 31 December 2007, as against 64.8 per cent. on 31 December 2006.

The cost of risk excluding collective reserves was €124 million or 0.10 per cent. of outstanding loans on 31 December 2007 (0.08 per cent. in 2006).

Quality of customer risk

In millions of Euros (capital at end of month)	31/12/2007	31/12/2006
Receivables affected by depreciation	3,312	3,494
Provisions for depreciation	2,115	2,263
Collective allowance for outstandings	80	76
Overall rate of coverage	66.2%	67.0%
Rate of coverage (individual provision only)	63.8%	64.8%

Source: *Financial statements*

Inter-bank lending

Geographical breakdown of inter-bank lending

Geographical breakdown of inter-bank lending	31/12/2007	31/12/2006
	in %	in %
France	19	19
Europe outside France	54	50
Other countries	27	31

Source: Amounts declared in counterparty application

Inter-bank lending is classified by country of the relevant parent company. The banks involved are mainly European and American.

Structure of inter-bank lending by internal rating

Structure of interbank lending by internal rating	31/12/2007	31/12/2006
	in %	in %
A +	5.4	4.9
A -	54.6	54.2
B +	28.3	30.3
B -	9.9	9.0
C and below	1.5	1.2
Not rated	0.3	0.4

Source: Group declarations in counterparty application

Debt securities

The portfolio of notes is almost exclusively concerned with market trading, and marginally concerned with balance sheet management.

In millions of Euros (capital at end of month)	31/12/2007	31/12/2006
	Book value	Book value
State-backed notes	23,557	23,302
Bonds	80,624	75,517
Financial derivatives	9,215	5,141
Securities and lending	26,638	22,250
Gross exposure	140,033	126,210
Provisions for depreciation of securities	-17	-18
Net exposure	140,016	126,192

Source: Financial statements

BALANCE SHEET RISK

Organisation of activity

CM4-CIC Group has progressively centralised its balance sheet management functions, which were previously governed by a framework of decentralisation.

Management of liquidity, risk and refinancing are also undertaken by BFCM on behalf of the whole Group. Management of interest rate risk will be governed by the same approach and entrusted to a central function in 2008.

For each entity in the CM4-CIC Group, the roles and principles of balance sheet management are clearly defined:

- balance sheet risk is identified as a function distinct from trading risk, which has its own resources;
- the purpose of balance sheet risk is to protect commercial margins against changes in interest rates and foreign currency movements, on the one hand, and on the other hand to maintain a level of liquidity such that the CM4-CIC Group can meet its obligations and protect itself from a possible liquidity crisis; and
- balance sheet management is not a profit centre.

The balance sheet management cell contributes to the determination of commercial policy in terms of setting the customer terms and conditions, and rules for internal transfer rates, while providing for a permanent relationship with the sales staff working in the retail banking network.

The cell also prepares consolidation of data from CM4-CIC Group entities to ensure the monitoring of the overall situation and regulatory ratios.

Management of interest rate risk

Interest rate risk is generated by the bank's commercial operations, and arises from the differences between interest rates receivable and the relevant reference rate, as they affect the sources and uses of customer funds, adopting a forward-looking analysis, taking into consideration changes in outstandings and "hidden options" (for example, early redemptions of outstanding loans, extensions of terms of repayment and confirmed drawings on credit lines).

The risk is covered overall by transactions known as macro hedging. In this respect high value customer operations or specially structured operations may, however, be allocated specific hedging.

The limits of exposure are fixed centrally and apply to all Group entities, being expressed with respect to the forecasts of net banking income for each entity.

The interest rate risk is monitored through two indicators, *impasse à taux fixe* and the sensitivity of net banking income. As at 31 December 2007, the internal net income of both the BFCM and CM4-CIC Groups was exposed to rising interest rates.

For operations within the scope of both entities, the gross balance sheet sensitivity changes in net banking income (for a 1 per cent. increase in interest rates and a 0.33 per cent. inflation rate) were very close:

- within the scope of consolidation of the BFCM Group (excluding the refinancing activity) the gross balance sheet sensitivity was -€77.3 million in year 1 and -€45.6 million in year 2, respectively 21.1 per cent. and 1.2 per cent. of the forecast net banking income for each year; and
- within the scope of consolidation of the CM4-CIC Group, the gross balance sheet sensitivity was €126.9 million in year 1 and -€74.6 million in year 2, 2.4 per cent. and 1.4 per cent. respectively of the forecast net banking income for each year.

Management of liquidity risk

The Group attaches great importance to the management of liquidity risk. To this effect, balance sheet management tracks the following indicators:

- static *impasse de liquidité* relies on contracted and agreed repayment schedules to enable the detection of mismatches, if any, between available treasury and future scheduled payments;
- hedging coefficients at different maturities, relating to the use of funds with respect to sources of funds with the same maturity date, based on analysis including elements relating to new lending under a forward-looking approach; and
- regulatory liquidity coefficient seeking to reconcile sources of funds maturing in less than one month with uses of funds of the same maturity.

The prudent liquidity management strategy developed by the CM4-CIC Group has enabled it to keep a comfortable level of liquidity throughout 2007, including the second half of 2007, at a time when the market was under considerable tension.

The group is regularly in contact with structural lending organisations such as the European Investment Bank or the *Caisse de Refinancement de l'Habitat*. The balance of funds required for business development is obtained in the financial markets.

Breakdown of BFCM* consolidated balance sheet by residual term of future contractual cash flows (capital and interest)

In millions of Euros	2007 – residual contractual maturities							Indeterminate	Total
	< 1 month	> 1 month < 3 months	> 3 months < 1 year	> 1 year < 2 years	> 2 years < 5 years	> 5 years			
Assets									
Financial assets owned for trading purposes	1,768	1,297	5,513	3,901	15,848	21,980	4,503	54,812	
Financial assets allocated to JV by profit and loss account	12,952	11,145	2,389	346	1,354	238	798	29,222	
Derivatives used for hedging purposes (assets)	1,116	0	324	4	9	105	1,544	3,103	
Available-for-sale financial assets	282	302	2,409	3,209	6,590	5,913	2,304	21,009	
Loans and receivables	39,111	12,665	13,090	65,190	27,593	58,638	1,936	218,223	
Investments held to maturity	40	6	41	225	228	2	36	578	
Other assets	484	1	1,365	1	2		6,697	8,550	
Liabilities									
Central bank deposits	34	25						59	
Financial liabilities owned for trading purposes	1,006	21	1,884	1,018	3,100	6,969	5,000	18,998	
Financial liabilities allocated to JV by profit and loss account	18,150	18,211	7,721	55	42			44,179	
Derivatives used for hedging purposes (liabilities)	1,027	4	216	15	44	64	1,486	2,857	
Financial liabilities valued at amortised cost	100,261	52,914	26,898	41,787	12,406	21,135	4,159	259,561	

* Excluding insurance activities

Currency risk

The foreign currency hedging of operations with customers is undertaken by each bank in the group. The residual currency position is very limited. The group does not structurally have foreign currency positions with the exception of the capital allowances for its foreign branches.

Equity risk

The equity risk to which the BFCM Group is exposed consists of several different kinds of risk.

Equities accounted for at fair value through profit or loss (cf. note 5 of notes to the consolidated financial statements) amounted to €11,084* million as at 31 December 2007, in comparison to €11,083 million as at 31 December 2006.

**including the equity investments of the venture capital business line of €1,736 million.*

The value of equities classified as available-for-sale assets and other shareholdings was €5,172 million and €2,358 million, respectively (cf. note 7 of notes to the consolidated financial statements) at year-end 2007.

Investment capital

This business is undertaken by dedicated entities with a portfolio wholly valued by fair value hedges.

Investments include some 60 holdings, mainly in small and medium-sized companies. Investments in unlisted companies make up some 76 per cent. of the portfolio by value.

Venture capital-related risk

Investment	31/12/2007	31/12/2006
Number of listed holdings	126	159
Number of active unlisted holdings	478	498
Number of funds invested	51	42
Own account portfolio revalued in €m	1,736	1,709
Funds managed on behalf of third parties in €m	451	385

Source: Risk monitoring

MARKET RISKS

General organisation

Since 2006, the BFCM and CIC market and trading activities have been reorganised into a single entity, *CM-CIC Marchés*, under single management.

With regard to the capital adequacy requirements as assessed by CAD at year-end 2007, *CM-CIC Marchés* accounted for 82 per cent. of the group's overall exposure to market risk.

The activities of *CM-CIC Marchés* are organised into three business lines: refinance, commercial and own account.

Market trading organised by *CM-CIC Marchés* is processed and recorded in the BFCM balance sheet, as regards the refinancing business, and in the CIC balance sheet as regards the commercial and own account business lines. Commercial transactions performed by the group's regional management are also recorded in the CIC balance sheet. Finally, market transactions may also be recorded in the foreign subsidiaries in New York and Singapore. London no longer has its own account market activity.

Refinancing activity

A team dedicated to treasury management refinances the business needs of the retail banking network and its subsidiaries, corporate and specialist financing, own account trading by the CM-CIC trading room, and the liquidity instruments of the CIC group. Its policy is one of diversification of its investor base, relying on teams based in Paris, Frankfurt and London.

The products traded are mainly money market instruments and firm interest rate and currency hedging instruments.

Commercial business line

The sales teams operating from Paris or within the regional organisations have a unified range of tools and products. A dedicated technical organisation known as *conception adossement retournement* (CAR – design, backing and reversal) has been set up and is required to seek the best prices, the maintenance of commercial margins and the reversal of currency and interest rate positions.

Own account business

The own account business revolves around a dozen or so activities, mainly arbitraging, which can be allocated to families: interest rate, equities, hybrids, credit spreads and fixed income. These activities are themselves organised by specialisation. Necessarily value creating in a framework of proper risk control, they are required to fund the sales and marketing required to grow the bank's business.

Description of control structures

In the course of 2007, the control entity continued to improve its organisation and methodologies of risk monitoring.

All of the methodologies and processes contained in the controlled entity's body of rules have been regularly reviewed and adjusted.

The task entrusted to the control teams is to ensure the stable and reliable issuance of daily or regular reports covering all of the risks and returns attaching to the different types of activity, and to put forward an analysis of this information, intended for the bodies monitoring the relevant business lines.

CIC group market activities are reliant on the control structure described below:

- all of the market activities (front office, control, back office) report to a member of the CIC board who reports on these activities to the CIC board itself and to the BFCM board;
- the units entering into trading engagements (front office) are separate from the units with responsibility for oversight of risk and returns (control) and from the units providing for validation, settlement and accounting records (back office);
- since 2007, the control bodies are under the management of the Group Risk Department, which supervises risks at Group level and ensures that the BFCM and CIC Boards approve the appropriate levels of capital allocation;
- the permanent control systems are based on first level controls, bringing into play three teams:
 - risk- return control, approving new business and daily monitoring of returns;
 - regulating and accounting control, with responsibility for reconciling profit as booked and actual cash flow, as well as regulatory aspects; and
 - legal and market compliance control, with responsibility for first level legal aspects;

- second level control organised around a number of teams:
 - market trading control, reporting to the permanent business line control entity, provides a permanent second level control over the group's specialist business lines;
 - the engagement department of the CIC group checks compliance with credit processes and monitors the risk exposure of the Group to counterparties;
 - the legal and tax department of the CIC group controls the *CM-CIC Marchés* compliance control team; and
 - the CIC group financial department supervises the accounting schemes, the plan of accounts and the accounting and regulatory controls;
- the CM4-CIC Group business line regular control entity operates through a team of specialist inspectors who provide regular controls and oversee the compliance of market activities;
- the back office is organised by product line. The various teams are allocated to two sites in Paris and Strasbourg and perform the administrative processing of operations; and
- finally, market trading is overseen through two committees:
 - a monthly risk committee, which monitors strategy, results and risks, within the framework of the limits granted by the Board, and supervises the market trading of the foreign subsidiaries in terms of risk exposure; and
 - a weekly management committee, which co-ordinates operational functions, the information system, budget, human resources and processes.

Risk management

The system of market risk limits is based on:

- limits to potential losses; and
- rules and internal scenarios (CAD risk and the historic VaR and stress tests, currently being introduced, enabling the conversion of exposures into potential losses).

The limits are set for different types of market risk (interest rate, currency, equities and commitment by signature), and divided into sub-limits by type of risk for each scope of business. No cross-settlement or offsetting of risk types is allowed.

Risk monitoring takes place both using first level indicators (sensitivity to different market risk factors), mainly intended for operators, and at a second level of potential losses, providing a more holistic overview which is more directly accessible to the decision-making bodies.

The capital allocated to CAD risks as at 31 December 2007 on own account and in commercial was €470 million and €20 million, on which calls were made in the amount of €400 million and €11 million.

The main trading risks arise from the following activities:

- global macro: positions taken on the direction of expected market movements and relative value differential between various classes of asset. CAD allocation was €13.6 million at year end;
- credit and hybrid risk: positions arise either from securities arbitraging/credit default swaps (CDS) or credit correlation positions. In a particularly difficult year, there was little variation on the credit arbitraging portfolio (CAD allocation €30 million). The asset backed securities portfolio within the scope of CM-CIC Marchés continued to expand in 2007 (€76 million CAD allocation on average in the last quarter of 2007 in comparison to €62 million in 2006). The credit correlation activity, exclusively based on Itraxx/CDX tranches went as high as €47 million in June, falling back by December to the level of €30 million it had been at the beginning of the year. The stock of convertible bonds remained broadly unchanged at around €3 billion.

- M&A and other equities: CAD allocation to equity risk was €111 million at year-end 2007, 64 per cent. of which originated in M&A strategies (takeover bids and public share exchange offers). The CAD allocation is particularly penalising in this business line, with the internal measure of potential loss being three times higher. M&A exposure amounted to around €580 million at year-end 2007; and
- fixed income: positions were made up of interest rate curve arbitraging, in most cases on underlying securities. Other arbitraging between OECD government-backed securities of the same maturity date, but with different issuers, or with same issuer but different maturity dates, also took place. The CAD measurement of exposure reverted on 31 December 2007 to the €27 million level it had been at the outset of the financial year. The outstanding liability of paper vs. swaps remained stable in comparison to 2006 at €12 billion.

The day-to-day treasury position of *CM-CIC Marchés* cannot exceed a certain threshold, including an intermediary alert threshold, according to limits set by management. This position is subject to individual and overall management involving the BFCM, the group's refinancing entity. In 2007, the day-to-day position never exceeded the authorised threshold.

Credit derivatives

Credit derivative products are used by the *CM-CIC Marchés* group and on a very marginal basis by the Singapore subsidiary.

CM-CIC Marchés carries all these instruments in its trading portfolio.

The control arrangements allocate these products to the processes framing and supervising credit/counterparty risks.

The trading room for its part is compliant with risk limits by issuer/counterparty with regard to all investment vehicles. The liabilities and funds under management are monitored daily within a framework of limits which is regularly reviewed by special purpose bodies (the engagement committee, market risk committees).

EUROPEAN CAPITAL ADEQUACY RATIO

Under Article 4.1 of CRBF regulation n°2000-03 of 6 September 2000 relating to prudential supervision on a consolidated basis and additional supervision, BFCM, which is included within the CM4-CIC consolidation, is not required to comply with the sub-consolidation basis in terms of management ratios, nor with the provisions relating to internal capital adequacy as required by Article 17 bis of CRBF regulation n°97-02. This waiver also applies to Basel II (cf. Article 1 of CRBF decision 20 February 2007).

The information shown below (including the presentation of the processes and comments on operational risk) relates to the parent company, the CM4-CIC Group.

Since 1 January 1996, market risks, mainly with regard to interest rate, foreign currency, equities, and settlement/counterparty, as they affect the trading portfolio of the banks, are governed by specific capital adequacy requirements under the European Capital Adequacy Directive (CAD).

The overall capital requirement is therefore equal to the combination of the requirement relating to credit risks with regard to the total weighted risks, excluding the trading portfolio, and the requirement related to trading portfolio market risk, and that, if any, relating to any major risks.

The group calculates its capital requirement with regard to market risks using the standard regulatory model.

The capital adequacy requirement is 8 per cent. of weighted net risks.

The European Consolidated Capital Adequacy Ratio of the CM4-CIC Group (BCFM shareholder) is as follows:

(in millions of Euros)	31/12/07 Consolidated CM4 & CIC
TOTAL CAPITAL	19,579.90
CAPITAL REQUIREMENT FOR CREDIT RISK (EUROPEAN CAPITAL ADEQUACY RATIO) = T x 8%	14,453.50
TOTAL WEIGHTED RISKS	180,669.10
Weighted risks on balance sheet	155,525.00
• risks weighted at 10 or 20%	8,707.20
• risks weighted at 50%	25,475.10
• risks weighted at 100%	121,342.80
Off-balance sheet weighted risk	23,752.10
Interest rate related risk	1,392.00
CAPITAL REQUIREMENT FOR MARKET RISK	450.8
Credit risk equivalent	5,635.40
OVERALL COVERAGE RATIO	131.37%
Total capital adequacy ratio*	10.51%
Core capital adequacy ratio (TIER 1 RATIO)	8.52%

* Ratio of prudential capital to weighted net risks

The total capital adequacy ratio must be above 8 per cent. The regulatory ratios governing the CM4-CIC Group were complied with as of 31 December 2007. More generally, the group seeks to respect all of the requirements laid down by the banking regulations.

OPERATIONAL RISK

Within the framework of the Basel II capital adequacy regulations, the CM4-CIC Group has progressively since 2002 adopted a complete process for operational risk management, directly reporting to the senior management bodies, including a single risk framework and common quantitative methods of assessment.

The operational risk team has responsibility for the CM4-CIC Group's scope of business (banks, federations and business line centres). It has further delegated responsibilities to the CM4-CIC Group.

The operational risk measurement and supervisory system is based on a framework common to the whole of the CM4-CIC group, involving risk mapping including identification and modelling of risks and calculation of the final requirement for capital allocated to the coverage of operational risk.

The CM4-CIC group has a structured and coherent overall framework which enables the mapping of risks in line with their potential generic risk and the summary of risk by eight business lines and seven Basel risk events, establishing a relationship between actual risk events and potential risks.

The Group **Crédit Mutuel – CIC** has opted for the Advanced Measurement Approach (“**AMA**”) for its operational risks. Only the banking subsidiaries abroad (Belgium, Luxembourg, Switzerland) and the factoring subsidiaries will initially remain governed by the standard method.

Main objectives

The adoption of an operational risk management policy has the following objectives:

- contributing to the group's overall control and management of the risks and their costs;
- from the human point of view: protecting employees, developing responsibilities, independence and controls, capitalising on group skills;
- from an economic point of view: preserving margins by providing the most efficient management of operational risk across all business lines, ensuring return on the investment in regulatory compliance, optimising capital allocation to the cost of risk and ensuring a suitable match of insurance schemes to identified risks;
- from the regulatory point of view: responding efficiently to Basel II regulations and to the requests of the supervisory authorities, relying on internal control (CRBF 97.02), optimising the business continuity plans, for essential activities (CRBF 2004-02) and suitably adapted financial communication (pillar 3 Basel II, NRE, LSF).

Role and positioning of operational risk management function

The operational risk function at group level co-ordinates and consolidates the whole process by means of the dedicated team at its disposal serving the group. It provides leadership to operational risk managers in the regional groups. The regional function implements the processes and ensures assessments are consistent with the overall model. The regional function is led by the regional group operational risks manager.

Process for operational risk measurement and control

The mapping of homogeneous risks by Basel II business line and by risk type takes place for all activities based on expert assessments and probabilistic modelling. Model validation is the responsibility of the operational risks technical committee. Capital allocations are calculated at the regional and national level.

The general orientations for operational risk reduction include:

- effective prevention (actions costing less than the risk exposure) identified by mapping directly undertaken by operational staff and by means of permanent and quality controls.
- protective actions whose priority is the rollout and broad adoption of business line continuity planning, logistics and IT back-up for essential business operations.

A coherent disaster recovery process within the group, linking up to the processes set up for the inter-banking business, has now been broadly adopted.

The programmes for financing operational risk have been reviewed in the light of the continuing outcomes of the net risk assessment (including decisions on risk reduction initiatives). These have been undertaken in accordance with the following principles:

- subscription to insurance policies for the serious and major insurable risks, and development of self-insurance within the group to cover amounts in excess of the amounts insured and cover intra-group risks;
- subscription to insurance policies to cover frequency risks when justified or finance them out of deductions for loss expectations in the operating accounts;
- major risks that cannot be insured and the balance not insured are covered by the prudential capital reserve for unexpected loss;
- major risks for interbank trading and payment systems are covered by the liquidity reserve fund set up and administered by the system.

Reporting and general oversight

The application of a policy of operational risk management and risk profiling are monitored using key indicators, thresholds and alerts covering the assessment of potential risks, changes in actual levels of

risk occurrence, the efficacy of the measures taken for the purposes of risk reduction and finance. The foregoing give regular information to the executive and decision making bodies.

Business Continuity Plans (BCPs):

BCPs form part of the protective actions introduced by the company to limit the seriousness of an adverse event, as part of the company's programme of management of operational risk.

A BCP drafting methodology has been devised, and forms the reference document for the Crédit Mutuel - CIC Group in this field. It is available to all teams involved in BCPs and is applied at the CM4-CIC group level.

Two types of BCPs have been identified:

- *Business line BCPs*: covering a business line of banking activity related to one of the Basel categories of business for regulatory purposes.
- *Cross business area BCPs*: covering business lines whose purpose is to provide facilities or resources for businesses outside of their core business, such as logistics PCPs, including Human Resources and IT BCPs.

BCPs are deployed in three phases:

- *Back-up plan*: immediately implemented and comprising actions whose purpose is to deal with emergencies and the establishment of temporary solutions for degraded processes.
- *Continuity plan*: recovery of activity in degraded environment in line with procedures adopted before the disaster or emergency occurred.
- *Return to normal plan*: preparation for which begins soon after the inception of the continuity plan. The time taken for implementation depends on the scale of the losses or damage.

Crisis management organisation:

The crisis management organisation set up by the CM4-CIC Group covers crisis communications, and organisation in the crisis phase most effectively contributing to handling the three phases of back-up plan, continuity plan and return to normal plan.

This organisation relies on:

- a *Crisis Committee* which takes fundamental decisions, prioritises actions and provides for internal and external communications, headed by the Managing Director of the regional arm at the regional level, and by the Group Managing Director at the national level;
- a *Crisis Cell centralising information*, implementing the decisions taken and monitoring their outcomes;
- a *Crisis Contact Point* by business line which co-ordinates crisis management operations in the field, interacting with the Crisis Cell and ensuring the implementation of the BCPs until return to normal.

Insurance to reduce regulatory capital requirement

The possibility of deducting insurance from capital as part of the Advanced Measurement Approach is summarised in Articles 371 – 1 to 3 of the government decision of 20 February 2007. The CM4-CIC Group insurance programme is at present compliant with these arrangements.

Hence our insurers are all certified and are rated at no less than 3 (equivalent BBB+ to BBB- ratings of the long-term credit rating agencies). The term of our insurance policies is not less than one year, requiring prior notice of cancellation of at least 90 days, without restrictive clauses other than those for non-payment of premium and misleading declarations. Any coverage provided by a captive insurer does not give rise to diminution of the regulatory capital requirement.

Training

The CM4-CIC Group in 2007 initiated training for all of the branch managers of CIC and for all of the Cr dit Mutuel Caisses entitled "Prudent Procedures". The training covers types of risk, methods of prevention and management, as well as the processes for identifying and declaring any claim or adverse event causing a loss of more than €1,000.

BASEL II PROCESSES – CM4-CIC GROUP CREDIT RISKS

For better consideration of the quality of any borrower, the Basel Committee has developed a new capital adequacy process known as Basel II, including the introduction of a system of internal ratings for each credit or banking institution.

The new Basel II agreement comprises three pillars:

- **Pillar I** introduces new minimum requirements for capital, taking the form of a calculation of the capital adequacy ratio, including credit risk, market risk and operational risk;
- **Pillar II** requires banks to perform their own assessment of economic capital and to use stress scenarios to assess their needs for capital in the event of difficulties affecting the general economy;
- **Pillar III** involves reinforcing market discipline by means of a higher level of disclosure of information (transparency).

Concerning to the minimum capital requirements (pillar I), the main developments in comparison to the current capital adequacy ratio relate to the following two points:

- Treatment of credit risk: modification of the calculation of weighted risks with respect to unexpected loss (UL), in the denominator of the ratio, with possible correction of capital requirements based on the differential between expected loss (EL) and the provisions in the ratio numerator;
- Introduction of explicit procedures and processes for operational risk.

For credit risk, the banks may, subject to authority from their regulatory supervisors, employ a number of methods for assessment of their growing exposure to risk, among these being the standard approach and the internal ratings-based approaches (IRB).

The standard approach is that of the Basel I agreement.

The internal ratings-based approaches are more sophisticated.

The use of the internal ratings-based approach requires meeting a number of quantitative and qualitative conditions whose purpose is to ensure both the integrity and credibility of the process and allow for the use of estimates for the parameters of calculation of regulatory capital.

In accordance with the instructions of the supervisory and regulatory authorities, the Basel II project has been implemented at the CM4-CIC national level by the Conf d ration nationale du Cr dit Mutuel, adopting a unified approach covering all the Federations. Cr dit Mutuel-CIC aims at establishing its eligibility for the adoption of an internal ratings-based approach.

For retail exposures, the calculation of capital requirements will be made on the basis of internal estimates of the parameters of Probability of Default (PD), Loss Given Default (LGD) and CCF (IRB approach).

Given the constraints in terms of statistics and track record in determining losses in cases of exposure to default by banks and the corporate sector, CM4-CIC will use the IRB foundation approach (internal estimate of the PD parameter, use of prudential values for LGD, CCF and M parameters).

CM4-CIC is also seeking authorisation to sustainably apply the standard measurement to exposures to sovereign borrowers and to local authorities (0.1 per cent. and 0.6 per cent. of the group weighted risk), and to do so on a temporary basis for foreign subsidiaries and factoring.

As a co-operative bank, belonging to its customers and members, the CM4-CIC group is not motivated by a desire to redistribute possible gains from the use of its capital to its shareholders. By opting for an internal ratings-based approach, the group is:

- responding to regulatory requirements and to the French Banking Commission;
- setting up a national project giving rise to standardised practice in the bank's operations;
- improving the qualification of its customer base in the risk field, ensuring more detailed management and oversight of that risk;
- updating information systems and working methods at all levels within the organisation (obligation to use credit ratings as part of its management procedures).

The expected outcome is an improvement in the CM4-CIC group risk management and measurement processes.

CM4-CIC is a financially solid group with low exposure to risk.

Its outstanding loans are 80 per cent. to market segments considered structurally the lowest risk.

A current conservative portfolio

The work performed as part of the Basel II impact study showed that 80 per cent. of the balance sheet liabilities related to segments considered as structurally the least risk: Retail (53 per cent.), Institutions (15 per cent. - mainly banks), and Sovereign (10 per cent., with a very low risk of only 0.1 per cent. of weighted risks). The structure of total exposure at default EAD (balance sheet and weighted off-balance sheet) is substantially the same.

The CM-CIC group's business is in diversified retail banking, which is its core business. Within the retail business, the structure of exposure, broken down by commercial market segments is as follows:

- Individuals: nearly 70 per cent. of exposure;
- Professionals (including self-employed and VSEs): 21 per cent. of exposure;
- Other retail customers are also represented, notably larger business corporations (5 per cent.) and farmers (4 per cent.).

House purchase lending represents over half of the lending to customers and of loans issued, confirming the structurally low risk profile of the CM-CIC group.

Development strategy focusing on retail banking

Retail banking is at the heart of the CM-CIC group's development strategy, for both Crédit Mutuel and in CIC. The goal is to reinforce through organic growth the group's market share. To this end, developing a second network of branches in France, intended to become a hub of relationships with the customer base, is the main priority.

In finance banking (for corporate customers), after reduction of its exposure in the last few years, particularly by CIC, the group seeks to remain a niche player.

The CM-CIC group's strategy abroad is very cautious. The priority objective is to support French customers in markets abroad. The total loan book of foreign-based entities of the group accounts for less than 10 per cent. of the total balance sheet value.

Very high levels of capital and one of the best capital adequacy ratios in the banking industry are the result of a continuing policy of prudence.

The CM-CIC Group enjoys high levels of capital, above the minimum regulatory requirement. Capital stood at €24.3 billion on 31 December 2006.

Furthermore, the core capital represents an overwhelmingly high percentage of the overall prudential capital of the CM-CIC group. The tier one ratio is one of the highest among the major French financial institutions, and among the highest in Europe.

This solid financial structure is the result of:

- strict cost control, translating into one of the best operating coefficients in the industry over time;
- a policy of continuing prudence, with retail banking risks that are well known, identified and managed.

Dispersion and quality of risks

The orientation of the CM-CIC group towards lower risk segments, and its policy of granting loans on a selective basis have resulted in a low level of risk exposure to doubtful and disputed debts. That exposure was 2.9 per cent. on 31 December 2006, the cost of risk being €0.2 billion.

A distinctive feature of the CM-CIC group is a high degree of dispersion of its exposure (high percentage of lending to individuals and to professionals (self-employed and very small enterprises), and low concentration of unitary risks.

STRONG NATIONAL DIMENSION

The Basel II regulations covering internal rating systems emphasises a group perspective at all levels. The French government decision of 20 February 2007 (Article 102) specifies in particular that “the definition and criteria shall be sufficiently detailed to allow persons with responsibility for the rating or assessment to assign to debtors or transactions presenting the same risk, the same rating or assignment to the same category, on a coherent basis across the relevant business lines, administrative departments or geographical locations”.

The coherence of the Basel II process within the CM-CIC group is assured by:

- national co-ordination covering all of the entities and activities of the group (including specific business lines and foreign entities);
- the single counterparty rating system, a harmonised definition of default, and the use of common parameters (including common definitions applied to specific business lines, lease-and-buyback for example);
- the functional convergence of the group’s information systems.

This arrangement relies on a single rating system for counterparties, a harmonised definition of default, and a use of nationwide parameters.

Single system of rating counterparties of the CM-CIC group. This is based on:

- Statistical algorithms or mass ratings, reliant on one or more models (for example the cross referencing of the financial model with an account operation model for corporate customers) based on a selection of variables that are representative and predictive of the risk – between 5 and 10 variables per model; individuals; legal entities; civil property companies; individual entrepreneurs; individual agricultural entrepreneurs; agricultural firms; OBNL; loans granted.
- Manual assessment grids drawn up by experts:
 - Banks, Strategic Accounts, (including insurance companies, property owning and management companies and landlords offering subsidised rental accommodation, known as HLMs);
 - Specialist financing (projects, assets and real estate).

In accordance with the request from the Commission bancaire issued at the time of its information initiative in 2003, the parameters used by the group for its calculation of weighted risks are national. This means that they apply to all entities in the group.

PROCESS RELYING ON ROBUST AND STRUCTURED FOUNDATIONS, SUPPORTED BY A MAJOR INVESTMENT IN INFORMATION SYSTEMS

The key stages in the calculation of the internal estimates of the risk assessment system outlined above (ratings, exposures at default, and other parameters), and the calculation of weighted credit risks for the CM-CIC group rely on robust and structured foundations.

Statistical process for risk classification rooted in group operational processes

The work of mass assessment of risk has been extended to the whole of the CM-CIC group, dating back to 2002, within the perspective of the introduction of the new Basel requirements.

Resilient statistical methods for the “retail” banking sector.

The CM-CIC group has a permanent team of statisticians dedicated to Basel II. The first Basel-style internal rating systems were developed and went on stream in 2002. Subsequently methodological improvements have been regularly made in order to enhance the appropriateness and robustness of the models used by the group in order to segment its customer base into homogeneous risk classes.

Robust parameters based on a single definition of default, calculated on a very extensive population, including prudential coefficients

IFRS accounting data make up the basis of calculation of weighted risks.

In accordance with regulations, the accounting data are the basis of the calculation of weighted credit risks.

Major IT investment has been earmarked to meet the requirements of the Basel II reform. A national dedicated facility is at the disposal of statisticians

In June 2004 the CM-CIC group set up a national facility known as the Base Nationale Statistique (BNS – National Statistics Base), to make available to statisticians a tool with the ability to design and monitor customer segmentation models using a single and exhaustive source of data provided by the information systems.

Since 2001, the CM-CIC group has been working on the Basel II project with a significant and progressive increase in resources and staff mobilisation. In seeking approval of its system for the internal ratings-based approach (by the *Commission Bancaire*) by 30 June 2008, the group has positioned itself so as to achieve compliance by that date.

Implementation to date

- single internal rating system (including business lines subsidiaries, lease-and-buyback and foreign subsidiaries), based on a unified definition of default in line with the accounting system and automatic declassification preventing contamination of such default in respect of the group and businesses sharing the same or similar SIREN number for the national classification of businesses by sector;
- a statistical approach to mass classification of risks that, by relying on a national statistical database containing data on eight million assessed third parties, is robust, being furthermore reliant on thousands of qualitative and quantitative elements of information on the customer base validated by business line experts, and qualified by PricewaterhouseCoopers as being “one of the best business practices in the marketplace” at their prevalidation audit;
- a datawarehouse that is a single and exhaustive source of data for the calculation of national parameters;
- national co-ordination of the data management project;
- governance at national level of the Basel II processes, consistent with the principle of non-centralisation of the group;

- implementation of Basel rules to each bank, and to all of the risk management and supervision processes;
- data input to computers from IFRS accounting data.

Substantial investments made by the Crédit Mutuel-CIC into its IT systems are a fundamental factor in the compliance of this system to regulatory requirements.

The group has furthermore included into its action plans, the recommendations from the pre-validation mission performed by the general inspectorate (*l'inspection générale*). The implementation of these recommendations will take place in 2007 and 2008 and will require, further to a sustainable implementation of the Basel processes, the continuing substantial mobilisation of resources.

The CM-CIC Group is mobilised to ensure compliance within the deadlines.

REPORT ON THE PROCESS TO COMBAT MONEY LAUNDERING

The process established to combat money laundering has been substantially reinforced over the last few years across the CMCEE-CIC Group. The measures taken aim at detection of operations that may be suspect, thereby seeking greater in-depth knowledge of the customers concerned, and if necessary, ensuring the avoidance of any relationship with customers whose identity or activities are poorly identified. These processes are part of the recommendations of the financial action group (GAFI), and the legal and regulatory provisions contained in the *Code monétaire et financier*, and the European directives and regulations transposed into French law.

In this context, the CMCEE-CIC Group has set itself the goals of:

Seeking the best possible knowledge of its customers and transactions;

Exercising vigilance over the origin of the funds deposited with it, and/or the cash flows entrusted to it in order to detect a typical or non-standard transactions;

Checking compliance with regulatory provisions and internal standards, by exercising the appropriate controls and ensuring formalised working processes;

Involving all staff in the fight against money laundering by regular training and awareness-raising actions.

The control processes including their various components (periodic, permanent and conformance controls) have as their goal ensuring the consistency of the processes adopted and their proper implementation. The processes rely on the *Tracfin* correspondents who perform continuous monitoring of transactions, make regulatory declarations and contribute by their actions to increased vigilance from all.

In their work, the staff and control services have at their disposal an extensive range of tools common to the group, intended both to bring to their notice the transactions or situations that require attention, enable them to record their comments, and to inform their superiors and *Tracfin* correspondents. These tools are regularly enhanced and refined to meet changes in regulations. In 2007, new filters and automated controls were put in place, relating more particularly to the monitoring of transactions with countries on which embargoes are placed and requiring particular vigilance, with respect to principals initiating, and beneficiaries of, international fund transfers and the identification of transactions at risk.

The application of the legal requirements arising from the third European directive on arrangements to combat money laundering, the enrichment of the range of tools, the updating of processes and the continuance of training form the framework for the work to be undertaken in this field in 2008.

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 25,197 employees as at 31 December 2007.

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 2006 and 2007 have been audited by BFCM's statutory auditors.

RECENT DEVELOPMENTS

On 1 April 2008 it was announced that Group CM-CIC has agreed to acquire Banco Popular France, the French subsidiary of Banco Popular Español SA. In addition, CM-CIC has agreed to allow for commercial collaboration between both parties, whereby Grupo Banco Popular will continue to provide banking services to its customers in France through the established CM-CIC network. Since 5 June 2008 100 per cent. of Banco Popular France's share capital has been held by BFCM.

On May 2008, Group CM-CIC increased its interest in NRJ Mobile to 90 per cent.

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 2007 and 2006 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 year ended 31 December 2007 and 2006 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

Assets	31 December 2007	31 December 2006
	(€ millions)	
Cash, central banks, post office accounts - assets	6,083	4,021
Financial assets at fair value through profit or loss	97,349	65,506
Derivative hedging instruments - assets	3,165	1,346
Financial assets available for sale	51,063	48,950
Loans and advances to credit institutions	96,977	95,205
Loans and advances to customers	121,660	99,963
Revaluation differences on portfolios hedged against interest rate risk	(63)	13
Financial assets held to maturity	6,085	6,007
Current tax assets	454	371
Deferred tax assets	383	285
Prepayments, accrued income and other assets	8,992	13,912
Non-current assets held for sale	0	0
Investments in companies accounted for by the equity method	447	250
Investment property	928	987
Property, plant and equipment and finance leases - lessee	1,520	1,441
Intangible fixed assets	202	120
Goodwill	664	646
Total assets	395,910	339,025
Liabilities and shareholders' equity	31 December 2007	31 December 2006
	(€ millions)	
Cash, central banks, post office accounts - liabilities	59	387
Financial liabilities at fair value through profit or loss	65,563	26,603
Derivative hedging instruments - liabilities	2,857	1,406
Amounts due to credit institutions	82,100	103,385
Amounts due to customers	69,980	61,080
Debt securities	99,770	72,029
Revaluation differences on portfolios hedged against interest rate risk	201	121
Current tax liabilities	151	177
Deferred tax liabilities	527	561
Accrued charges, deferred Income and other liabilities	10,701	13,361
Liabilities on non-current assets held for sale	0	
Technical provisions on insurance contracts	45,355	42,187
Provisions for risks and charges	620	648
Subordinated debt	6,748	7,137

Shareholders' equity – minority interests	1,785	1,584
Shareholders' equity – Group Share	9,493	8,359
- Share capital	1,302	1,302
- Share premium	578	578
- Consolidated other reserves	5,644	4,150
- Unrealised or deferred gains or losses	505	686
- Net profit for the period	1,464	1,642
Total liabilities and shareholders' equity	395,910	339,025

Profit and Loss Account

	31 December 2007	31 December 2006
	(€ millions)	
Interest receivable and similar income	14,763	11,913
Interest and similar charges	(14,666)	(11,251)
Fees and commissions (income)	2,303	2112
Fees and commissions (charges)	(828)	(797)
Net profit on financial transactions*	2,768	2,616
Net gains (losses) on portfolios at fair value through profit or loss	2,576	2,391
Net gains (losses) on financial assets available for sale	192	225
Income and charges from other activities	1,047	1,065
Net banking Income (NBI)	5,388	5,657
Staff costs	(1,746)	(1,721)
Other administrative charges	(1,193)	(1,146)
Depreciation and amortisation	(145)	(135)
Gross operating Income	2,303	2,656
Cost of risk	(128)	(90)
Operating profit	2,176	2,566
Share in net profit of companies accounted for by the equity method	64	30
Net gains (losses) on other assets	13	10
Profit on ordinary activities before tax	2,253	2,606
Corporation tax	(549)	(724)
Total profit	1,704	1,883
Minority interests	239	240
NET PROFIT	1,464	1,642

CASH FLOW STATEMENT

	2007	2006
	(€ millions)	
Net profit	1,704	1,883
Corporation tax	549	724
Profit on ordinary activities before tax	2,253	2,606
Net charges to depreciation and amortisation of property, plant and equipment and intangible assets	149	130
Impairment of goodwill and other non-current assets	6	0
Net charges to provisions	(234)	(195)
Share in profit of companies accounted for by the equity method	(36)	(19)
Net loss (gain) from investing activities	(102)	(70)
(Income) charges from financing activities	0	
Other movements	2,317	4,375
Total non-cash items included in profit on ordinary activities before tax and other adjustments	2,102	4,221
Cash flows from interbank transactions	(15,686)	(8,141)
Cash flows from customer transactions	(13,218)	(12,392)
Cash flows from other transactions affecting financial assets and liabilities	28,731	126
Cash flows from other transactions affecting non-financial assets and liabilities	1,425	(971)
Taxes paid	(752)	(683)
Net decrease (increase) In assets and liabilities from operating activities	500	(22,061)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES (A)	4,855	(15,234)
Cash flows from financial assets and investments	(548)	163
Cash flows from Investment properties	46	1
Cash flows from property, plant and equipment and intangible assets	(214)	(210)
TOTAL NET CASH FLOWS FROM INVESTING ACTIVITIES (B)	(715)	(45)
Cash provided by or to shareholders	(183)	(168)
Other net cash flows from financing activities	5,862	12,844
TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	5,679	12,675
IMPACT OF EXCHANGE RATE MOVEMENTS ON CASH AND CASH EQUIVALENTS (D)	13	37
Net Increase (decrease) In cash and cash equivalents (A+B+C+D)	9,831	(2,567)
Net cash flows from operating activities (A)	4,855	(15,234)
Net cash flows from investing activities (B)	(715)	(45)
Net cash flows from financing activities (C)	5,679	12,675
Impact of exchange rate movements on cash and cash equivalents (D)	13	37
Cash and cash equivalents - opening balance	934	3,501
Banks, central banks and post office accounts (assets & liabilities)	3,634	3,919
Interbank demand accounts and short-term loans/borrowings (assets & liabilities)	(2,699)	(418)
Cash and cash equivalents - closing balance	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)
CHANGE IN NET CASH	9,831	(2,567)

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 advisor 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 Ruling 2007/59 of the *Direction générale des impôts* dated 8 January 2008.

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 9 July 2008 (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 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 made 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;¹
- (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.

¹ Any such Notes issued must have a minimum redemption value of £100,000.

The Republic of France

Each of the Dealers and the Issuer has represented and agreed that²:

(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, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the “**Financial Instruments and Exchange Law**”). Accordingly, each of the Dealers has represented, warrants and agrees 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, or for the benefit of, any resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Law and other relevant laws and regulations of 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

² 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.

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 therefor.

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 and copies may be obtained from [address] and will be available on [the Luxembourg Stock Exchange website 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, 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 sub-paragraphs. 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 <i>[insert date (in the case of fungible issues only, if applicable)]</i>] |
| 6. | (i) Specified Denominations ⁵ : | [●] |
| | (ii) Calculation Amount: | [●] ⁶ |
| 7. | (i) Issue Date | [●] |
| | [(ii)] Interest Commencement Date (if different from the Issue Date) | [Specify/Issue Date/Not Applicable] ⁷ |

⁵ 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]".

⁶ 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.

⁷ 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.)]

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 subparagraphs 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]⁸[[specify other]
- (vi) 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. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (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] (*insert "unadjusted" if the application of the relevant business day convention is not intended to affect the Interest Amount*)]
- (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 (*Give details*)]
- (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
- (ix) Screen Rate Determination:

⁸ As of 1 July 2005, ISMA and IPMA have merged. The merged association is called ICMA (the International Capital Market Association).

- 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 Page⁹ [●]

(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 subparagraphs of this paragraph)

(i) Amortisation Yield: [●] per cent. per annum

(ii) Day Count Fraction [●]

(ii) Any other formula/basis of determining [Amortised Face Amount] payable: [●]

⁹ 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").

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]
 - (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 (*Give details*)]
 - (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. **Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (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: [●]

PROVISIONS RELATING TO REDEMPTION

20. **Issuer Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (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. **Noteholder Put Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (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. **Final Redemption Amount**

- 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: [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]
- [Temporary Global Note exchangeable for Definitive Notes on [*] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- (iii) Applicable TEFRA exemptions: [C Rules/D Rules/Not Applicable]
25. Financial Centre(s) or other special provisions relating to payment dates: [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]]
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, renominisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [•]]apply]
30. Consolidation provisions: [Not Applicable/The provisions [in Condition

[●]apply]

31. Other final terms: [Not Applicable/Give details/Specify rating, if applicable/Specify any Payment Disruption Events and the consequences thereof, if applicable]
- (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.)*

DISTRIBUTION

32. (i) If syndicated, names of Managers (specifying Lead Manager): [Not Applicable/Give names, addresses and underwriting commitments]
- [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.] [Indicate material features of agreements including quotas. If any portion of the issue is not underwritten, include a statement of that portion.]*
- (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 details]

[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.*]*

(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.]

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.¹⁰ [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.]**

* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

(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]*.

7. [*Derivative Securities only* – OTHER INFORMATION CONCERNING THE SECURITIES TO BE [OFFERED]/ [ADMITTED TO TRADING]]*

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: [•]

* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

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 Eurosystem 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 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 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) (if any): **[Not Applicable/Give name(s), addresses]**

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 application¹¹;

(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;

¹¹ Whether in number of securities or aggregate amount to invest.

(vii) the categories of potential investors to which the securities are offered¹²,

[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 offer¹³;

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” arrangements¹⁴;

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.

¹² 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.

¹³ To the extent known to the Issuer, of the placers in the various countries where the offer takes place.

¹⁴ Where not all of the issue is underwritten, a statement of the portion not covered.

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 and copies may be obtained from [address] and will be available on [the Luxembourg Stock Exchange website 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, 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 sub-paragraphs. 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: **[●]**
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).
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: **[●]**
(ii) Calculation Amount: **[●]**¹⁵
7. (i) Issue Date **[●]**

[(ii) Interest Commencement Date (if different from the Issue Date) **[Specify/Issue Date/Not Applicable]**¹⁶
8. Maturity Date: **[specify date or (for Floating Rate Notes) 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*)]

¹⁵ 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 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.

¹⁶ 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 II are dealt with.)]

(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][specify other]*
- (vi) 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 *[None/Give details]*

Notes:

16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (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] *(insert "unadjusted" if the application of the relevant business day convention is not intended to affect the Interest Amount)*
 - (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 *(Give details)*]
 - (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] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]**
 - Relevant Screen Page¹⁷ [•]

¹⁷ 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

- (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]

-
- 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 (*Give details*)]
 - (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. **Dual Currency Note Provisions** **[Applicable/Not Applicable]**
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (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: **[•]**

PROVISIONS RELATING TO REDEMPTION

20. **Issuer Call Option** **[Applicable/Not Applicable]**
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (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. **Noteholder Put Option** **[Applicable/Not Applicable]**
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (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. **Final Redemption Amount**
- 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) Index/Formula/ variable: **[Give or annex details]**

- (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 **[Bearer Notes only]**: **[Yes/No]**
[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: [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]
- [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- (iii) Applicable TEFRA exemptions: [C Rules/D Rules/Not Applicable]
25. Financial Centre(s) or other special provisions relating to payment dates: [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]*]
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, renominisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [•]]apply]
30. Consolidation provisions: [Not Applicable/The provisions [in Condition [•]]apply]
31. Other final terms: [Not Applicable/*Give details/Specify rating, if applicable/Specify any Payment Disruption Events and the*]

consequences thereof, if applicable]

(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.)

DISTRIBUTION

32. (i) If syndicated, names of Managers (specifying Lead Manager): **[Not Applicable/Give names, addresses and underwriting commitments]**
[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.] [Indicate material features of agreements including quotas. If any portion of the issue is not underwritten, include a statement of that portion.]
- (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: **[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.**
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]¹⁸

(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.

[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

¹⁸ 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.

information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]*

(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].*

8. [Derivative Securities only – OTHER INFORMATION CONCERNING THE SECURITIES TO BE [OFFERED]/ [ADMITTED TO TRADING]]*

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: [•]

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.

* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

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.**

13. OPERATIONAL INFORMATION

Intended to be held in a manner which would allow Eurosystem 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 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 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) (if any): [Not Applicable/Give name(s), addresses]

14. [TERMS AND CONDITIONS OF THE OFFER]

Offer Price [Issue Price][specify]

* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

Conditions to which the offer is subject:	[Not Applicable/ <i>give details</i>]
Description of the application process	[Not Applicable/ <i>give details</i>]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/ <i>give details</i>]
Details of the minimum and/or maximum amount of application:	[Not Applicable/ <i>give details</i>]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable/ <i>give details</i>]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/ <i>give details</i>]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/ <i>give details</i>]
Categories of potential investors to which the notes are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/ <i>give details</i>]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/ <i>give details</i>]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/ <i>give details</i>]
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/ <i>give details</i>]

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 offer¹⁹;

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" arrangements²⁰;

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.

¹⁹ To the extent known to the Issuer, of the placers in the various countries where the offer takes place.

²⁰ 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 7 May 2008 by a resolution of the *Conseil d'administration* on 21 February 2008. 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 pages 49-72 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 2007 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 December 2007.
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).

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 2007 and 2006 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
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United Kingdom

Lehman Brothers International (Europe)

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United Kingdom

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Grand Duchy of Luxembourg

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BNP Paribas Securities Services GCT

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France

CALCULATION AGENT

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BNP PARIBAS Securities Services, Luxembourg Branch

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KMT Audit

Réseau KPMG

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*To the Issuer
in respect of French law*

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*To the Dealers
in respect of English law*

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