

Compagnie Financière du Crédit Mutuel



€7,000,000,000

EURO MEDIUM TERM NOTE PROGRAMME

Under the Euro Medium Term Note Programme described in this Base Prospectus (the "**Programme**"), Compagnie Financière du Crédit Mutuel (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**").

The aggregate nominal amount of Notes outstanding will not at any time exceed €7,000,000,000 (or its equivalent in other currencies) at the date of issue.

Application has been made to the Luxembourg Stock Exchange for Notes described in this Base Prospectus to be listed on the Luxembourg Stock Exchange and traded on the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*). The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (each such market being a "**Regulated Market**"). However, Notes issued under the Programme may also be listed and admitted to trading on another Regulated Market of the European Economic Area ("**EEA**") and/or offered to the public in any Member State of the EEA, in each case in accordance with the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**"), or may be unlisted.

Application has been made to the *Commission de Surveillance de Secteur Financier* (the "**CSSF**") in its capacity as competent authority in Luxembourg for the purposes of the Luxembourg act dated 10 July 2005 relating to prospectuses for securities (*loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières*), for approval of this Base Prospectus. The relevant Final Terms (a form of which is contained herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading and/or offered to the public and, if so, the relevant Regulated Market(s) and/ or the Member State(s) in the EEA where the Notes will be offered to the public. References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes are intended to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market and/or on any other Regulated Market(s) of the EEA as the case may be.

This Base Prospectus replaces and supersedes the Base Prospectus dated 5 September 2005 as supplemented by the supplement dated 22 May 2006. It shall be updated annually as from the date hereof.

Notes may be issued either in dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**") as more fully described herein.

Dematerialised Notes will at all times be in book entry form in compliance with Article L.211-4 of the French *Code monétaire et financier*. No physical documents of title will be issued in respect of the Dematerialised Notes.

Dematerialised Notes may, at the option of the Issuer, be (i) in bearer form (*au porteur*) inscribed as from the issue date in the books of Euroclear France (acting as central depository) which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination") including Euroclear Bank S.A./N.V. ("**Euroclear**") and the depository bank for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), or (ii) in registered form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder (as defined in "Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination"), in either fully registered form (*au nominatif pur*), in which case they will be inscribed in an account maintained by the Issuer or by a registration agent (appointed in the relevant Final Terms) for the Issuer, or in administered registered form (*au nominatif administré*) in which case they will be inscribed in the accounts of the Account Holders designated by the relevant Noteholder.

Materialised Notes will be in bearer materialised form only and may only be issued outside France. A temporary global certificate in bearer form without interest coupons attached (a "**Temporary Global Certificate**") will initially be issued in relation to Materialised Notes. Such Temporary Global Certificate will subsequently be exchanged for definitive Materialised Notes with, where applicable, coupons for interest attached (the "**Definitive Materialised Notes**"), on or after a date expected to be on or about the 40th day after the issue date of the Notes (subject to postponement as described in "Temporary Global Certificate in respect of Materialised Notes") upon certification as to non-US beneficial ownership as more fully described herein. Temporary Global Certificates will (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, be deposited on the issue date with a common depository for Euroclear and Clearstream, Luxembourg, and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg or delivered outside a clearing system, be deposited as agreed between the Issuer and the Relevant Dealer (as defined below). In the case of a Tranche which is not intended to be cleared through Euroclear and/or Clearstream, Luxembourg, the Notes of such Tranche cannot be listed on the Luxembourg Stock Exchange and traded on the Regulated Market of the Luxembourg Stock Exchange.

Unsubordinated Notes (as defined in "Terms and Conditions of the Notes - Status") issued under the Programme have been rated A+/A-1 by Standard & Poor's Ratings Services. Dated Subordinated Notes (as defined in "Terms and Conditions of the Notes - Status") issued under the Programme have been rated A by Standard & Poor's Ratings Services. Undated Subordinated Notes (as defined in "Terms and Conditions of the Notes - Status") issued under the Programme have been rated A- by Standard & Poor's Ratings Services. 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.

See "**Risk Factors**" below for certain information relevant to an investment in the Notes to be issued under the Programme.

ARRANGER
HSBC
DEALERS

ABN AMRO
DEUTSCHE BANK
HSBC

CAISSE INTERFEDERALE DE CREDIT MUTUEL
DZ BANK AG
MERRILL LYNCH INTERNATIONAL

SOCIETE GENERALE CORPORATE & INVESTMENT BANKING

This Base Prospectus (together with all supplements to the Base Prospectus from time to time), which contains all relevant information concerning the Issuer and the Issuer and its consolidated subsidiaries taken as a whole (the "Group") as well as the base terms and conditions of the Notes to be issued under the Programme, constitutes a base prospectus for the purposes of article 5.4 of the Prospectus Directive. The terms and conditions applicable to each Tranche (as defined in "Summary of the Programme") not contained herein (including, without limitation, the aggregate nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder) will be determined by the Issuer and the relevant Dealer(s) at the time of the issue 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 15 of the *Loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 implementing the Prospectus Directive in Luxembourg and Article 28 of the European Commission Regulation N°809/2004 dated 29 April 2004 (see "Documents incorporated by Reference" below).

This Base Prospectus may only be used for the purposes for which it has been published.

No person is or has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers (as defined in "Summary 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 amended or 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 amended or 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 restriction.

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 the Notes may include Materialised Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold or, in the case of Materialised Notes in bearer form, delivered within the United States or, in the case of certain Materialised Notes in bearer form, to, or for the account or benefit of, United States persons as defined in the U.S. Internal Revenue Code of 1986. The Notes are being offered and sold outside the United States of America to non-U.S. persons in reliance on Regulation S under the Securities Act ("Regulation S").

For a description of these and certain further restrictions on offers, sales and transfers of Notes and on distribution of this Base Prospectus, see "Subscription and Sale".

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or the Dealers to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus. Neither the Arranger nor any of the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other information supplied in connection with the Programme is 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. Neither the Arranger nor any of the Dealers undertake to review the financial or general condition 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 that may come to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising

manager(s) (the "Stabilising Manager(s)") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes (provided that, in the case of any Tranche to be listed on a 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 a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "€", "Euro", "euro" or "EUR" are to the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam, references to "£", "pounds sterling" and "Sterling" are to the lawful currency of the United Kingdom, references to "\$", "USD" and "US Dollar" are to the lawful currency of the United States of America, references to "¥", "JPY" and "Yen" are to the lawful currency of Japan and references to "CHF" and "Swiss Francs" are to the lawful currency of the Helvetic Confederation.

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PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS

Compagnie Financière du Crédit Mutuel accepts responsibility for the information contained in this document. To the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Compagnie Financière du Crédit Mutuel
32, rue Mirabeau
29480 Le Relecq Kerhuon / BREST
France

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Base Prospectus and any decision by any investor to invest in the Notes should be based on a consideration of the Base Prospectus as a whole. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Issuer in any such Member State in respect 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 the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this summary.

Issuer:

Compagnie Financière du Crédit Mutuel

The Issuer was created on 20 October 2000 under the name of Eurobretagne VI. The Issuer adopted in May 2001 the legal and commercial name of Compagnie Financière du Crédit Mutuel.

The Issuer is a 100% owned subsidiary of Caisse Interfédérale de Crédit Mutuel which is owned by the local branches of Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central.

The Issuer is incorporated under French law as a Société Anonyme governed by the French *Code de commerce* and Decree n° 67-236 dated 23 March 1967 and registered with the *Registre du Commerce et des Sociétés* of Brest under number 433 383 122. Its registered office and place of business are at 32 rue Mirabeau, 29480 Le Relecq Kerhuon / Brest, France.

Positioned within Arkéa Group, the Issuer has organised its expertise and has acquired know-how in order to carry out its missions as a money market and investment bank and as the holding company for Arkéa Group's subsidiaries and affiliates network.

The Issuer (i) manages the investments and refinancing of Arkéa Group by actively pursuing the diversification of its financial resources, (ii) operates on the financial markets on its own account, (iii) operates on the financial markets in the course of its commercial activities, supporting Arkéa Group's networks with regard to the financial engineering needs of their corporate and institutional clients, (iv) offers its clients international services through the use of international payment processing channels and through the direct adherence to international settlement systems and (v) develops a specialised financing activity aimed at, on the one hand, supporting local and national businesses in their development, and, on the other hand, pursuing the diversification of Arkéa Group's interventions.

As at 31 December 2005:

Financial information (in millions of euros)

Share capital	715.0
Consolidated retained earning	295.8
Net Income for the year	118.6
Total shareholders' equity	1,129.4
Reserve for general banking risks	23.1
Long-medium and short term debt*	10,720.1

*comprising subordinated debts	282.0
Debenture loans	3 922.0

Arranger:	HSBC France.
Dealers:	ABN AMRO Bank N.V., Caisse Interfédérale de Crédit Mutuel, Deutsche Bank AG, London Branch, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, HSBC France, Merrill Lynch International and Société Générale.
	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 references 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 authority of such member home state to lead-manage bond issues in such Member State may act (a) as Dealers with respect to non-syndicated issues of Notes denominated in Euro and (b) as lead manager of issues of Notes denominated in Euro issued on a syndicated basis.
Description:	Euro Medium Term Note Programme.
Programme Limit:	Up to €7,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Fiscal Agent and Principal Paying Agent:	Kredietbank S.A. Luxembourgeoise
Paying Agents:	HSBC France as Paris Paying Agent Kredietbank S.A. Luxembourgeoise as Luxembourg Paying Agent
Method of Issue:	The Notes may be offered to the public or not and/or listed or not, in each case on a syndicated or non-syndicated basis.
	The specific terms of each Tranche (including, without limitation, the aggregate nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder) will be determined by the Issuer and the relevant Dealer(s) at the time of the issue and will be set out in the relevant Final Terms.
Maturities:	Subject to compliance with all relevant laws, regulations and directives, the Notes will have a minimum maturity of one month from the date of original issue as specified in the relevant Final Terms, except (i) in the case of Subordinated Notes which proceeds constitute Upper Tier 2 Capital which will have no maturity, (ii) in the case of Subordinated Notes which proceeds constitute Lower Tier 2 Capital which minimum maturity will be of five years, (iii) in the case of Subordinated Notes which proceeds constitute Tier 3 Capital which minimum maturity will be of two years, or (iv) in any case such other minimum maturity as may be required by the applicable legal and/or regulatory requirements.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Euro, U.S. dollars, Japanese yen, Swiss francs and in any other currency agreed between the Issuer and the relevant Dealer(s).
Denomination(s):	Notes shall be issued in the Specified Denomination(s) set out in the relevant Final Terms, save that all Notes which are to be listed on a Regulated Market

or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive shall have a minimum denomination of €1,000 (or its equivalent in any other currency) or such higher amount as may be allowed or required from time to time in relation to the relevant Specified Currency. Dematerialised Notes shall be issued in one denomination only.

Status of the Unsubordinated Notes:

Unsubordinated Notes, and, where applicable, any relative Coupons and Receipts, will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer.

Status of the Subordinated Notes:

The Final Terms may state that Subordinated Notes will be eligible as Upper Tier 2, Lower Tier 2 or Tier 3 Capital.

The Issuer may issue Subordinated Notes which constitute Ordinary Subordinated Notes, Deeply Subordinated Notes, Dated Subordinated Notes or Undated Subordinated Notes.

Negative Pledge for Unsubordinated Notes:

There will be a negative pledge in respect of Unsubordinated Notes as set out in Condition 4.

Events of Default:

The terms of the Notes will contain events of default in respect of Unsubordinated Notes as set out in Condition 9(a) and limited events of default only in respect of Subordinated Notes as set out in Condition 9(b).

Redemption Amount:

Subject to any laws and regulations applicable from time to time, the relevant Final Terms will specify the basis for calculating the redemption amounts payable.

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 Noteholders, and if so the terms applicable to such redemption.

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.

Early Redemption:

Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to their stated maturity only for tax reasons and, in respect of Subordinated Notes, subject to the approval of the SGCB.

Taxation:

Payments in respect of the Notes will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France as provided by Article 131 *quater* of the French *Code général des impôts*, to the extent that the Notes are issued (or deemed to be issued) outside France.

The Notes constituting *obligations* under French law will be issued (or deemed to be issued) outside France (i) if such Notes are denominated in Euro, (ii) in the case of syndicated issues of Notes denominated in currencies other than Euro, if, *inter alia*, the Issuer and the relevant Dealers agree not to offer the Notes to the public in France in connection with their initial distribution and such Notes are offered in France only through an international syndicate to qualified investors (*investisseurs qualifiés*) as described in Article L.411-2 of the French *Code monétaire et financier* or (iii) in the case of non-syndicated issues of Notes denominated in currencies other than Euro, if each of the subscribers of the Notes is domiciled or resident for tax purposes outside the

Republic of France, in each case as more fully set out in the Circular of the *Direction Générale des Impôts* dated 30 September 1998.

However, if so provided in the relevant Final Terms, Notes constituting *obligations* under French law and denominated in currencies other than Euro may be issued on a non-syndicated basis and placed with subscribers not all of whom are resident outside the Republic of France. In such cases, the Notes will not benefit from the exemption from deduction at source provided by Article 131 *quater* of the French *Code général des impôts* and payments under such Notes made to a non-French resident will be exempt from withholding or deduction at source only if the beneficiary of the payment provides certification that he is not resident in France, all in accordance with the provisions of Article 125 A III of the French *Code général des impôts*, as more fully described in Condition 8 (c).

The tax regime applicable to Notes which do not constitute *obligations* under French law will be set out in the relevant Final Terms.

Interest Periods and Interest Rates:

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, 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.

Fixed 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 determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by the 2001 FBF Master Agreement relating to transactions on forward financial instruments (formerly 1994 AFB Master Agreement for Foreign Exchange and Derivatives Transactions), as supplemented by the then applicable Interest and Currency Technical Annex (*Echange de conditions d'Intérêt ou de Devises - Additif Technique*) published by the AFB or the FBF, or
- (ii) on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service (including, without limitation, EURIBOR, EONIA, LIBOR, CMS or TEC), or
- (iii) on such other basis or benchmark as may be specified in the applicable Final Terms,

in each case plus or minus any applicable margin, if any, and calculated and payable as indicated in the applicable Final Terms. Floating Rate Notes may also have a maximum rate of interest, a minimum rate of interest or both.

Zero Coupon Notes:

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

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 on such rates of exchange, as may be specified in the relevant Final Terms.

Index Linked Notes:

Payments of principal or of interest in respect of Index Linked Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.

Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Notes that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.
Redenomination:	Notes issued in the currency of any Member State of the EU which participates in the third stage (or any further stage) of European Monetary Union may be redenominated into Euro, all as more fully provided in Condition 1 (d).
Consolidation:	Notes of one Series may be consolidated with Notes of another Series as more fully provided in Condition 14.
Form of Notes:	Notes may be issued in either dematerialised form (" Dematerialised Notes ") or in materialised form (" Materialised Notes "). Dematerialised Notes may, at the option of the Issuer, be issued in bearer form (<i>au porteur</i>) or in registered form (<i>au nominatif</i>) and, in such latter case, at the option of the relevant holder, in either fully registered form (<i>au nominatif pur</i>) or administered form (<i>au nominatif administré</i>). No physical documents of title will be issued in respect of Dematerialised Notes.. Materialised Notes will be in bearer form only. A Temporary Global Certificate will initially be issued in respect of each Tranche of Materialised Notes. Materialised Notes may only be issued outside France.
Governing Law:	French.
Clearing Systems:	Euroclear France as central depository in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.
Initial Delivery of Dematerialised Notes:	One Paris business day before the issue date of each Tranche of Dematerialised Notes, the <i>Lettre comptable</i> relating to such Tranche shall be deposited with Euroclear France as central depository.
Initial Delivery of Materialised Notes:	On or before the issue date for each Tranche of Materialised Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or 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(s).
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Listing and Admission to Trading:	The Luxembourg Stock Exchange's Regulated Market and/or any other Regulated Market in the EEA in accordance with the Prospectus Directive as specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.
Offer to the public:	Unless the Final Terms otherwise specify, the Notes shall not be offered to the public in Luxembourg and/or in any Member State of the EEA.
Rating:	Unsubordinated Notes issued under the Programme have been rated A+/A-1 by Standard & Poor's Ratings Services. Dated Subordinated Notes issued under the Programme have been rated A by Standard & Poor's Ratings Services. Undated Subordinated Notes issued under

the Programme have been rated A- by Standard & Poor's Ratings Services.

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.

Selling Restrictions:

There are restrictions on the offer and sale of Notes and the distribution of offering material in various jurisdictions. In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed in the relevant Final Terms.

The Issuer is Category 1 for the purposes of Regulation S.

Materialised Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms states that such Materialised Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) such Materialised 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.

Dematerialised Notes do not require compliance with the TEFRA Rules.

Risk Factors:

Risk factors relating to the Issuer and its activity

Like all other banks the Issuer is mainly exposed to market risk.

The Issuer carries the market risk –including interest rate, equities and foreign exchange risks- for Arkéa Group, within the limits established by the Arkéa Group risk committee with regard to allocations of shareholders' equity, the impact on earnings, the total outstandings of portfolios managed for the Arkéa Group's own account and liquidity.

The two other risks factors are the consumer credit risk and the credit risk on counter-parties.

Risk factors relating to the Notes

There are certain additional factors which are material for the purpose of assessing the risks related to the Notes issued under the Programme including the following:

- (i) Investment risks. The Notes may not be a suitable investment for all investors. Prospective investors should understand the risks of investing in any type of Note before they make their investment decision.
- (ii) Risks related to the Notes generally or to the structure of a particular issue of Notes.
- (iii) Risks related to the market generally including liquidity risk, exchange rate risk, interest rate risk and credit risk.

Please see "Risk Factors" below for further details.

Available information:

So long as Notes are capable of being issued under the Programme, copies of documents relating to the Issuer (*statuts*, financial statements), this Base Prospectus, the Final Terms related to Notes listed on a Regulated Market of the EEA or offered to the public in a Member State of the the EEA, in each case in accordance with the Prospectus Directive, and the Agency Agreement will, when published, be available during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the registered office of the Issuer and at the specified office of the Paying Agent(s).

GENERAL DESCRIPTION OF THE PROGRAMME

Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this general description.

Issuer:	Compagnie Financière du Crédit Mutuel.
Arranger:	HSBC France.
Dealers:	ABN AMRO Bank N.V., Caisse Interfédérale de Crédit Mutuel, Deutsche Bank AG, London Branch, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, HSBC France, Merrill Lynch International and Société Générale.

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 references 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 authority of such member home state to lead-manage bond issues in such Member State may act (a) as Dealers with respect to non-syndicated issues of Notes denominated in Euro and (b) as lead manager of issues of Notes denominated in Euro issued on a syndicated basis.

Description:	Euro Medium Term Note Programme.
Programme Limit:	Up to €7,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Fiscal Agent and Principal Paying Agent:	Kredietbank S.A. Luxembourgeoise
Paying Agents:	HSBC France as Paris Paying Agent Kredietbank S.A. Luxembourgeoise as Luxembourg Paying Agent
Method of Issue:	The Notes may be offered to the public or not and/or listed or not, in each case on a syndicated or non-syndicated basis. The specific terms of each Tranche (including, without limitation, the aggregate nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder) will be determined by the Issuer and the relevant Dealer(s) at the time of the issue and will be set out in the relevant Final Terms.
Maturities:	Subject to compliance with all relevant laws, regulations and directives, the Notes will have a minimum maturity of one month from the date of original issue as specified in the relevant Final Terms, except (i) in the case of Subordinated Notes which proceeds constitute Upper Tier 2 Capital which will have no maturity, (ii) in the case of Subordinated Notes which proceeds constitute Lower Tier 2 Capital which minimum maturity will be of five years, (iii) in the case of Subordinated Notes which proceeds constitute Tier 3 Capital which minimum maturity will be of two years, or (iv) in any case such other minimum maturity as may be required by the applicable legal and/or regulatory requirements.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Euro, U.S. dollars, Japanese yen, Swiss francs and in any other currency agreed between the Issuer and the relevant Dealer(s).

Denomination(s):	Notes shall be issued in the Specified Denomination(s) set out in the relevant Final Terms, save that all Notes which are to be listed on a Regulated Market or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive shall have a minimum denomination of €1,000 (or its equivalent in any other currency) or such higher amount as may be allowed or required from time to time in relation to the relevant Specified Currency. Dematerialised Notes shall be issued in one denomination only.
Status of the Unsubordinated Notes:	Unsubordinated Notes, and, where applicable, any relative Coupons and Receipts, will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) <i>pari passu</i> with all other present or future unsecured and unsubordinated obligations of the Issuer.
Status of the Subordinated Notes:	The Final Terms may state that Subordinated Notes will be eligible as Upper Tier 2, Lower Tier 2 or Tier 3 Capital. The Issuer may issue Subordinated Notes which constitute Ordinary Subordinated Notes, Deeply Subordinated Notes, Dated Subordinated Notes or Undated Subordinated Notes.
Negative Pledge for Unsubordinated Notes:	There will be a negative pledge in respect of Unsubordinated Notes as set out in Condition 4.
Events of Default:	The terms of the Notes will contain events of default in respect of Unsubordinated Notes as set out in Condition 9(a) and limited events of default only in respect of Subordinated Notes as set out in Condition 9(b).
Redemption Amount:	Subject to any laws and regulations applicable from time to time, the relevant Final Terms will specify the basis for calculating the redemption amounts payable.
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 Noteholders, and if so the terms applicable to such redemption.
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.
Early Redemption:	Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to their stated maturity only for tax reasons and, in respect of Subordinated Notes, subject to the approval of the SGCB.
Taxation:	Payments in respect of the Notes will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France as provided by Article 131 <i>quater</i> of the French <i>Code général des impôts</i> , to the extent that the Notes are issued (or deemed to be issued) outside France. The Notes constituting <i>obligations</i> under French law will be issued (or deemed to be issued) outside France (i) if such Notes are denominated in Euro, (ii) in the case of syndicated issues of Notes denominated in currencies other than Euro, if, <i>inter alia</i> , the Issuer and the relevant Dealers agree not to offer the Notes to the public in France in connection with their initial distribution and such Notes are offered in France only through an international syndicate to qualified investors (<i>investisseurs qualifiés</i>) as described in Article L.411-2 of the French <i>Code monétaire et financier</i> or (iii) in the case of non-syndicated

issues of Notes denominated in currencies other than Euro, if each of the subscribers of the Notes is domiciled or resident for tax purposes outside the Republic of France, in each case as more fully set out in the Circular of the *Direction Générale des Impôts* dated 30 September 1998.

However, if so provided in the relevant Final Terms, Notes constituting *obligations* under French law and denominated in currencies other than Euro may be issued on a non-syndicated basis and placed with subscribers not all of whom are resident outside the Republic of France. In such cases, the Notes will not benefit from the exemption from deduction at source provided by Article 131 *quater* of the French *Code général des impôts* and payments under such Notes made to a non-French resident will be exempt from withholding or deduction at source only if the beneficiary of the payment provides certification that he is not resident in France, all in accordance with the provisions of Article 125 A III of the French *Code général des impôts*, as more fully described in Condition 8 (c).

The tax regime applicable to Notes which do not constitute *obligations* under French law will be set out in the relevant Final Terms.

Interest Periods and Interest Rates:

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, 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.

Fixed 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 determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by the 2001 FBF Master Agreement relating to transactions on forward financial instruments (formerly 1994 AFB Master Agreement for Foreign Exchange and Derivatives Transactions), as supplemented by the then applicable Interest and Currency Technical Annex (*Echange de conditions d'Intérêt ou de Devises - Additif Technique*) published by the AFB or the FBF, or
- (ii) on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service (including, without limitation, EURIBOR, EONIA, LIBOR, CMS or TEC), or
- (iii) on such other basis or benchmark as may be specified in the applicable Final Terms,

in each case plus or minus any applicable margin, if any, and calculated and payable as indicated in the applicable Final Terms. Floating Rate Notes may also have a maximum rate of interest, a minimum rate of interest or both.

Zero Coupon Notes:

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

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 on such rates of exchange, as may be specified in the relevant Final Terms.

Index Linked Notes:

Payments of principal or of interest in respect of Index Linked Notes will be calculated by reference to such index and/or formula as may be specified in the

relevant Final Terms.

Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Notes that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.
Redenomination:	Notes issued in the currency of any Member State of the EU which participates in the third stage (or any further stage) of European Monetary Union may be redenominated into Euro, all as more fully provided in Condition 1 (d).
Consolidation:	Notes of one Series may be consolidated with Notes of another Series as more fully provided in Condition 14.
Form of Notes:	Notes may be issued in either dematerialised form (" Dematerialised Notes ") or in materialised form (" Materialised Notes "). Dematerialised Notes may, at the option of the Issuer, be issued in bearer form (<i>au porteur</i>) or in registered form (<i>au nominatif</i>) and, in such latter case, at the option of the relevant holder, in either fully registered form (<i>au nominatif pur</i>) or administered form (<i>au nominatif administré</i>). No physical documents of title will be issued in respect of Dematerialised Notes.. Materialised Notes will be in bearer form only. A Temporary Global Certificate will initially be issued in respect of each Tranche of Materialised Notes. Materialised Notes may only be issued outside France.
Governing Law:	French.
Clearing Systems:	Euroclear France as central depository in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.
Initial Delivery of Dematerialised Notes:	One Paris business day before the issue date of each Tranche of Dematerialised Notes, the <i>Lettre comptable</i> relating to such Tranche shall be deposited with Euroclear France as central depository.
Initial Delivery of Materialised Notes:	On or before the issue date for each Tranche of Materialised Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or 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(s).
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Listing and Admission to Trading:	The Luxembourg Stock Exchange's Regulated Market and/or any other Regulated Market in the EEA in accordance with the Prospectus Directive as specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.
Offer to the public:	Unless the Final Terms otherwise specify, the Notes shall not be offered to the public in Luxembourg and/or in any Member State of the EEA.
Rating:	Unsubordinated Notes issued under the Programme have been rated A+/A-1 by Standard & Poor's Ratings Services.

Dated Subordinated Notes issued under the Programme have been rated A by Standard & Poor's Ratings Services. Undated Subordinated Notes issued under the Programme have been rated A- by Standard & Poor's Ratings Services.

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.

Selling Restrictions:

There are restrictions on the offer and sale of Notes and the distribution of offering material in various jurisdictions. In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed in the relevant Final Terms.

The Issuer is Category 1 for the purposes of Regulation S.

Materialised Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "D Rules") unless (i) the relevant Final Terms states that such Materialised Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "C Rules") or (ii) such Materialised 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.

Dematerialised Notes do not require compliance with the TEFRA Rules.

RISK FACTORS

1. RISK FACTORS RELATING TO THE ISSUER AND ITS ACTIVITY

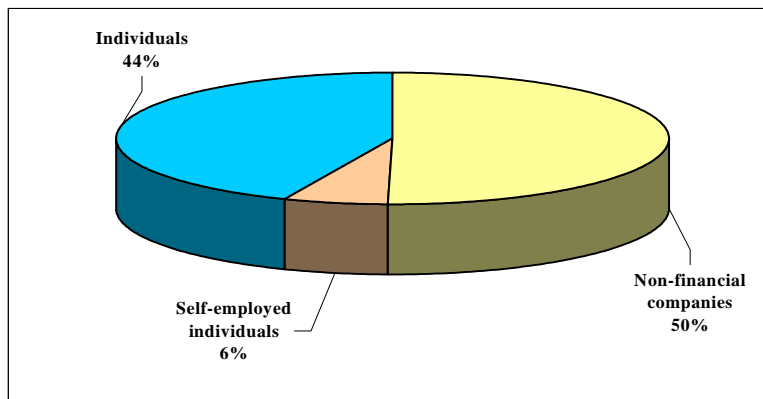
Like all other banks the Issuer is mainly exposed to credit risk and market risk (e.g. interest rate movements and currency movements). These risk factors are addressed by the Issuer's own risk management procedures and exposures are constantly measured and supervised.

1.1 Customer credit risk

Compagnie Financière du Crédit Mutuel Group's gross non-performing loans, including leasing transactions, increased by 2.61% to 392 million euros in 2005 (from 382 million euros in 2004), while total outstanding loans grew by 7.02%. Total non-performing loans decreased from 5.4% of total outstanding loans in 2004 to 5.2% in 2005. The coverage ratio for non-performing loans held steady at 60% at 31 December 2005. Provisions for non-performing loans amounted to 236 million euros. Net additions to credit risk provisions amounted to 33.9 million euros in 2005, versus 25.3 million euros one year earlier. In 2005, net additions to credit risk provisions included 4.1 million euros for discounting loans (application of CRC 2002-03).

The gross outstandings of CEO/BIE, a foreclosure management company, continued to fall, and at 66.1 million euros at 31 December 2005 (400,000 euros after provisions) they were down 12.8% compared to the previous year.

Non-performing loans by type of borrower



1.2 Capital markets counterparty credit risk

Within the general limits established by the Risk Committee of the Group, Compagnie Financière du Crédit Mutuel establishes specific limits, in both amount and in term, based primarily on the shareholders' equity of the Arkéa Group, and on the counterparty's fundamentals (shareholders' equity, debt and ratings). In accordance with prevailing regulations, the Board of Directors of Compagnie Financière du Crédit Mutuel is responsible for approving credit limits, based on the recommendations of the Capital Markets Counterparty Credit Committee. The Capital Markets Counterparty Credit Committee is chaired by the Executive Managing Director of Compagnie Financière du Crédit Mutuel and meets once every quarter.

The credit limit and control systems apply to all Compagnie Financière du Crédit Mutuel Group structures participating in capital markets activities, whether on its own account (Compagnie Financière du Crédit Mutuel) or on behalf of third parties (Suravenir, Federal Finance Gestion).

The Middle Office Department provides analysis and monitoring of counterparty credit risk and compliance with credit limits, ensuring complete independence from the financial markets operations staff.

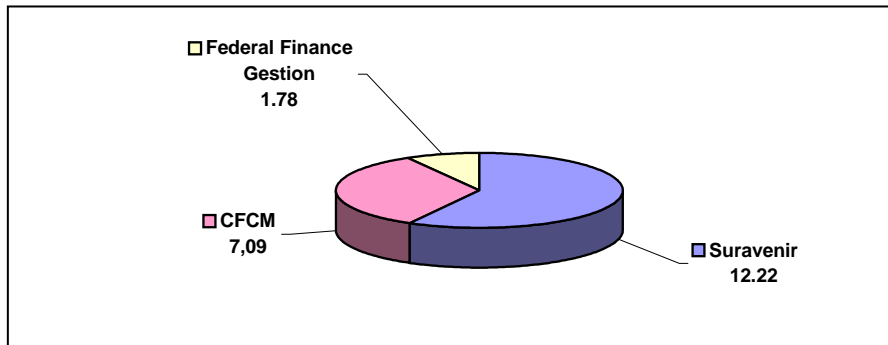
The Ongoing Control Department of Caisse Interfédérale du Crédit Mutuel performs a second level control.

The greatest prudence is naturally observed when extending lines, such decisions being taken by the Board of Directors; Compagnie Financière du Crédit Mutuel Group does not extend credit to counterparties rated below investment grade.

In 2005, the Group took part in work performed by the Confédération Nationale du Crédit Mutuel as part of its implementation of internal credit rating grids to incorporate the constraints imposed by the new Basel II regulations.

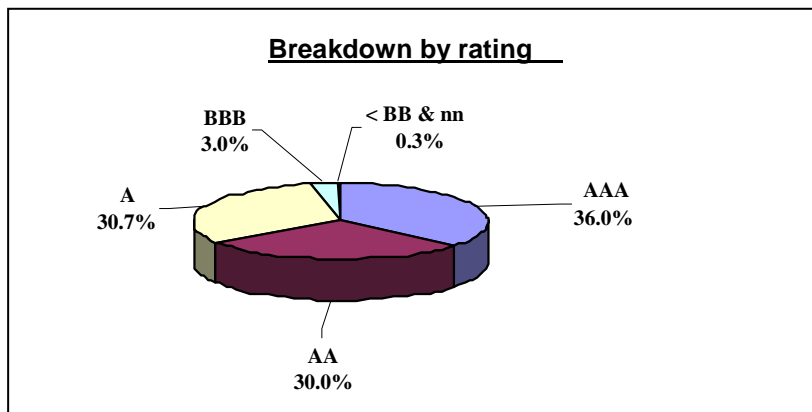
The Group's total assets under management amounted to 21.1 billion euros at 31 December 2005, broken down between the various Group structures, as follows:

Assets under management broken down by structure (in billions of euros)



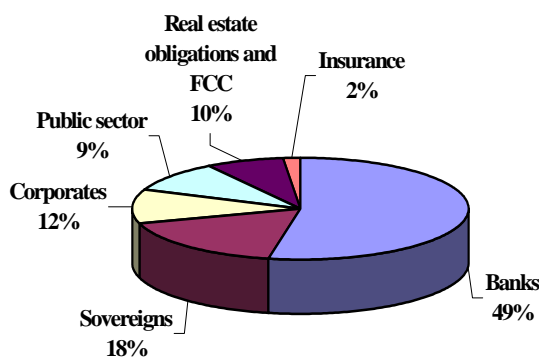
The concentration of investments with the best issuers reflects the Group's conservative risk strategy, as 66% of these involved companies rated AAA or AA. Issuers whose ratings have been reduced to speculative levels represent 0.22% of commitments, and are monitored carefully.

Overall, at 31 December 2005, the portfolio's risks were well diversified by rating.

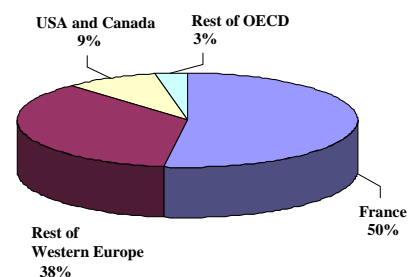


Most counterparties are European (88% of investments). The Compagnie Financière du Crédit Mutuel Group is invested primarily in the banking sector (10.5 billion euros, or 49% of total assets under management).

Analysis by type of counterparty



Analysis by geographical region



1.3 Intermediary risk

Each year, the Capital Markets Counterparty Credit Committee of Compagnie Financière du Crédit Mutuel establishes a list of intermediaries with which Group companies are allowed to engage in financial markets transactions. This list is submitted to the Board of Directors of Compagnie Financière du Crédit Mutuel for approval. The Middle Office Department performs periodic controls and has set in place an internal rating system to assess the quality of all intermediaries on the basis of financial and qualitative criteria.

1.4 Market risks

On the recommendation of the Group Risk Committee, the Board of Directors of Caisse Interfédérale du Crédit Mutuel establishes the Group's strategy and sets limits on allocations of shareholders' equity, impact on earnings, types of instruments, level of investment on its own account and liquidity. These limits are then elaborated in detail and tailored to the activities of Compagnie Financière du Crédit Mutuel's operating businesses. Compagnie Financière du Crédit Mutuel carries the market risk (interest rate, currency and equity risk) of the Group.

Capital market risks are monitored at two levels. At Compagnie Financière du Crédit Mutuel, the Middle Office Department is responsible for risk control and compliance with established limits on a daily basis, and provides a daily report to the managing bodies of the company and the Group. At Caisse Interfédérale du Crédit Mutuel, the Ongoing Control Department is responsible for the centralized analysis of and performance of second-level controls upon all Group risks, for validating the main monitoring methodologies applied and for calculating capital adequacy requirements on market activities.

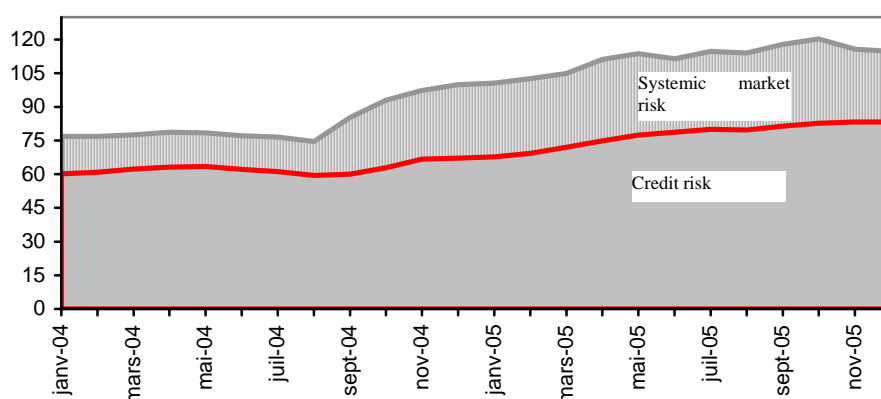
The capital adequacy requirement on credit and market risks is assessed using the standard method provided for under the Capital Adequacy Directive (CAD).

These capital adequacy requirements amounted to 114.8 million euros at 31 December 2005 and consisted mostly, as they did in 2004, of credit risks (83.3 million euros). Systemic market risk amounted to 31.5 million euros including 21.2 million on fixed-income instruments.

The quantitative data provided below concerns the trading portfolio as it is defined by banking regulations.

In millions of euros	2005	2004
CAD capital adequacy requirements	114.8	100.0
Credit risk	83.3	67.2
Systemic interest rate risk	21.2	24.5
Systemic volatility (beta) risk	10.3	8.3
Systemic currency risk	0.0	0.0

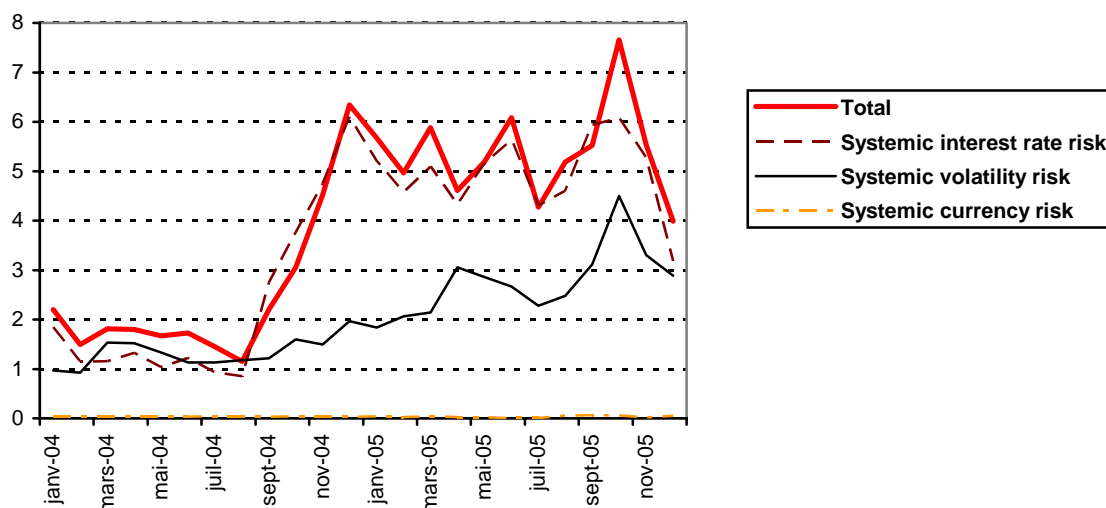
CAD (in millions of euros)



Note that systemic market risk was subjected to a second assessment using an in-house VaR model using a 99% confidence interval and a 10-working day horizon.

In millions of euros	2005	2004
Value at Risk ⁽¹⁾	4.0	6.3
Interest rate risk	3.2	6.1
Volatility	2.9	2.0
Currency risk	0.0	0.0
Diversification effect	- 2.1	-1.8

Capital markets VaR 10d-99% (in millions of euros)



In addition to these two measures for evaluating risk exposure, crisis scenarios for the fixed-income, currency, equity and credit markets are also used. Details concerning shocks to the principal risk factors and their impact in terms of unrealized losses are presented in the following table:

In millions of euros	2005
Crisis scenarios	
Interest rate risk:	
200 bp uniform rise in the yield curve	- 39.0
Increase in the slope of the yield curve (up 200 bp at 10 years)	- 15.0
Inversion of the yield curve (up 200 bp at the short end)	- 25.4
Volatility⁽²⁾:	
20% drop in prices	- 25.0
Currency risk:	
10% unfavorable change	- 0.1
Credit risk:	
doubling of spreads on financial institutions	- 18.2

(1) Prior to application of the coefficient provided for by the French Banking Commission.

(2) Including derivative positions expressed in equity equivalents.

As in 2004, given the complexity of the instruments, investments in structured interest-rate and equity products have been subject to prudent calculations of capital adequacy requirements in the VaR and crisis scenarios.

2. RISK FACTORS RELATING TO THE NOTES

2.1 The Notes may not be a suitable investment for all investors

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the relevant Notes and the information contained in this Base Prospectus or any applicable supplement to this Base Prospectus;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact the relevant Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

2.2 Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing some or all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The Issuer's obligations under Subordinated Notes are subordinated

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of unsubordinated creditors. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment in the event of voluntary liquidation or judicial liquidation (*liquidation judiciaire*) of the Issuer.

2.3 Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification of the Conditions

The Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse*, as defined in Condition 11, and a General Meeting can be held. The Terms and Conditions permit in certain cases defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant General Meeting and Noteholders who voted in a manner contrary to the majority. The General Meeting may deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, as more fully described in Condition 11.

Change of law

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

2.4 Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

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

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

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

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

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus shall be read and construed in conjunction with the following documents which have been previously published and filed with the CSSF and which are incorporated in, and shall be deemed to form part of, this Base Prospectus:

- (a) The consolidated financial statements of the Issuer for the financial year ended 31 December 2005 (the “**2005 Consolidated Financial Statements**”) and the auditors’ report thereon,
- (b) The consolidated statement of cash flows for the financial year ended 31 December 2005 (the “**2005 Consolidated Statement of Cash Flow**”) and the auditors’ special purpose report thereon,
- (c) The non consolidated financial statements of the Issuer for the financial year ended 31 December 2005 (the “**2005 Non-Consolidated Financial Statements**”) and the auditors’ report thereon,
- (d) The consolidated financial statements of the Issuer for the financial year ended 31 December 2004 (the “**2004 Consolidated Financial Statements**”) and the auditors’ report thereon,
- (e) The consolidated statement of cash flows for the financial year ended 31 December 2004 (the “**2004 Consolidated Statement of Cash Flow**”) and the auditors’ special purpose report thereon, and
- (f) The non consolidated financial statements of the Issuer for the financial year ended 31 December 2004 (the “**2004 Non-Consolidated Financial Statements**”) and the auditors’ report thereon.

All documents incorporated by reference in this Base Prospectus may be obtained, without charge on request, at the principal office of Issuer and the Paying Agents set out at the end of this Base Prospectus during normal business hours so long as any of the Notes are outstanding. Such documents will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The information incorporated by reference in this Base Prospectus shall be read in connection with the cross reference list below. Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purposes only.

Cross-reference list

INFORMATION INCORPORATED BY REFERENCE (Annex XI of the European Regulation 809/2004/EC)	REFERENCE
11. FINANCIAL INFORMATION CONCERNING THE ISSUER’S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
<u>11.1 Historical financial information</u>	
<i>2005 Consolidated Financial Statements</i>	
- Balance sheet	Page 1 of the 2005 Consolidated Financial Statements
- Profit and loss Account	Page 2 of the 2005 Consolidated Financial Statements.

- Notes	Pages 3 to 21 of the 2005 Consolidated Financial Statements
- Auditor's report relating to the above	Provided separately
- 2005 Consolidated Statement of Cash Flow	Provided separately
- Auditors' special purpose report on the 2005 Consolidated Statement of Cash Flow	Provided separately
<i>2005 Non Consolidated Financial Statements</i>	
- Balance sheet	Page 1 of the 2005 Non-Consolidated Financial Statements
- Profit and loss Account	Page 2 of the 2005 Non-Consolidated Financial Statements
- Notes	Pages 3 to 16 of the 2005 Non-Consolidated Financial Statements
- Auditor's report relating to the above	Provided separately
<i>2004 Consolidated Financial Statements</i>	
- Balance sheet	Page 1 of the 2004 Consolidated Financial Statements
- Profit and loss Account	Page 2 of the 2004 Consolidated Financial Statements
- Notes	Page 3 to 20 of the 2004 Consolidated Financial Statements.
- Auditor's report relating to the above	Provided separately
- 2004 Consolidated Statement of Cash Flow	Provided separately
- Auditors' special purpose report on the 2004 Consolidated Statement of Cash Flow	Provided separately
<i>2004 Non Consolidated Financial Statements</i>	
- Balance sheet	Page 1 of the 2004 Non Consolidated Financial Statements
- Profit and loss Account	Page 2 of the 2004 Non Consolidated Financial Statements
- Notes	Page 3 to 16 of the 2004 Non Consolidated Financial Statements.
- Auditor's report relating to the above	Provided separately

SUPPLEMENT TO THE BASE PROSPECTUS

In connection with Notes listed on a Regulated Market and/ or offered to the public in Luxembourg and/ or in any other Member State of the European Economic Area, if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Base Prospectus, including any modification of the terms and conditions or generally any significant new factor, material mistake or inaccuracy relating to information, included in this Base Prospectus which is capable of affecting the assessment of any Notes, which inclusion would reasonably be required by investors, and would reasonably be expected by them to be found in this Base Prospectus, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group and the rights attaching to the Notes, the Issuer shall prepare a supplement to the Base Prospectus in accordance with Article 16 of the Prospectus Directive or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes, submit such supplement to the Base Prospectus to the *Commission de Surveillance du Secteur Financier* in Luxembourg for approval and supply each Dealer, the Luxembourg Stock Exchange and the *Commission de Surveillance du Secteur Financier* in Luxembourg with such number of copies of such supplement to the Base Prospectus as may reasonably be requested.

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 the case of Dematerialised Notes, the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed, amended, supplemented or varied by the relevant Final Terms. In the case of Materialised Notes, either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms (and subject to simplification by the deletion of non-applicable provisions) or (ii) these terms and conditions as so completed, amended, supplemented or varied, shall be endorsed on Definitive Materialised Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. 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 Compagnie Financière du Crédit Mutuel (the "**Issuer**") in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical save as to 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. The specific terms of each Tranche (including, without limitation, the aggregate nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder and supplemented, where necessary, with supplemental terms and conditions which, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be determined by the Issuer and the relevant Dealer(s) at the time of the issue and will be set out in the final terms of such Tranche (the "**Final Terms**").

The Notes are issued with the benefit of an amended and restated agency agreement dated 12 July 2006 (the "**Agency Agreement**") between the Issuer, Kredietbank S.A. Luxembourgeoise as fiscal agent and principal paying agent and the other agents named therein. The fiscal agent, the paying agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent) and the "**Calculation Agent(s)**". The holders of the interest coupons (the "**Coupons**") relating to interest bearing Materialised Notes and, where applicable in the case of such Notes, talons (the "**Talons**") for further Coupons and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Materialised Notes of which the principal is redeemable in instalments are respectively referred to below as the "**Couponholders**" and the "**Receiptholders**".

References below to "**Conditions**" are, unless the context requires otherwise, to the numbered paragraphs below.

1. Form, Denomination, Title and Redenomination

(a) Form

Notes may be issued either in dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**"), as specified in the relevant Final Terms.

- (i) Title to Dematerialised Notes will be evidenced in accordance with Article L.211-4 of the French *Code monétaire et financier* by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Dematerialised Notes.

Dematerialised Notes are issued, at the option of the Issuer, in either bearer form (*au porteur*), which will be inscribed in the books of Euroclear France (acting as central depository) which shall credit the accounts of the Account Holders, or in registered form (*au nominatif*) and, in such latter case, at the option of the relevant holder in either administered registered form (*nominatif administré*) inscribed in the books of an Account Holder designated by the relevant holder of Notes or in fully registered form (*au nominatif pur*) inscribed in an account maintained by the Issuer or a registration agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the "**Registration Agent**").

For the purpose of these Conditions, "**Account Holder**" means any authorised financial intermediary institution entitled to hold accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and the depository bank for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

- (ii) Materialised Notes are issued in bearer form only. Materialised Notes in definitive form ("**Definitive Materialised Notes**") are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes 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. Instalment Notes are issued with one or more Receipts attached.

In accordance with Article L.211-4 of the French Code monétaire et financier, securities (such as Notes constituting obligations under French law) in materialised form and governed by French law must be issued outside the French territory.

The Notes may be "**Fixed Rate Notes**", "**Floating Rate Notes**", "**Zero Coupon Notes**", "**Index Linked Notes**", "**Dual Currency Notes**" or a combination of any of the foregoing, depending on the Interest Basis and the redemption method specified in the relevant Final Terms.

(b) Denomination

Notes shall be issued in the specified denomination(s) set out in the relevant Final Terms (the "**Specified Denomination(s)**"), save that all Notes which are to be listed on a regulated market (within the meaning of Directive 2004/39/EC of the European Parliament and of the Council, each such market being a "**Regulated Market**") within the European Economic Area ("**EEA**") or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**") shall have a minimum denomination of €1,000 (or its equivalent in any other currency) or such higher amount as may be allowed or required from time to time by the relevant monetary authority or any laws or regulations applicable to the relevant Specified Currency.

Dematerialised Notes shall be issued in one Specified Denomination only.

(c) Title

- (i) Title to Dematerialised Notes in bearer form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Account Holders. Title to Dematerialised Notes in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts maintained by the Issuer or by the Registration Agent.
- (ii) Title to Definitive Materialised Notes, including, where appropriate, Receipt(s), Coupons and/or a Talon attached, shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note (as defined below), Coupon, Receipt 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, 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.
- (iv) In these Conditions,

"**Noteholder**" or, as the case may be, "**holder of any Note**" means (a) in the case of Dematerialised Notes, the individual or entity whose name appears in the account of the relevant Account Holder, the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (b) in the case of Definitive Materialised Notes, the bearer of any Definitive Materialised Note and the Coupons, Receipts or Talons relating to it.

Capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

(d) Redenomination

- (i) The Issuer may (if so specified in the relevant Final Terms), on any date, without the consent of the holder of any Note, Coupon, Receipt or Talon, by giving at least 30 days' notice in accordance with Condition 13 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating Member State in the single

currency of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community (the "EC", as amended from time to time (the "Treaty")) or events have occurred which have substantially the same effects (in either case, "EMU"), redenominate all, but not some only, of the Notes of any Series into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the "**Redenomination Date**".

- (ii) Unless otherwise specified in the relevant Final Terms, the redenomination of the Notes pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each Note from the relevant national currency into Euro using the fixed relevant national currency Euro conversion rate established by the Council of the European Union pursuant to Article 123(4) of the Treaty and rounding the resulting figure to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest Euro. The Euro denominations of the Notes so determined shall be notified to holders of Notes in accordance with Condition 13. Any balance remaining from the redenomination with a denomination higher than Euro 0.01 shall be paid by way of cash adjustment rounded to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). Such cash adjustment will be payable in Euros on the Redenomination Date in the manner notified to holders of Notes by the Issuer.
- (iii) Upon redenomination of the Notes, any reference hereon to the relevant national currency shall be construed as a reference to Euro.
- (iv) Unless otherwise specified in the relevant Final Terms, the Issuer may, with the prior approval of the Fiscal Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 14, without the consent of the holder of any Note, Receipt, Coupon or Talon, make any changes or additions to these Conditions or Condition 14 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated Euromarket debt obligations and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holders of Notes, Receipts, Coupons and Talons and shall be notified to holders of Notes in accordance with Condition 15 as soon as practicable thereafter.
- (v) Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Receipt, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euros or any currency conversion or rounding effected in connection therewith.

2. Conversions and Exchanges of Notes

(a) Dematerialised Notes

- (i) Dematerialised Notes issued in bearer form (*au porteur*) may not be converted for Dematerialised Notes in registered form, whether in fully registered form (*au nominatif pur*) or in administered registered form, (*au nominatif administré*).
- (ii) Dematerialised Notes issued in registered form (*au nominatif*) may not be converted for Dematerialised Notes in bearer form (*au porteur*).
- (iii) Dematerialised Notes issued in fully registered form (*au nominatif pur*) may, at the option of the holder of such Notes, be converted into Notes in administered registered form (*au nominatif administré*), and *vice versa*. The exercise of any such option by such holder shall be made in accordance with Article R.211-4 of the French *Code monétaire et financier*. Any such conversion shall be effected at the cost of such holder.

(b) Materialised Notes

Materialised Notes of one Specified Denomination may not be exchanged for Materialised Notes of another Specified Denomination.

3. Status

The obligations of the Issuer under the Notes may be either unsubordinated ("**Unsubordinated Notes**") or subordinated ("**Subordinated Notes**"), as specified in the relevant Final Terms.

(a) Status of Unsubordinated Notes

The Unsubordinated Notes, and, where applicable, any relative Coupons and Receipts are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer.

(b) Status of Subordinated Notes

(i) General

Subordinated Notes ("**Subordinated Notes**") comprise Ordinary Subordinated Notes, Deeply Subordinated Notes, Dated Subordinated Notes and Undated Subordinated Notes (all as defined below).

(ii) Ordinary Subordinated Notes

The principal and (if the applicable Final Terms so specify) interest on the ordinary subordinated notes ("**Ordinary Subordinated Notes**") constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Ordinary Subordinated Notes, but in priority to the *prêts participatifs* granted to, *titres participatifs* issued by, the Issuer and Deeply Subordinated Notes.

(iii) Deeply Subordinated Notes

The principal and (if the applicable Final Terms so specify) interest on deeply subordinated notes ("**Deeply Subordinated Notes**") constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Deeply Subordinated Notes, but behind the *prêts participatifs* granted to, *titres participatifs* issued by, the Issuer and Ordinary Subordinated Notes.

(iv) Dated Subordinated Notes

Subordinated Notes (which terms, for the avoidance of doubt, include both Ordinary 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 3(a).

(v) Undated Subordinated Notes

Subordinated Notes (which terms, for the avoidance of doubt, include both Ordinary 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, to the extent such payments may be deferred, will be deferred in accordance with the provisions of Condition 5(h).

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

If any judgement is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer 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 Ordinary 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 the obligations of the Issuer in connection with Ordinary Subordinated Notes shall be terminated (then subsequently the lenders in relation to *prêts participatifs*, holders of *titres participatifs* and holders of Deeply Subordinated Notes). The holders of Subordinated Notes shall take all steps necessary for the orderly accomplishment of any collective proceedings or voluntary liquidation.

(vii) Capital Adequacy

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

The proceeds of issues of Undated Subordinated Notes may be used, as set out in the relevant Final Terms, for the purposes of off-setting losses of the Issuer and, thereafter, to allow it to continue its activities in accordance with French banking regulations. The proceeds of such issues will be classified amongst the funds of the Issuer in accordance with article 4(c) of *Règlement* no. 90-02 of the CRBF. This provision does not in any way affect any French law applicable to (i) accounting principles relating to allocation of losses, (ii) duties of the shareholders and (iii) the rights of the Noteholders to receive payment of principal and interest under the relevant Notes in accordance with the terms and conditions of such Notes.

4. Negative Pledge

So long as any of the Unsubordinated Notes or, if applicable, any Receipts or Coupons relating to them, is outstanding (as defined below), the Issuer will not create or permit to subsist any mortgage, charge, pledge or other form of security interest (*sûreté réelle*) upon any of its assets or revenues, present or future, to secure any Relevant Indebtedness (as defined below) or any guarantee or indemnity in respect of any Relevant Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Notes, and, if applicable, Receipts or Coupons relating to them, are equally and rateably secured therewith.

For the purposes of these Conditions:

"**outstanding**" means, in relation to Unsubordinated Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption, Arrears of Interest, as the case may be, and any interest payable after such date) have been duly paid as provided in Condition 7, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in the Conditions, (e) in the case of Definitive Materialised Notes (i) those mutilated or defaced Definitive Materialised Notes that have been surrendered in exchange for replacement Definitive Materialised Notes, (ii) (for the purpose only of determining how many such Definitive Materialised Notes are outstanding and without prejudice to their status for any other purpose) those Definitive Materialised Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Definitive Materialised Notes have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one or more Definitive Materialised Notes, pursuant to its provisions.

"**Relevant Indebtedness**" means any present or future indebtedness for borrowed money in the form of,

or represented by, bonds (*obligations*) or other securities which are for the time being, or capable of being, quoted, listed, or ordinarily dealt in on any regulated stock exchange, over-the counter market or other securities market (and includes *Titres de Créance Négociables* governed by Articles L.213-1 to L.213-4 of the French *Code monétaire et financier*).

5. Interest and other Calculations

(a) Definitions

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

"**Benchmark**" means the reference rate as set out in the relevant Final Terms.

"**Business Day**" means:

- (i) in the case of Euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer or any successor thereto (the "**TARGET System**") is operating (a "**TARGET Business Day**"), and/or
- (ii) in the case of a Specified 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
- (iii) in the case of a Specified Currency and/or one or more additional business centre(s) specified in the relevant Final Terms (the "**Business Centre(s)**"), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres so specified.

"**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, the "**Calculation Period**"):

- (i) if "**Actual/365**", "**Actual/365-FBF**" or "**Actual/Actual-ISDA**" is specified in the relevant Final Terms, 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/Actual-ICMA**" is specified in the relevant Final Terms:
 - (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,

in each case, 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 in the relevant Final Terms or, if none is so specified, the Interest Payment Date.

- (iii) if "**Actual/Actual-FBF**" is specified in the relevant Final Terms, the fraction whose numerator is the actual number of days elapsed during such period and whose denominator is 365 (or 366 if 29 February falls within the Calculation Period). If the Calculation Period is of a duration of more than one year, the basis shall be calculated as follows:
- the number of complete years shall be counted back from the last day of the Calculation Period;
 - this number shall be increased by the fraction for the relevant period calculated as set out in the first paragraph of this definition.
- (iv) if "**Actual/365 (Fixed)**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365.
- (v) if "**Actual/360**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360.
- (vi) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).
- (vii) if "**30/360-FBF**" or "**Actual 30A/360 (American Bond Basis)**" is specified in the relevant Final Terms, in respect of each Calculation Period, the fraction whose denominator is 360 and whose numerator is the number of days calculated as for 30E/360-FBF, subject to the following exception:

where the last day of the Calculation Period is the 31st and the first day is neither the 30th nor the 31st, the last month of the Calculation Period shall be deemed to be a month of 31 days.

Using the same abbreviations as for 30E/360-FBF the fraction is:

If $dd2 = 31$ and $dd1 \neq (30,31)$

then :

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + (dd2 - dd1)]$$

or

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)].$$

- (viii) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).
- (ix) if "**30E/360-FBF**" is specified in the relevant Final Terms, in respect of each Calculation Period, the fraction whose denominator is 360 and whose numerator is the number of days elapsed during such period, calculated on the basis of a year comprising 12 months of 30 days, subject to the following the exception:

if the last day of the Calculation Period is the last day of the month of February, the number of

days elapsed during such month shall be the actual number of days.

Where:

D1 (dd1, mm1, yy1) is the date of the beginning of the period

D2 (dd2, mm2, yy2) is the date of the end of the period

The fraction is :

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)].$$

"Effective Date" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant 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 (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997).

"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 the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the relevant Final Terms.

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

"Interest Payment Date" means the date(s) specified in the relevant Final Terms.

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

"Interest Period Date" means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

"Rate of Interest" means the rate of interest payable from time to time in respect of the Notes and that is either specified or calculated in accordance with the provisions in the relevant Final Terms.

"Reference Banks" means the institutions specified as such in the relevant 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 or EONIA is the relevant Benchmark, shall be the Euro-zone, and if LIBOR is the relevant Benchmark, shall be London).

"Relevant Financial Centre" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such in the relevant 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 or EONIA, shall be the Euro-zone and in the case of LIBOR, shall be London) or, if none is so connected, Paris.

"Relevant Date" means, in respect of any Note or Coupon, the date on which payment in respect of it first became 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 (in the case of Materialised Notes if earlier) the date seven days after that on which notice is duly given to the holders of such Materialised Notes that, upon further presentation of the Materialised Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

"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 in the relevant Final Terms 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 and for this purpose **"local time"** means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, 11:00 a.m. (Brussels time).

"Representative Amount" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the relevant 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 in the relevant Final Terms 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 in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the relevant Final Terms or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(c)(ii).

(b) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount 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 Interest Payment Date except as otherwise provided in the relevant Final Terms.

If a fixed amount of interest ("**Fixed Coupon Amount**") or a broken amount of interest ("**Broken Amount**") is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

(c) Interest on Floating Rate Notes and Index Linked Notes

(i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount 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 arrears on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *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 (A) 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 (x) such date shall be brought forward to the immediately preceding Business Day and (y) 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, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) 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 (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day. Notwithstanding the foregoing, where the applicable Final Terms specify that the relevant Business Day Convention is to be applied on an "unadjusted" basis, the Interest Amount payable on any date shall not be affected by the application of that Business Day Convention.

- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in (i) the relevant Final Terms and/or (ii) the provisions below relating to either FBF Determination or Screen Rate Determination, depending upon which is specified in the relevant Final Terms.

(A) FBF Determination for Floating Rate Notes

Where FBF Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Agent as a rate equal to the relevant FBF Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**FBF Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Agent under a notional interest rate swap transaction (*Echange*) in the relevant Specified Currency governed by the 2001 FBF Master Agreement (*convention cadre FBF*) relating to transactions on forward financial instruments (formerly 1994 AFB Master Agreement for Foreign Exchange and Derivatives Transactions), as supplemented by the then applicable Interest and Currency Technical Annex (*Echange de conditions d'Intérêt ou de Devises - Additif Technique*) published by the *Association Française des Banques* or the *Fédération Bancaire Française* (the "**FBF Definitions**") and under which:

- (a) the Floating Rate is as specified in the relevant Final Terms and
- (b) the Floating Rate Determination Date is as specified in the relevant Final Terms

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Agent**" and "**Floating Rate Determination Date**" are translations of the French terms "*Taux Variable*", "*Agent*" and "*Date de Détermination du Taux Variable*", respectively, which have the meanings given to those terms in the FBF Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest 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:

- (a) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
 - (i) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or
 - (ii) 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 as disclosed in the relevant Final Terms, plus or minus (as indicated in the relevant Final Terms) the Margin (if any).
- (b) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (a)(i) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (a)(ii) 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, plus or minus (as indicated in the relevant Final Terms) the Margin (if any), and

- (c) if paragraph (b) 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 (I) 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) (II) 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).

- (iv) *Rate of Interest for Index Linked Notes:* The Rate of Interest in respect of Index Linked Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an Index or Formula as specified in the relevant Final Terms.

(d) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date pursuant to an Issuer's Option or, if so specified in the relevant Final Terms, pursuant to Condition 6(e) or otherwise and is not paid when due, the amount due and payable prior to the Maturity Date shall, unless otherwise provided in the relevant Final Terms, be the Early Redemption Amount. 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 6(e)(i)).

(e) Dual Currency Notes

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

(f) 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 relevant Final Terms.

(g) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless (i) in the case of Dematerialised Notes, on such due date or (ii) in the case of Materialised Notes, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date.

(h) Deferral of interest

Payment of interest on Undated Subordinated Notes may be postponed in accordance with applicable French banking laws and regulations and, in particular, Article 4(c) of Regulation no. 90-02 dated 23 February 1990 of the CRBF, as amended from time to time.

In the case of Undated Subordinated Notes, interest shall be payable on each Compulsory Interest Payment Date (as defined below) in respect of the interest accrued in the Interest Period ending on the day immediately preceding such date. On any Optional Interest Payment Date (as defined below) there may be paid (if the Issuer so elects) the interest accrued in the Interest Period ending on the day immediately preceding such date but the Issuer shall not have any obligation to make such payment. Notice of any Optional Interest Payment Date shall be given to the Noteholders in accordance with Condition 15 and to the Regulated Market(s) of the EEA on which the Notes are listed, as the case may be. Such notice shall be given at least seven days prior to the relevant Optional Interest Payment Date(s). Any interest normally due on an Optional Interest Payment Date but deferred by a resolution of the Board of Directors of the Issuer shall, so long as the same remains unpaid, constitute "**Arrears of Interest**" which term shall include interest on such unpaid interest as referred to below. Arrears of Interest may, at the option of the Issuer, be paid in whole or in part at any time upon the expiration of not less than seven days' notice to such effect given to the Noteholders in accordance with Condition 15 but all Arrears of Interest on all Undated Subordinated Notes outstanding shall become due in full on whichever is the earliest of:

- (i) the Interest Payment Date immediately following the first *Assemblée Générale Ordinaire* of the shareholders of the Issuer noticing distributable earnings;
- (ii) the commencement of a liquidation or dissolution of the Issuer; and
- (iii) any redemption date under the relevant Notes.

If notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall be obliged to do so upon the expiration of such notice. When Arrears of Interest are paid in part, each such payment shall be applied in or towards satisfaction of the full amount of the Arrears of 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. Arrears of Interest shall (to the extent permitted by law) bear interest accruing (but only, in accordance with Article 1154 of the French *Code civil*, after such interest has accrued for a period of one year) and compounding on the basis of the exact number of days which have elapsed at the prevailing rate of interest on the Undated Subordinated Notes in respect of each relevant Interest Period. For these purposes the following expressions have the following meanings:

"**Compulsory Interest Payment Date**" means any Interest Payment Date unless the *Assemblée Générale Ordinaire* of the shareholders of the Issuer approving the annual accounts of the Issuer for the fiscal year then ended has noticed before the Interest Payment Date the absence of distributable earnings.

"**Optional Interest Payment Date**" means any Interest Payment Date, as the case may be, other than a Compulsory Interest Payment Date.

It is expected that, in the case of Undated Deeply Subordinated Notes the proceeds of which count as Tier 1 Capital, interest not paid on an Optional Interest Payment Date shall be lost. It is also expected that, in the case of Undated Subordinated Notes the proceeds of which count as Tier 2 Capital, interest not paid on an Optional Interest Payment Date shall constitute Arrears of Interest

- (i) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
 - (a) If any Margin is specified in the relevant Final Terms (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 (c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.
 - (b) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (c) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (w) if FBF Determination is specified in the relevant Final Terms, all percentages resulting from such calculations shall be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with halves being rounded up), (x) all percentages resulting from such

calculations shall be rounded, if necessary, to the nearest fifth decimal (with halves being rounded up), (y) all figures shall be rounded to seven 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 of such currency.

(j) Calculations

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such 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 in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(k) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the holders of Notes, 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 Regulated Market of the EEA and the rules of such Regulated Market so require, such Regulated Market 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 Regulated Market of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c)(ii), the Interest Amounts and the 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. The determination of any rate or amount, the obtaining of each quotation 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.

(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 relevant Final Terms and for so long as any Note is outstanding (as defined above). 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, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, 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 Paris or Luxembourg office, as appropriate, 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.

6. Redemption, Purchase and Options

(a) Final Redemption

Unless previously redeemed, purchased and cancelled as provided below or in accordance with Condition 6(c) or Condition 6(d), each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within Condition 6(b) below, its final Instalment Amount. Subordinated Notes the proceeds of which constitute Upper Tier 2 Capital 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) Redemption by Instalments

Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal 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 nominal 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 (i) in the case of Dematerialised Notes, on the due date for such payment or (ii) in the case of Materialised Notes, on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount. The first Instalment Date, in relation to Dated 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.

(c) Redemption at the Option of the Issuer and Partial Redemption

If a Call Option is specified in the relevant Final Terms, the Issuer may, subject to the prior approval of the *Secrétariat Général de la Commission Bancaire* ("SGCB") in the case of Subordinated Notes the proceeds of which constitute Upper Tier 2 Capital, Lower Tier 2 Capital or Tier 3 Capital and subject to compliance by the Issuer of all the relevant laws, regulations and directives and on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 15 to the holders of Notes (or such other notice period as may be specified in the relevant Final Terms) redeem all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption (including, where applicable, any Arrears of Interest), if any. Any such redemption must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed as specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed as specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to holders of such Materialised Notes shall also contain the numbers of the Definitive Materialised Notes to be redeemed, 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 Regulated Market requirements.

In the case of a partial redemption of Dematerialised Notes, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised Notes and, in such latter case, the choice between those Dematerialised Notes that will be fully redeemed and those Dematerialised Notes of any Series that will not be redeemed shall be made in accordance with Article R.213-16 of the French *Code monétaire et financier* and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and Regulated Market requirements.

So long as the Notes are listed on the Luxembourg Stock Exchange and traded on the Regulated Market of the Luxembourg Stock Exchange and the rules thereof so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published either on the website of the

Luxembourg Stock Exchange (www.bourse.lu) or in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes a list of any Materialised Notes, drawn for redemption but not surrendered.

(d) Redemption at the Option of Noteholders

If a Put Option is specified in the relevant Final Terms and provided that the relevant Note is not a Subordinated Note the proceeds of which constitute Upper Tier 2 Capital, Lower Tier 2 Capital or Tier 3 Capital, the Issuer shall, at the option of the Noteholder, upon the Noteholder giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption including, where applicable, any Arrears of Interest.

To exercise such option the Noteholder must deposit with a Paying Agent at its specified office a duly completed option exercise notice (the "**Exercise Notice**") in the form obtained during normal business hours from any Paying Agent or the Registration Agent, as the case may be, within the notice period. In the case of Materialised Notes, the Exercise Notice shall have attached to it the relevant Notes (together with all unmatured Receipts and Coupons and unexchanged Talons). In the case of Dematerialised Notes, the Noteholder shall transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Paying Agent with a specified office in Paris, as specified in the Exercise Notice. No option so exercised and, where applicable, no Note so deposited or transferred, may be withdrawn without the prior consent of the Issuer.

(e) Early Redemption

(i) Zero Coupon Notes

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(f) or (g) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Nominal Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Nominal Amount of any such Note shall be the scheduled Final 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 in the relevant Final Terms, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Amortised Nominal Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or (g) 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 Nominal Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable was the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgement) 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 Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).

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 as provided in the relevant Final Terms.

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(f) or (g) or upon it becoming due and payable as provided in Condition 9 shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption (including, where applicable, any Arrears of Interest) unless otherwise specified in the relevant Final Terms.

(f) 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 8(b) below, the Issuer may, at its option, on any Interest Payment Date (if the Note is either a Floating Rate Note or an Index Linked Note) or at any time (if the Note is neither a Floating Rate Note or an Index Linked Note), subject to having given not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, and, in the case of Subordinated Notes the proceeds of which constitute Upper Tier 2 Capital, Lower Tier 2 Capital or Tier 3 Capital, subject to the prior approval of the SGCB, 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 (including, where applicable, any Arrears of Interest) 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, if applicable, Couponholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8(b) below, 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 15, and, in the case of Subordinated Notes the proceeds of which constitute Upper Tier 2 Capital, Lower Tier 2 Capital or Tier 3 Capital, subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount together with, unless otherwise specified in the Final Terms, any interest accrued to the date set for redemption (including, where applicable, any Arrears of Interest) on (A) the latest practicable 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 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 in the relevant Final Terms, 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, or, if applicable, Receipts or Coupons or, if that date is passed, as soon as practicable thereafter.

(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 6 and the provisions specified in the relevant Final Terms.

(h) Purchases

The Issuer shall have the right at all times to purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise (including by tender offer) at any price. In the case of a Series of Subordinated Notes the proceeds of which constitute Upper Tier 2 Capital, Lower Tier 2 Capital or Tier 3 Capital any such purchase will be subject to the prior approval of the SGCB (i), if made in the open market, if it relates (individually or when aggregated with any previous purchase) to more than ten per cent. of the principal amount of the Notes or (ii) if made by way of a public tender offer or public exchange offer or on the over-the-counter market.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer must be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Notes, by surrendering the relevant Temporary Global Certificate or the Definitive Materialised Notes in question, together with all unmatured Receipts and Coupons and all unexchanged Talons, if applicable, to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together

with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Definitive Materialised Notes, all unmaturing Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7. Payments and Talons

(a) Dematerialised Notes

Payments of principal and interest in respect of Dematerialised Notes shall (i) in the case of Dematerialised Notes in bearer dematerialised form or administered registered form, be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the holders of Notes and, (ii) in the case of Dematerialised Notes in fully registered form, to an account denominated in the relevant currency with a Bank designated by the relevant holder of Notes. All payments validly made to such Account Holders or Bank will be an effective discharge of the Issuer in respect of such payments.

(b) Definitive Materialised Notes

(i) Method of payment

Subject as provided below, payments in a Specified Currency will be made by credit or transfer to an account denominated in the relevant Specified Currency, or to which the Specified Currency may be credited or transferred (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is euro, shall be any country in the Euro-zone, and, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively).

(ii) Presentation and surrender of Definitive Materialised Notes, Receipts and Coupons

Payments of principal in respect of Definitive Materialised Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of partial payment of any sum due, annotation) of such Notes, and payments of interest in respect of Definitive Materialised Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of Definitive Materialised Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Materialised Note to which it appertains. Receipts presented without the Definitive Materialised Note to which they appertain do not constitute valid obligations of the Issuer.

Upon the date upon which any Definitive Materialised Note becomes due and repayable, unmaturing Receipts (if any) relating thereto (whether or not attached) shall become void and no payment will be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes or Index Linked Notes) should be presented for payment together with all unmaturing Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured

Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, 5 years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any Definitive Materialised Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender (if appropriate) of the relevant Definitive Materialised Note.

(c) Payments in the United States

Notwithstanding the foregoing, if any Materialised 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.

(d) 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 Condition 8. No commission or expenses shall be charged to the holders of Notes or Couponholders in respect of such payments.

(e) 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 at the end of the Base Prospectus relating to the Programme of the Notes of the Issuer. The Fiscal Agent, the Paying Agents and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case such, do not assume any obligation or relationship of agency for 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, Registration Agent or Calculation Agent and to appoint other Fiscal Agent, Paying Agent(s), Registration Agent(s) or Calculation Agent(s) or additional Paying Agent(s), Registration Agent(s) or Calculation Agent(s), 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) Paying Agents having specified offices in at least two major European cities (including Luxembourg so long as the Notes are listed on the Luxembourg Stock Exchange and traded on the Regulated Market of the Luxembourg Stock Exchange and, so long as the Notes are listed on any other Regulated Market of the EEA, such other city where the Notes is listed) (iv) in the case of Materialised Notes, a Paying Agent having its specified office in a Member State of the EU that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other EU 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, such Directive (which may be any of the Paying Agents referred to in (iii) above), (v) in the case of Dematerialised Notes in fully registered form, a Registration Agent and (vi) such other agents as may be required by the rules of any other Regulated Market 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 Materialised Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the holders of Notes in accordance with Condition 15.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised 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 10).

(g) Business Days for Payment

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 unless otherwise specified in the relevant Final Terms, 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) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) in such jurisdictions as shall be specified as "**Financial Centre(s)**" in the relevant Final Terms and (C) (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.

(h) Bank

For the purpose of this Condition 7, "**Bank**" means a bank in the principal financial centre of the relevant currency or, in the case of Euro, in a city in which banks have access to the TARGET System.

8. Taxation

(a) Tax Exemption for Notes issued or deemed to be issued outside France

Unless it is specified in the relevant Final Terms that Condition 8(c) shall apply to the Notes, interest and other revenues with respect to Notes constituting *obligations* under French law which, as may be specified in the relevant Final Terms are being issued or 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 deduction of tax at source. Accordingly such payments do not give the right to any tax credit from any French source. The tax regime applicable to Notes which do not constitute *obligations* will be set out in the relevant Final Terms.

As to the meaning of the expression "issued or deemed to be issued outside the Republic of France" see "Summary of the Programme - Taxation" above.

(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 and 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, Receiptholder or Couponholder who is liable to

such taxes or duties by reason of his having some connection with the Republic of France other than the mere holding of the Note, Receipt or Coupon; or

- (ii) More than 30 days after the Relevant Date

in the case of Definitive Materialised Notes, more than 30 days after the Relevant Date except to the extent that the Noteholder, Receiptholder or Couponholder would have been entitled to such additional amounts on presenting it 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 or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26 and 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

in the case of Definitive Materialised Notes presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 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 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

(c) Article 125 A III

If it is provided in the relevant Final Terms that this Condition 8(c) applies to the Notes, payments in respect of the Notes, Receipts or Coupons made to non-French residents will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France, or any taxing authority thereof, provided that holder of the Notes, Receipts or Coupons supplies proof of non-residency (in the form made available by the Issuer or any Paying Agent) to the Issuer or any Paying Agent in accordance with the provisions of Article 125 A III of the French *Code général des impôts*.

9. Events of Default

The Representative (as defined in Condition 11), upon request of any Noteholder, or in the event the Noteholders of any Series have not been grouped in a *Masse*, any Noteholder, may, upon written notice to the Fiscal Agent (with copy to the Issuer) given before all defaults shall have been cured, cause the principal amount of all Notes held by such Noteholder to become due and payable, together with any accrued interest thereon, as of the date on which such notice for payment is received by the Fiscal Agent if:

(a) In the case of Unsubordinated Notes

- (i) the Issuer is in default in the payment of principal of, or interest on, any Note (including the payment of any additional amounts mentioned in Condition 8) when due and payable and such default shall continue for more than seven (7) days thereafter; or
- (ii) the Issuer is in default in the performance of any of its other obligations under the Notes and such default has not been cured within fourteen (14) days after the receipt by the Fiscal Agent of the written notice of such default by the Representative or a Noteholder; or
- (iii) if any other present or future indebtedness for borrowed monies of the Issuer in excess of €5,000,000 (or its equivalent in any other currency), whether individually or collectively, becomes or becomes capable of being declared due and payable prior to its stated maturity as a result of a default thereunder, or any such indebtedness shall not be paid when due or, as the case may be,

within any originally applicable grace period therefor or any steps shall be taken to enforce any security in respect of any such indebtedness or any guarantee or indemnity given by the Issuer for, or in respect of, any such indebtedness of others shall not be honoured when due and called upon; or

- (iii) if the Issuer makes any proposal for a general moratorium in relation to its debt or applies for, or is subject to, the appointment of a *mandataire ad hoc* or enters into a conciliation procedure (*procédure de conciliation*) or into a safeguard procedure (*procédure de sauvegarde*) or a judgement is issued for the judicial liquidation (*liquidation judiciaire*) or the transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or, to the extent permitted by applicable law, if the Issuer is subject to any other insolvency or bankruptcy proceedings or makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors; or
 - (v) if the Issuer ceases or publicly threatens to cease to carry on all or a material part of its business or other operations or sells, transfers, lends or otherwise disposes of, directly or indirectly, all or a material part of its undertakings or assets, except in the case of a disposal, liquidation, merger or other reorganisation in which all of the Issuer's assets are transferred to a legal entity which simultaneously assumes all of the Issuer's liabilities, including the Notes, and whose main purpose, or one of whose main purpose, is the continuation of, and which effectively continues, the Issuer's activities; or
 - (vi) if it is or will become unlawful for the Issuer to perform or comply with one or more of its obligations under the Notes.
- (b) **In the case of Subordinated Notes**, and in accordance with Condition 3(b), if any judgement shall be issued for the judicial liquidation (*liquidation judiciaire*) 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 3(b), at their principal amount together with any accrued interest to the date of payment.

10. Prescription

Claims against the Issuer for payment in respect of any amount due under 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 5 years (in the case of interest) from the appropriate Relevant Date in respect of them.

11. Representation of Noteholders

Except as otherwise provided by the relevant Final Terms, holders of Notes will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the "**Masse**").

The Masse will be governed by the provisions of the French *Code de commerce* (the "**Code**") with the exception of Articles L.228-48, L.228-59 and L.228-71 and by the decree no. 67-236 of 23 March 1967, with the exception of Articles 218, 222 and 224 subject to the following provisions:

(a) Legal Personality

The Masse will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through a general meeting of the holders of Notes (the "**General Meeting**").

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

(b) Representative

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

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

The names and addresses of the initial Representative and its alternate will be set out in the Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its function or duties, if any, as set out in the relevant Final Terms.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by the alternate Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the names and addresses of the Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

(c) Powers of Representative

The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the holders of Notes.

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

The Representative may not be involved in the management of the affairs of the Issuer.

(d) General Meeting

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 15.

Each Noteholder has the right to participate in a General Meeting in person or by proxy. Each Note carries the right to one vote or, in the case of Notes issued with more than one Specified Denomination, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.

(e) Powers of the General Meetings

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase amounts payable by Noteholders, nor establish any unequal treatment between the Noteholders and that no amendment to the status of Subordinated Notes the proceeds of which constitute (i) Upper Tier 2 Capital; (ii) Lower Tier 2 Capital; and (iii) Tier 3 Capital.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least a fifth of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third majority of votes cast by Noteholders attending such General Meetings or represented thereat.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 15.

(f) Information to Noteholders

Each Noteholder or Representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

(g) Expenses

The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

(h) Single Masse

The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 14, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche or Series of Notes will be the Representative of the single Masse of all such Series.

In respect of any Tranche of Notes issued or deemed to be issued outside France, this Condition 11 may, if so specified in the relevant Final Terms, be waived, amended or supplemented, and in respect of any Tranche issued inside France, this Condition 11 shall be waived in its entirety and replaced by the full provisions of the Code.

12. Modifications

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.

13. Replacement of Definitive Materialised Notes, Receipts, Coupons and Talons

If, in the case of any Materialised Notes, a Definitive Materialised Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and Regulated Market regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for this purpose and notice of whose designation is given to Noteholders, 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 Definitive Materialised 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 Definitive Materialised Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require.

Mutilated or defaced Materialised Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14. Further Issues and Consolidation

(a) Further Issues

Unless otherwise provided in the relevant Final Terms, the Issuer may from time to time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further Notes to be assimilated (*assimilées*) with the Notes provided such Notes and the further Notes carry rights identical in all respects (or identical in all respects save as to the first payment of interest) and that the terms of such Notes provide for such assimilation, and references in these Conditions to "Notes" shall be construed accordingly.

(b) Consolidation

Unless otherwise provided in the relevant Final Terms, the Issuer, with the prior approval of the Fiscal Agent (which shall not be unreasonably withheld), may from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than 30 days' prior notice to the Noteholders in accordance with Condition 15, without the consent of the Noteholders, Receiptholders or Couponholders, consolidate the Notes of one Series denominated in Euro with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in Euro, provided such other Notes have been redenominated in Euro (if not originally denominated in Euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

15. Notices

- (a) Notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or (ii) they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or, so long as such Notes are listed on any Regulated Market(s), in a leading daily newspaper with general circulation in the city/ies where the Regulated Market(s) on which such Notes is/are listed, which in the case of the Luxembourg Stock Exchange's Regulated Market is expected to be the *D'Wort*, or (iii) so long as such Notes are listed on the Luxembourg Stock Exchange, they are published on the website of the Luxembourg Stock Exchange (www.bourse.lu).
- (b) Notices to the holders of Materialised Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or, so long as such Notes are listed on any Regulated Market(s), in a leading daily newspaper with general circulation in the city/ies where the Regulated Market(s) on which such Notes is/are listed, which in the case of the Luxembourg Stock Exchange's Regulated Market is expected to be the *D'Wort* or, so long as such Notes are listed on the Luxembourg Stock Exchange, they are published on the website of the Luxembourg Stock Exchange (www.bourse.lu).
- (c) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) (*au porteur* or *au nominatif*) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 15 (a) and (b), above; provided that (i) so long as such Notes are listed on any Regulated Market(s) and the rules of that Regulated Market so require, notices shall also be published in a leading daily newspaper with general circulation in the city/ies where the Regulated Market(s) on which such Notes is/are listed, (ii) so long as such Notes are listed on the Luxembourg Stock Exchange, notices may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and (iii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 11 shall also be published in a leading newspaper with general circulation in Europe.
- (d) Any notice given by publication 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 Materialised Notes in accordance with this Condition.

16. Governing Law and Jurisdiction

(a) Governing Law

The Notes, Receipts, Coupons and Talons are governed by, and shall be construed in accordance with, French law.

(b) Jurisdiction

Any claim against the Issuer in connection with any Notes, Receipts, Coupons or Talons may be brought before any competent court in Paris.

USE OF PROCEEDS

The net proceeds of the issue of Unsubordinated Notes will be used for the Issuer's general corporate purposes unless otherwise specified in the relevant Final Terms. The net proceeds of the issue of Subordinated Notes will be used by the Issuer in accordance with the provisions of the relevant Final Terms.

TEMPORARY GLOBAL CERTIFICATES IN RESPECT OF MATERIALISED NOTES

Temporary Global Certificates

A Temporary Global Certificate without interest coupons (a "**Temporary Global Certificate**") will initially be issued in connection with each Tranche of Materialised Notes, which will be delivered on or prior to the issue date of the Tranche with a common depository (the "**Common Depository**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Upon the delivery of such Temporary Global Certificate with a Common Depository, Euroclear, Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

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

Exchange

Each Temporary Global Certificate issued in respect of Materialised Notes will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

- (i) if the relevant Final Terms indicates that such Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "Summary of the Programme-Selling Restrictions"), in whole, but not in part, for Definitive Materialised Notes and
- (ii) otherwise, in whole but not in part, upon certification as to non-U.S. beneficial ownership for Definitive Materialised Notes.

Delivery of Definitive Materialised Notes

On or after its Exchange Date, the holder of a Temporary Global Certificate may surrender such Temporary Global Certificate to, or to the order of, the Fiscal Agent. In exchange for any Temporary Global Certificate, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Materialised Notes. In this Base Prospectus, "**Definitive Materialised Notes**" means, in relation to any Temporary Global Certificate, the Definitive Materialised Notes for which such Temporary Global Certificate 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 Temporary Global Certificate and a Talon). Definitive Materialised Notes will be security printed in accordance with any applicable legal and stock exchange requirement.

Exchange Date

"**Exchange Date**" means, in relation to a Temporary Global Certificate in respect of any Materialised Notes, the day falling after the expiry of 40 days after its issue date, provided that in the event any further Materialised Notes which are to be assimilated with such first mentioned Materialised Notes are issued prior to such day pursuant to Condition 14(a), the Exchange Date may, at the option of the Issuer, be postponed to the day falling after the expiry of 40 days after the issue date of such further Materialised Notes.

DESCRIPTION OF CFCM AND THE GROUP

1. Preamble

Compagnie Financière du Crédit Mutuel ("CFCM") is a French "*Société Anonyme*" corporation governed by ordinary law for commercial companies and by the laws applicable to banks and financial institutions. It acts as the Arkéa Group's money market and investment bank, and holding company for its non-cooperative investments, providing two primary services:

- managing the Arkéa Group's trading and refinancing activity,
- making capital investments and managing the subsidiaries.

The subsidiaries of CFCM (together with CFCM, the "**Group**"), which are organized by the market they serve, participate in practically every line of business in the area of finance and insurance. Their primary function is to market products and services adapted to the needs of the Arkéa Group's customers throughout its networks.

2. Arkéa Group

2.1. Structure of Arkéa Group

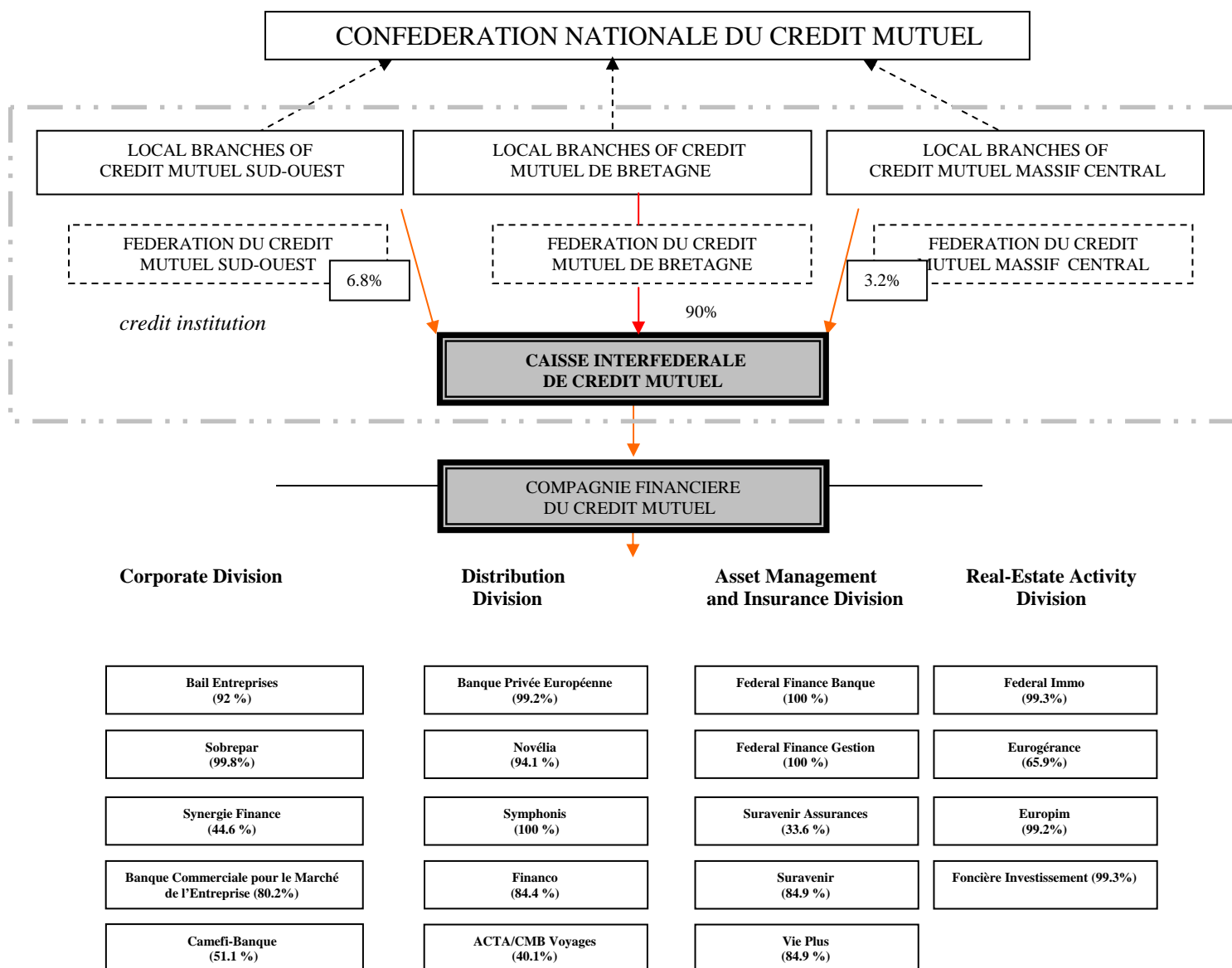
Arkéa Group is a member of the Confédération Nationale du Crédit Mutuel ("**CNCM**"), which represents the various regional members of Crédit Mutuel.

Arkéa Group is built around two divisions:

- **a cooperative and mutual savings bank division** made up of the Caisse Interfédérale de Crédit Mutuel and three Fédérations of Crédit Mutuel: Fédération de Crédit Mutuel de Bretagne, Fédération de Crédit Mutuel du Sud-Ouest, and Fédération de Crédit Mutuel Massif Central.
- **a division including companies regulated by corporate law and by laws applicable to banks and financial institutions**, consisting of the Compagnie Financière du Crédit Mutuel, almost 100% owned by the Caisse Interfédérale de Crédit Mutuel, and the subsidiaries of CFCM.

This organizational structure allows Arkéa Group to maintain its operating flexibility, and encourages the development of partnerships both within and outside Crédit Mutuel.

ARKÉA GROUP



The complete list of the consolidated entities is available in the notes to consolidated statements

2.2. History of Arkéa Group

In 1991, the group Crédit Mutuel de Bretagne decided to adopt a new internal organizational structure to adapt to the requirements of a highly diversified banking and financial group with many subsidiaries. The structure was based on:

- the transformation of the Caisse Fédérale du Crédit Mutuel de Bretagne into a company with two functions:
 - a holding company responsible for expanding the equity holdings of the group Crédit Mutuel de Bretagne and the developing of its subsidiaries;
 - manager of external financial activities (refinancing and capital markets investments).
- the creation of a Caisse Fédérale, a retail banking entity, responsible in accordance with the statute of Crédit Mutuel for internal banking business. This company was named Caisse Fédérale de Crédit Mutuel de Bretagne.

In 1995, the corporate licence, from which the Caisse Fédérale du Crédit Mutuel de Bretagne benefited for its Crédit Mutuel de Bretagne local branches, was extended to cover Crédit Mutuel entities affiliated to the former Caisse Fédérale du Crédit Mutuel du Sud-Ouest.

This extension produced the CMB-CMSO Group under the aegis of the Caisse Interfédérale de Crédit Mutuel ("CICM"), the former Caisse Fédérale du Crédit Mutuel de Bretagne. As a result of this corporate authorization, the decision was taken to develop the legal and institutional organization of the CMB-CMSO Group in order to:

- position the CICM as the CMB-CMSO Group's central body with full responsibility to guarantee the CMB-CMSO Group's financial security and to ensure its management, while consolidating strategy and major policies.
- place CFCM as a subsidiary of CICM.
- optimize operating methods and its internal as well as external clarity, while organizing the CMB-CMSO Group around two distinct divisions:
 - a cooperative and mutual savings bank division;
 - a division including companies regulated by corporate law and by the laws applicable to banks and financial institutions.

In 2002, the corporate licence was extended to the Crédit Mutuel local branches affiliated until then to the Caisse Fédérale du Crédit Mutuel Massif Central.

The local branches of Arkéa Group are not individually licensed. In respect of the mutualist and cooperative networks, the banking authorities delivered to them a corporate Caisse Fédérale licence for their networks and their affiliated local branches. For Arkéa Group, the licence was granted to the Caisse Interfédérale de Crédit Mutuel (as defined below). The collective licence imposes legal, regulatory and financial responsibilities on those authorized, under the terms of the Law no. 84-46 of 24 January 1984 in relation to the activity and control of banks (as consolidated in the legislative part of the *Code monétaire et financier*).

At the regulatory level, the consolidating parent company of Arkéa Group is the "Caisse Interfédérale de Crédit Mutuel", a bank made up of local cooperative companies, the local branches of Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central, the members of Crédit Mutuel and CICM. This new collective authorization does not modify the current Arkéa Group structure, with two divisions. The Crédit Mutuel Massif Central joined the cooperative and mutualist division.

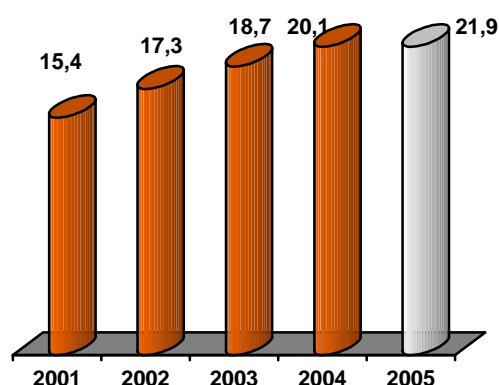
2.3. Activity of Arkéa Group

Arkéa Group carries out business in the areas of banking credit and savings, finance and insurance. With 6,718¹ employees in 2005, it experienced further commercial expansion and built up its presence throughout France by entering into distribution agreements with external operators.

¹ Average figure for 2005

2.3.1. Loans

Outstanding loans at 31 December €Billion

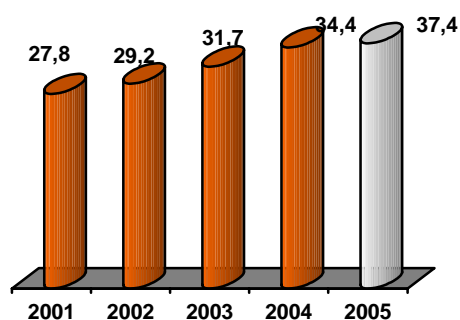


The outstanding loans amounted to €21.9 billion at 31 December 2005, up 8.8 % over 2004. The increase is mainly due to outstanding loans for private customers (up €1.3 billion ie 9.8%), and, more precisely to home credit. In spite of a global slowdown in business investment, the amount of outstanding loans to business has increased by 9.1%. The Arkéa Group's loan production increased by 19.9% to €6.6 billion during 2005.

2.3.2. Savings

Outstanding savings at 31 December

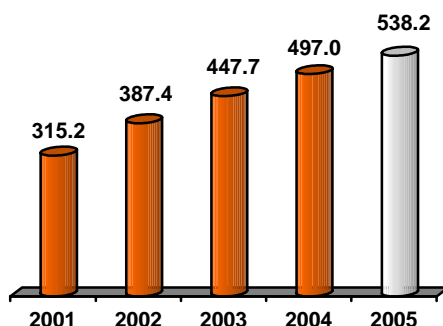
€Billion



By 31 December 2005, €37.4 billion (an increase of 8.8%) worth of savings were managed by Arkéa Group. Outstanding deposit accounts increased by 4.7% and financial savings by 8.6%. This year, the associates and clients of Arkéa Group preferred saving products such as managed life insurances. Outstanding managed life insurance went up by 13.7% in 2005.

2.3.3. General insurance and services

General Insurance General Insurance Portfolio at 31 December (in thousands of contracts)



The amount of general insurance contracts (car, household, health and various risks) increased by 15% in the financial year 2005. These contracts mostly came from the subsidiary Suravenir Assurances and were distributed by Arkéa Group's network of local branches. The insurance portfolio, which increased by 8.3%, consists of all type of insurance policies proposed to customers. In addition to the above-mentioned contracts, the local branches networks market Prudential and Life Accident products. Insurance contracts respectively come from the subsidiaries Suravenir and Suravenir Assurances.

Eurocompte

About 714,000 associates and customers of the local branches adopted Eurocompte, a contract tailored for customers based on the services they would like to use. The portfolio of contracts increased by 36.4% during 2005 financial year.

Moneo

In 2005, Arkéa Group further developed the Moneo electronic purse. This specialized card or bankcard with this specific function may be recharged at automated teller machines or in shops. Moneo allows electronic payment of small purchases and limits handling of paper money. The number of contracts increased to 269,400, up 10% over last year.

2.3.4. Corporates Division



Banque Commerciale pour le Marché de l'Entreprise

Banque Commerciale pour le Marché de l'Entreprise posted satisfactory growth in 2005 and strengthened its positions on its three markets (corporates, local governments, real estate development) even though capital spending was sluggish. The bank continued to be very selective and risk control systems were consolidated.

In 2005, BCME became one of the partners of the Agence Française pour les Investissements Internationaux, thus representing the Arkéa Group.

The Corporates portfolio grew by 8% over 12 months. At 31 December 2005, it consisted in 4,037 accounts representing 2,157 client groups.

Medium and long-term loan production totaled 608 million euros (up 28% compared to 2004) broken down into 517 million euros for corporates and 91 million euros for local governments.

At 31 December 2005, outstanding loans totaled 2,761 million euros, up 8%, compared to the same date last year, broken down as follows:

- ❖ Corporates: 2,053.4 million euros
- ❖ Local governments: 624 million euros
- ❖ Real estate development: 83.1 million euros

Growth resumed in the short-term loans activity and BCME bankers forged closer ties with clients.

At the same time savings collections rose by 11% to 879 million euros in a rate environment that was less favorable than in 2004.

Net income totaled 11.9 million euros, up 19% compared to 2004.



After only slightly more than three years in business, CAMEFI Banque, a joint subsidiary of Compagnie Financière du Crédit Mutuel and Crédit Mutuel Méditerranée, already has 879 client businesses representing 575 client groups.

In 2005, loan production at CAMEFI Banque continued to expand, rising by 70% to 119 million euros.

At 31 December 2005, outstanding loans totaled 345 million euros i.e., a 33% rise over 12 months and savings collected totaled 142 million euros (up 29%).

In 2005, CAMEFI Banque had net income of 1.171 million euros versus 553,000 euros in 2004.



In 2005, the production of Bail Entreprises, the real estate leasing subsidiary, totaled 50 million euros, down 14% compared to 2004 owing to the company's selectivity of risks in a flat real estate leasing market.

At 31 December 2005, Bail Entreprises managed 360 million in total outstandings.

Net income was 2.40 million euros versus 2.30 million euros in 2004 (up 4%).



SOBREPAR



In 2005, the Private Equity subsidiaries had their best year since the business was set up in 1982. Investments totaled 20.9 million euros versus 15.2 million euros in 2004 i.e. an increase of more than 38%.

At 31 December 2005, the net portfolio managed totaled 79.7 million euros invested in 89 businesses.

In 2005, the combined net income of the three subsidiaries totaled 11.63 million euros versus 4.54 million euros in 2004, after factoring in 10 million euros in gains on disposals.

2.3.5. Asset Management and Insurance Division

(i) Asset management



FEDERAL FINANCE GROUP

At 31 December 2005, the **Federal Finance** group managed 19,515 million euros in assets broken down as follows:

✓ Mutual funds:	4,606 million euros
✓ Employee savings plans:	153 million euros
✓ Private banking:	397 million euros
✓ Portfolio management services:	14,359 million euros

- Mutual funds:

Total mutual fund assets under management rose by 17% over 12 months owing to healthy markets and new subscriptions. Net new subscriptions for 2005 came to 196 million euros. The quality of the Federal Finance Group's product line was once again recognized by the trade press with a "Laurier d'Or" being awarded by "Investir Magazine" to the "Federal Multi Or" and the "Matières Premières" funds and the three-year bond product line receiving the bronze trophy for the best product line from "Le Revenu" magazine.

- Employee savings plans:

At 31 December 2005, total assets under management consisted of 3,303 contracts totaling 153 million euros (up 30%). Net collections for the year came to 25 million euros.

In 2006, the PEE, PEI and PERCO-I "EPARIALIS" contracts received the "Médaille d'Or" stamp of excellence, for the second year running, for company employee savings plans in the guide published by the magazine "Dossiers de l'Épargne."

- Private banking:

The new "EXCELSIUS" discretionary asset management product line is off to a good start. At 31 December 2005, total assets under management consisted of 1,129 contracts totaling 118.5 million euros.

As part of the reorganization of wealth management activities within the Group, clients that are eligible for wealth management were transferred to BPE.

- Portfolio management services:

Under discretionary asset management agreements, the FEDERAL FINANCE Group manages 40 institutional portfolios totaling 14,359 million euros, up 15% over the year.

The Federal Finance Group's net income rose by 27% to 8 million euros compared to 2004.

The individual net incomes of Federal Finance Banque and Federal Finance Gestion also rose:

- Federal Finance Banque: 3.58 million euros versus 690,000 euros in 2004
- Federal Finance Gestion: 6.69 million euros versus 6.01 million euros in 2004.

(ii) *€ Insurance*

In 2005, Suravenir set a new record in whole life products with gross revenues of 2,107 million euros (up 24% compared to 2004).

The share of multiple investment type whole life products rose by 77% to 1,352 million euros owing to the Prévi Options contract, which was awarded the “Laurier d’Or” for multiple investment type whole life products by “Investir” magazine in 2005.

Throughout the year, Suravenir continued to adapt and consolidate its product line (enhancement of unit-linked policies, creation of discretionary management agreements, development of arbitrage management agreements and adapting to the new NSK tax law framework).

In 2005, 136,000 new whole life insurance contracts were taken out, bringing the portfolio up to 1,063,345 contracts at the end of the fiscal year. The “Prévi Horizon” retirement savings plan kept its stamp of excellence from the “Dossiers de l’Epargne” magazine and accounted for 13,000 subscriptions and revenues of 9.1 million euros.

At 31 December 2005, total whole life insurance assets under management rose by 15% to 16,151 million euros compared to end-2004.

Life insurance and credit insurance products also sold well, with revenues rising by 19% to 126.9 million euros, broken down into 117.3 million euros in group life insurance and credit insurance products and 9.6 million in individual life insurance and credit insurance products. Subscriptions to the Prévi Famille and Prévi Découvert contracts which received the stamp of excellence from the “Dossiers de l’Epargne” magazine were particularly high.

In 2005, new distribution partnership agreements were signed. VIE PLUS was also acquired at the end of the fiscal year. These transactions are part of the company’s determined policy to grow by acquisitions.

Suravenir’s 2005 net income rose by 9% to 50.54 million euros compared to 2004.



At 31 December 2005, Suravenir Assurances managed a portfolio of 1,636,139 contracts, including 755,034 large contracts, up 9% compared to 2004.

317,283 new contracts were taken out in 2005, 9% more than in 2004.

For the third consecutive year, Suravenir Assurance obtained the stamp of excellence from the “Dossiers de l’Epargne” magazine for each of its three insurance contracts for individuals (health, GAV accidental disability, dependency).

Gross written premiums increased by 9% to 192 million euros, not including any related costs. The 69.8% average claims ratio on the portfolio was virtually unchanged compared to 2004.

Suravenir Assurances posted 11.56 million euros in net income for 2005, a significant increase compared to last year (up 45%).

2.3.6. Distribution Division

(i) Asset management



In 2005, Banque Privée Européenne took over the development of the wealth management business from Federal Finance Banque, adding staff and expanding its network of branches following the absorption of Espace Patrimoine Conseil. It now has a 34-branch network that covers all of France.

The introduction of interest-bearing checking accounts beginning in April 2004 to the signers of a BPE account agreement increased the number of checking accounts opened and served to foster customer loyalty. In 2005, 2,861 new BPE accounts were opened, raising their number to 4,641.

Loan production slowed down by 19% to 471 million euros compared to 2004 owing to the combined impact of heightened competition and increased selectivity.

At 31 December 2005, outstanding loans totaled 2,347 million euros, up 4% over the year.

Savings collection fell by 10% to 140.6 million euros compared to 2004 because the interest paid on the BPE savings account was shaved by one point mid-way through the fiscal year. By contrast, insurance savings collections increased (up 51%) to 96 million euros.

BPE's 2005 net income rose by 30% during the year to 10.53 million euros.



In 2005, the Board of Directors of Alcor Bank Luxembourg SA resolved to shut down the company, which was 99.9% owned by Compagnie Financière du Crédit Mutuel. The clients will be transferred to the Luxembourg subsidiary of CMNE, Nord Europe Private Bank SA, pursuant to the agreement signed by and between the two banks.

(ii) Consumer credit



Financo's loan production was the highest in 7 years with loan production rising by 20% to 642 million euros, broken down as follows:

- 236 million euros in Auto-Moto-Leisure loans, up 12%.
- 108 million euros in Home Improvement loans, up 16%.
- 59 million euros in Home Furnishing loans, up 23%.
- 115 million euros in Personal Loans, up 71%.

Net loan outstandings increased by 17% over the year to reach 1,190 million euros at 31 December 2005.

In 2005, Financo continued the work of integrating Eole Finance, a subsidiary that specializes in making consumer credit loans against employee savings plans. In 2005, loan production was 35 million euros, to give total outstanding loans of 102 million euros at year-end.

Financo's 2005 net income jumped 69% to 4.30 million euros compared to 2.55 million euros in 2004.

(iii)  *Online brokerage*



2005 was an excellent year for Symphonis, which now manages 37,300 accounts (30,000 whole life insurance contracts and 7,300 securities accounts) with total assets under management of 1,520 million euros.

In 2005, Symphonis introduced two new important features to its product line: interest-bearing cash accounts linked to securities accounts and the life insurance arbitrage management agreement.

Also in 2005, Symphonis set up a network of five brick-and-mortar branches (in Lille, Lyon, Marseille, Nice and Paris) which are actually the branches taken over from Espace Patrimoine Conseil.

In 2005, net collections doubled to 365 million euros versus 183.4 million euros in 2004.

Whole life insurance products accounted for two-thirds of this collection (245 million euros). "Symphonis Vie," which was awarded the Silver Palm in 2005 in the multiple investment type whole life product category, came out as the leading product on the whole life insurance market in terms of both collections and assets managed (440 million euros).

Financial savings made up the other third of collections as a result of the growing share of mutual funds.

In 2005, Symphonis was awarded the highest recognition in the Life Insurance category for an online broker and a stamp of excellence in the "Securities Account" category by "Gestion de Fortune" magazine.

2005 net income stood at 630,000 euros versus 90,000 euros in 2004.


(iv)  *Insurance brokerage*



NOVELIA's gross revenues continued to rise. They were up 12% to 10.6 million euros in 2005.

NOVELIA currently ranks 29th among French insurance brokers and was awarded the much-sought-after non-life innovation prize for its "Intégral Pro" product.

In 2005, NOVELIA had net income of 1.19 million euros (up 25% compared to 2004).

(v)  *Travel agency*



In 2005, sales at ACTA CMB Voyages stood at 40.6 million euros versus 40.4 million euros in 2004. Travel held steady at 19.6 million euros while ticketing rose slightly (up 1.1% to 21 million euros).

In 2005, net income at Acta/CMB Voyages stood at 333,000 euros, up 45% over 2004.

2.3.7. Real Estate Division

Federal Immo is the holding company of the real estate division and is responsible for coordinating all the Group's real estate businesses and developing real estate partnerships.

EUROPiM

Europim is in charge of the Group's real estate product line and continued to expand in 2005. Commissions on direct real estate reservations rose by 19% to 2.58 million compared to 2004.

Europim took over the Arkéa Group's activities of selecting non-trading real estate investment companies (SCPI) and real estate investment trusts (OPCI). Collections for UFG's Robien Multihabitats SCPI were particularly satisfactory (23 million euros).

Europim's net income of 188,000 euros was 5% higher than in 2004.

ARMORiQUE HABITAT

Armorique Habitat, a player to contend with in the public housing market (HLM) in the Finistère, Morbihan and Côtes d'Armor departments of France, owned and operated 4,351 residential units in 146 communities as at 31 December 2005. During the year it delivered 65 new units and 7 renovated units and commenced construction on 145 units.

For the fifth time, it was awarded the national Innov'Elec trophy by EDF, France's electrical utility, for its program of renovating 128 residential units in rural France.

In 2005, its net income amounted to 879,000 euros compared to 800,000 euros in 2004.

E Eurogérance

Eurogérance markets and manages the "Eurofoncière 2" non-trading real estate investment company (SCPI).

In 2005, investors poured a steady 7 million euros into 36,500 shares of the SCPI. At 31 December 2005, the SCPI's capitalization totaled 71.8 million euros. The shares were revalued by 7.5% to 205 euros.

Eurogérance's 2005 net income amounted to 15,000 euros. .

FONCIERE Investissement

As part of its investment program, Foncière Investissement, carried out 7 acquisitions totaling 20.1 million euros. In 2005, the company continued to expand its network of business providers and sped up its search for investments in large and medium-sized cities. A technical appraisal capability has been in place since 1 January 2005. Its investments in connection with the search for properties for Suravenir amounted to 30 million euros.

The company's 2005 net income totaled 577,000 euros compared to 410,000 euros in 2004.

2.4. Prudential ratios

CFCM's prudential ratios are assessed at Arkéa Group level.

➤ **Capital adequacy ratio**

At 31 December 2005, the ratio was 131%, compared with the required legal standard of 100%. Of this coverage, 98.8% is ensured by Tier One capital.

➤ **Major risks ratio**

Arkéa Group complied with the major risks ratio :

- The total amount of risk incurred by the same counterparty should not exceed 25% of the Arkéa Group net equity capital;
- The total amount of risk incurred by counterparties, the risks for each counterparty which exceed 10% of the consolidated net equity capital, should not exceed eight times the consolidated equity capital.

➤ **Liquidity ratio**

For monitoring short-term liquidity, the one-month regulatory liquidity ratio was 137% at 31 December 2005, compared with the regulatory standard of 100%.

➤ **Shareholders' equity and long-term debt ratio**

This long-term debt ratio measures the ratio of sources of funding with maturities longer than five years to assets of an equivalent term. At 31 December 2005, this ratio stood at 67.4% for the Arkéa Group, higher than the regulatory standard of 60%.

2.5. Arkéa Group earnings over the past three years

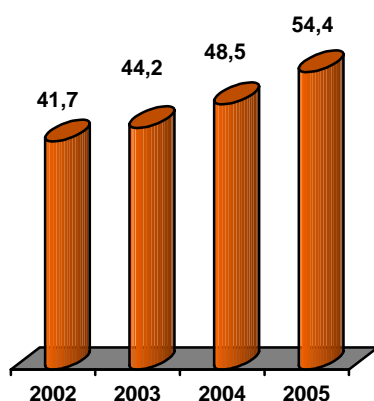
Over the past three years, the extent of consolidation of Arkéa Group has changed with the inclusion of Vie Plus, subsidiary Camefi-Banque (by full consolidation), Groupement Informatique du Crédit Mutuel (proportionate consolidation), in the accounts of the consolidating entity (globalised accounts). Apart from these new consolidations, CFCM increased its stake in the capital of its subsidiaries Federal Finance Banque, Financo and Novélia and decreased its stake in the capital Synergie Finance and Sodelem.

€Billion	2003	2004	2005
Net banking and insurance income	996.0	1061.5	1175.5
Gross operating profit	327.1	361.5	409.9
Net profit (Group share)	152.3	170.2	238.9

➤ **Balance sheet**

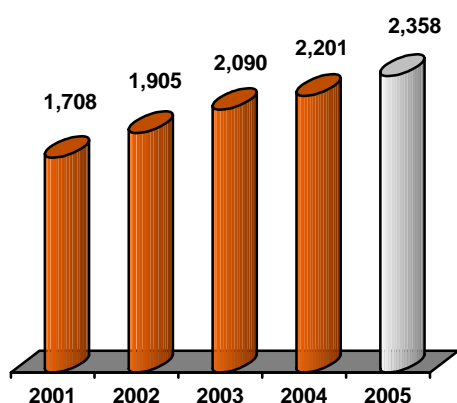
**Total balance sheet
at 31 December**

(€billion)



The Arkéa Group consolidated balance sheet amounted to €54.4 billion at 31 December 2005, an increase of 12.1 % compared with 2004. This increase reflects the sustained marketing of loans, saving products and services.

**Group equity capital
at 31 December
(€Million)**



Group equity capital at 31 December 2005, including the full-year results and after distribution amounted to €2,358 billion, i.e. +7.1% over one year.

3. The Issuer: COMPAGNIE FINANCIÈRE DU CRÉDIT MUTUEL

CFCM was incorporated on 20 October 2000, under the name of Eurobretagne VI and took the form of a French “*Société anonyme*”.

The legal and commercial name of CFCM is « **Compagnie Financière du Crédit Mutuel** ».

CFCM is registered with the French *Registre du Commerce et des Sociétés* of Brest under number 433 383 122.

CFCM is a subsidiary of CICM (almost owned directly at 100%) which is owned by the local branches of Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central. CFCM adopted the name “**Compagnie Financière du Crédit Mutuel**” in May 2001. There are no arrangements, known to CFCM, the operation of which may at a subsequent date result in a change of control of CFCM. Its term of existence is 99 years from the date of its incorporation.

The company is governed by:

- The French *Code de commerce* (former Act of 24 July 1966 relating to commercial companies); and
- The French *Code monétaire et financier* (former Act of 24 January 1984 relating to the activities and control of credit institutions).

CFCM has taken over the dual objectives of the former Compagnie Financière du Crédit Mutuel de Bretagne:

- To carry out, on behalf of Arkéa Group, all financial transactions on capital markets and to execute foreign transactions in association with its network of correspondent foreign banks and in particular:
 - To carry out all banking and related or supplementary operations, in France and abroad, notably investment services under the terms of Article L.321-1 of the *Code monétaire et financier*, as well as insurance brokerage activities;
 - To accept, hold and manage any direct or indirect holdings in any credit establishment, investment firm or financial institution or in any other company or firm which exists or may be set up; and

- To undertake, more generally, any financial, commercial, industrial, securities or property transactions which are directly or indirectly related to its objectives, as well as any similar connected or complementary transactions.
- To carry out the functions of a holding company and thus bring together and develop Arkéa Group holdings, structured as subsidiaries or affiliates of subsidiaries.

CFCM carries on its business from its headquarters in Brest together with all of the services of Arkéa Group.

The headquarters of its subsidiaries have been set up in Brittany, in Paris and in Marseille. CFCM's share capital is almost wholly owned by CICM.

3.1 Issuer's activities

3.1.1 Money market and investment bank

(a) Capital markets

➤ *Securing refinancing*

In 2005, to reduce the Arkéa Group's liquidity risk, the front office focused on raising medium and long-term resources in a favorable environment characterized by abundant liquidities and particularly low credit spreads.

The 2005 balance sheet shows the following:

- Resources raised via the EMTN program reached 1.73 billion euros with an average maturity of 5 years, pushing up the total to 3.8 billion euros (up 80%).
- The overall volume of certificates of deposit (CDNs, short-term loans) remained steady at around 6 billion euros.

We should point out that more than half of the resources raised through the EMTN program come from investors resident outside France. All in all, this enabled the Group to secure its refinancing by lengthening maturities and diversifying its counterparties.

➤ *Success of diversification of Own Account activities*

The sharp decline in credit margins had an adverse impact on the core front office activities: indeed, asset swap margins were cut sharply, resulting in a decrease of the contribution of these activities to NBI.

By contrast, diversification activities developed since 2001 largely offset this decrease: in a mostly booming market, equities, convertible bonds and alternative funds (OPCVM) posted significant profits.

New structured credit and fixed-income products were also set up in 2005. As a result, CFCM carried out transactions on credit derivatives (CDS) and acquired bonds with coupons and capital linked to baskets of counterparties (CDO).

Similarly, positions were taken on complex rate products, enabling CFCM to develop the technical expertise required to analyze these booming products.

For the time being, these new structured products have had only a limited impact on the front's office own account NBI. Nevertheless, their use will be expanded to offset the decrease in the contribution of assets swaps.

In all, revenues from own account activities amounted to 34 million euros versus €1.7 million euros in 2004.

➤ *Growth of sales activity*

In 2005, the front office confirmed its expansion from its three sites in Brest, Marseille and Nantes and via the networks of the Arkéa Group and the partner federations. Foreign exchange transactions in an especially tense competitive environment enabled the front office to win new clients.

The engineering developed in debt management enabled the front office to diversify into new transactions and largely exceed its stated goals.

Lastly, the earnings of the “Investments” business line rose sharply as low interest rates prompted a growing number of treasurers to subscribe to structured products offering greater returns than the risk-free rate while benefiting from a guarantee on capital.

(b) International services

The new international transaction processing software for transfers issued in euros was put into service in 2005 in particular for euro-denominated wire transfers (the processing of wire transfers issued or received in foreign currencies will be operational beginning in the spring of 2006).

Over the near term, this software will make it possible to:

- expand the offer of international products and services,
- improve the effectiveness of processing,
- control risks in connection with the implementation of Basel II.

In 2005, international services posted sustained growth with an increase in the number of transactions by 16% and a significant rise in cross-border wire transfers of 21%.

What is more, this trend factors in the European Directive of July 2003 (on the pricing of cross-border wire transfers at the same rate as domestic wire transfers), which considers foreign euro-denominated wire transfers equivalent to domestic wire transfers (50% in 2005 compared to 35% in 2004).

The trade finance business (documentary credits and remittances and international guarantees) held steady in 2005 owing to the increase in documentary credits issued (up 8%) and the decrease in documentary remittances (down 7%). The portfolio business (checks and import/export trade notes) fell by 18% after a 17% drop in 2004.

Total commissions received in 2005 rose by 5% compared to 2004 at 3.8 million euros in spite of the adverse impact of the European Directive on wire transfer pricing.

(c) Back office activities

The back office department of Compagnie Financière du Crédit Mutuel processes, unwinds and records the transactions carried out by the front office. It also acts as the depository for the Arkéa Group’s management companies.

In 2005, the number of transactions processed by CFCM’s back office department rose sharply owing to both the commercial success of the Suravenir unit-linked life insurance contract and the expansion of front office activities. While adapting to increased volumes, in 2005, the back office department:

- Implemented the new IAS-IFRS accounting standards.
- Deployed new management software to support the operations of CFCM and its subsidiaries.
- Improved service quality and reliability.

(d) Specialized financing

CFCM expanded its Specialized Financing business while pursuing its determined policy of portfolio diversification in a market context favorable to acquisition and project financing.

The Specialized Financing department focused on diversifying the nature of the contracts (syndicated loans to businesses, leveraged financing and financing of assets and projects) while at the same time ensuring that they are spread across a broad spectrum of industries.

In 2005, investments totaled 159.9 million euros, up 24% compared to 2004, bringing total assets to €255.3 million (up 18.6%) after early repayments of more than 80 million euros.

At 31 December 2005, the portfolio consisted of 37 loans of 6.9 million euros each on average. The NBI from specialized financing rose by more than 13.8% compared to the previous fiscal year, to over 5.3 million euros. Seventy percent of it comes from margins on interest and 30% from commissions.

3.1.2 Holding company business

(a) Equity investment management

At 31 December 2005, the net book value of CFCM's equity investment portfolio had risen by 9%, or 55 million euros, to 665 million euros compared to 31 December 2004.

Factors that contributed to the increase in net book value:

- ❖ 5 million euros from net recoveries of impairment provisions on securities as a result of the improvement of the financial position of various portfolio companies,
- ❖ 50 million euros in equity investments, primarily in three subsidiaries.

These equity investments break down as follows:

- ❖ 30.3 million euros in Banque Privée Européenne to finance the expansion and the merger by absorption of "Espace Patrimoine Conseil," a broker of financial products and private wealth management advisor.
- ❖ 10 million euros in Foncière Investissement to continue its acquisition program of offices in major French cities.
- ❖ 7.9 million euros in Financo to raise its solvency ratio to more than 9%.

As part of its policy to strike alliances, CFCM acquired a 10% interest in Altéram, a subsidiary of Crédit Mutuel Nord Europe that specializes in alternative management.

(b) Subsidiaries

In addition to its equity investments, CFCM managed and supported the expansion of its subsidiaries on their markets.

3.2 Markets

The Issuer operates on the financial markets. Throughout its subsidiaries, which are organized by the market they serve, it also operates on the corporate market, the sales market, the asset management and insurance market, and the real-estate market.

3.3 Risk management

3.3.1 Overall organization

(a) Arkéa Group's organization

The organization of internal control was modified in 2005. It is based on a system that distinguishes between periodic control and ongoing control:

- Periodic Control Department

The Periodic Control department reports directly to the Managing Director of the Caisse Interfédérale de Crédit Mutuel, Group Managing Director. It carries out a periodic control of compliance of activities, the level of risk run and the effectiveness and relevancy of the control systems.

The entire Arkéa Group is within its purview. Its control assignment program is approved by the Audit Committee and includes annual assignments on major risks concerning credit, capital markets, accounting processes, IT and operations.

A specific control plan is applied to Compagnie Financière du Crédit Mutuel and its subsidiaries.

- Ongoing control department

The Ongoing Control department is independent from the operating subsidiaries. Within the Caisse Interfédérale de Crédit Mutuel, it carries out ongoing controls over transaction compliance, security and approval. It ensures compliance with the procedures related to the surveillance of risk of all kinds. It designs the software and methodology necessary to identify, prevent, track and reduce risks.

It also manages all the employees assigned to ongoing internal control in the various Group entities.

Lastly, within the Arkéa Group, it is preparing for implementation of the provisions related to the Basel Committee recommendations.

- Ongoing Control Committee

The Arkéa Group's Ongoing Control Committee is chaired by the Group's Managing Director. It monitors all credit, market and operational risk on a consolidated basis. It establishes the Group's overall risk guidelines, controls changes in total commitments, sets intervention limits based on credit ratings and ensures that each Group structure operates under the prudential rules that have been established.

- Audit Committee

This committee is responsible for assisting the Board of Directors of the Caisse Interfédérale de Crédit Mutuel with the performance of its responsibilities of controlling the risks related to the Group's businesses. In particular, it ensures that the company's bodies are operating properly, monitors all of the Arkéa Group's entities and ensures compliance with the statutes and regulations that regulate the banking and insurance industries and monitors all risks (credit risks, market risks, overall rate risk, liquidity risk, operational risks, etc.).

It approves the annual periodic control plan and reviews all the audits conducted by the Periodic Control Department as well as the conclusions and recommendations of external auditors. It reports back on its work for the consolidation scope of the Arkéa Group to the Board of Directors of the Caisse Interfédérale de Crédit Mutuel.

. The Audit Committee Chairman forwards to the Board of Directors of Compagnie Financière the Committee's recommendations on the risk assessment of CFCM's consolidation scope.

- Financial Statements Committee

This committee is responsible for assisting the Board of Directors of CFCM in assessing financial data and auditing its accuracy. It scrutinizes the financial statements of the Arkéa Group and the CFCM Group prior to their being presented to the Board, ensures that the financial data remains accessible, evaluates the relevance of the accounting methods selected, analyzes earnings and verifies the annual report and the regulatory documents required by the various financial oversight authorities. It provides an opinion on the selection of the Statutory Auditors and analyzes the conclusions drawn from their assignments. It reports on its activities to the Boards of Directors of Caisse Interfédérale du Crédit Mutuel and Compagnie Financière du Crédit Mutuel.

(e) CFCM's specific organization

In keeping with the Group's general organization, Compagnie Financière has implemented its own risk control mechanism in order to manage its own specific risks.

This organization applies the principle of segregation of duties, allowing potential conflicts of interest to be controlled and monitored as closely as possible.

This principle has prompted Compagnie Financière to segregate its asset management activities for its own account from its third party asset management services and to organize its subsidiaries into Divisions, each of which represents a distinct line of business.

This same principle is also found in the segregation of the units responsible for initiating transactions and commitments from those responsible for booking them and for monitoring and measuring the different risk factors. As such, the back office functions of recording and settlement of transactions and the middle office functions of measuring risks have been placed under the responsibility of the Corporate Secretary of Compagnie Financière and are segregated from the front office functions, all of which have a distinct reporting line.

The prospect of the entry into force of Regulation 97-02, as amended by the order of 31 March 2005, resulted in the creation CFCM's Ongoing Control Department in January 2006.

This department reports directly to CFCM's Managing Director and carries out its activities as part of a functional relationship with the Risk Management Division of the Caisse Interfédérale de Crédit Mutuel.

Its sole role is to exercise ongoing control and it does not carry out any operational function.

It also acts as the management structure for controls and risk consolidation for Compagnie Financière and its subsidiaries.

Its actions supplement the actions of the control structures of the Caisse Interfédérale de Crédit Mutuel without diminishing their responsibilities.

To carry out its role, CFCM's Ongoing Control Department has its own staff divided up into two departments: the Compliance department and the Risk Monitoring department.

In all, in 2006, the internal controllers and employees assigned to measuring and monitoring credit and market risks will total 20 full-time equivalent employees just for Compagnie Financière operations, broken down as follows:

- ✓ 7 individuals assigned to second-level ongoing control,
- ✓ 5 permanent controllers assigned to CFCM's operational departments,
- ✓ 8 individuals assigned to the middle office to measure credit and market risks.

The Equity Investments Department, which reports to the Executive Managing Director, takes part in Compagnie Financière du Crédit Mutuel's monitoring system. Its main assignment consists of monitoring, managing and assessing the company's portfolio of equity investments and to monitor the activities of the subsidiaries in doing so. It ensures that their strategies are implemented correctly and that the desired results in terms of performances and profitability are obtained. It produces a consolidated monthly management report reviewing the subsidiaries' activities, and is called upon to prepare capital investment or divestiture decisions and compensation or provisioning proposals for all the equity investments.

In addition, risk control at CFCM is carried out by a certain number of specific committees.

- Credit committee

This committee, which meets as needed, examines and decides on all banking commitment requests made to CFCM, such as specialized financing, syndicated loans, counter-guarantees on commitments of BCME and CAMEFI Banque that exceed their individual limits, etc.

- Private Equity Committee

This committee, which meets as needed, takes all decisions regarding equity investments for all of Compagnie Financière (with the exception of third party asset management), including venture capital, development capital, restructuring capital and buyouts.

- Capital Markets Counterparty Credit Committee

This committee, which meets each quarter, prepares the proposals made by the Executive Management Committee to CFCM's Board of Directors regarding counterparty credit limits and the approval of intermediaries, as well as changes in the risk control mechanism as concerns the management of counterparty credit risks.

- Partner Approval Committee

This committee, which meets quarterly, seeks to optimize and improve controls over the purchasing of financial products and services for the entire Group. It organizes meetings between the different members of the Compagnie Financière du Crédit Mutuel Group to discuss their commercial relationships with suppliers and distribution partners. It is also responsible for approving new suppliers, providing opinions on the products approved and, if needed, organizing negotiations with suppliers.

- Financial Management Committee

This committee meets quarterly and supervises the Group's refinancing policy under the guidelines established by the Balance Sheet Management Committee. It monitors asset allocations and the volumes and performances of Compagnie Financière du Crédit Mutuel's various capital management portfolios for its own account. It also oversees the implementation of the Financial Markets and International Affairs Division's annual development plan.

3.3.2 Performance of internal control

(a) Arkéa Group's

The internal control system applies to all the Group entities – not only to the credit institutions, but also to all Group subsidiaries.

It protects employees and assets, ensures that transactions are legal, ensures enforcement of directives and that objectives are attained, that information is of good quality and that the company operates efficiently.

Each of the Group's operational departments organizes the ongoing internal control of its businesses. Management is responsible for ongoing control. It forwards a monthly report on control activities to the Ongoing Control Department. It records operational risk events of a potential amount greater than 1,000 euros in an Incident Reporting Database set up in 2003 to comply with Basel II and at least once a year assesses the effectiveness of the systems set up to control risks that are run in the performance of its activities.

First-level control is carried out by operational staff. Second-level control is carried out by employees specifically assigned to control activities. Control activities are managed at Group level by the Ongoing Control Department in order to apply a methodology common to all the Group, regardless of the business line.

The Ongoing Control Department is responsible for consolidation and monthly reporting to the General Management and the Board of Directors of Caisse Interfédérale de Crédit Mutuel.

The work carried out during 2005 gave rise to the implementation of a compliance control system whose objectives include:

- Compliance with statutes, regulations, industry rules and instructions from the executive body,
- Combating money laundering and terrorism,
- Compliance,
- Monitoring of outsourced operations,
- Adaptation of the ongoing control system.

(b) CFCM

The strengthening of the organization, of the resources allocated and of the internal control systems was continued as part of the preparation for future regulations related in particular to the recommendations of the Basel Committee. Staff assigned to first-level and second-level internal control or periodic controls are responsible for:

• Compliance

The Group Compliance Officer checks for compliance in all Group companies certified to provide investment services. Group internal regulations have been amended to improve prudential measures taken with regard to personnel in sensitive positions and those exposed to risks of conflicts of interest.

• Prevention of money laundering and the financing of terrorism

This assignment is organized in a decentralized fashion, involving the head of each operating entity. It relies on actions taken by "Tracfin" correspondents in each company, and is co-ordinated by Caisse Interfédérale du Crédit Mutuel. This coordination was strengthened in 2006 by the involvement of CFCM's Ongoing Control Department.

• Monitoring of credit risks

As part of the preparation for the application of Basel II, the Arkéa Group developed its method for rating risks and uses the algorithms developed for nation-wide use by the Crédit Mutuel group.

A specific rating system was developed for each type of client and delivered to the relevant structures responsible for setting commitment limits and defining the level of profitability.

• Monitoring of operational risks

A program to bring internal control systems into compliance with the new regulations that will be imposed by the Basel II reform was launched in order to improve the quality of operational risk measurement applications. The system is based on inventorying all risks and related controls, and the regular evaluation of control mechanisms.

An analysis at year-end 2005 using the new applications revealed that the three main causes of reported incidents involved theft, external fraud and, to a lesser extent, the monitoring of customer accounts.

• Monitoring of professional risks

The decree of 5 November 2001 and 18 April 2002 circular state that all companies must formulate in one single document the result and assessment of employee health and safety risks in order to establish preventive measures.

The assessment and rating processes of these risks are underway for all of the entities of the Group in conjunction with the Occupational Safety and Health Committee (CHSCT) and the company doctor.

3.4 Financial elements

The financial year of CFCM runs from 1 January to 31 December. The annual results of the Issuer CFCM shown hereafter are the non consolidated and consolidated accounts. The 2000 results are pro-forma, all figures are calculated in relation to pro-forma accounts.

3.4.1 Statutory appropriation of earnings

At least 20% of annual earnings are allocated to legal reserves, which appear on the balance sheet. This obligation ceases when the level of reserves reaches 10% of the share capital.

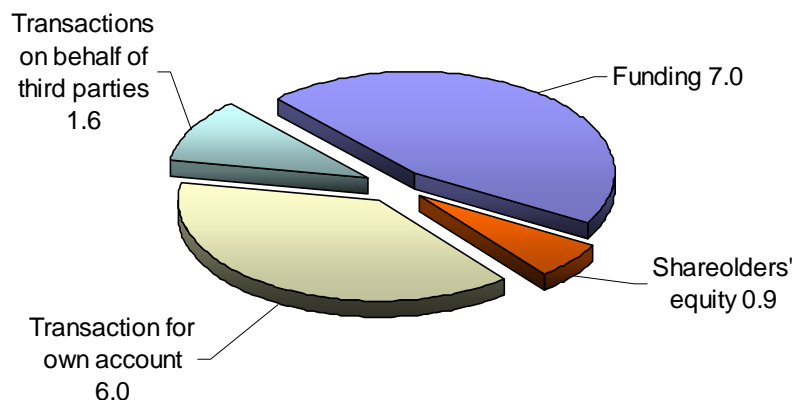
Thereafter, other sums are allocated for the remuneration of shareholders. Dividends may be paid in the form of shares if the Annual General Meeting of Shareholders so decides.

3.4.2 Accounts at 31.12.2005

(a) Balance sheet

The total assets of Compagnie Financière du Crédit Mutuel amounted to 15.4 billion euros at 31 December 2005, comprised essentially of capital markets transactions. Funding transactions on behalf of Caisse Interfédérale du Crédit Mutuel, its subsidiaries and other Crédit Mutuel Federations and front office transactions for own account amounted respectively to 7 billion euros and 6 billion euros. Compagnie Financière du Crédit Mutuel had total shareholders' equity of 878 million euros, including the general banking risk reserve (FRBG), which financed its role as the manager of the Group's capital markets activity and its portfolio of equity and other long-term investments, which amounted to 665 million euros.

CFCM balance sheet structure (in billions of euros)



(b) Off-balance sheet

Compagnie Financière du Crédit Mutuel's off-balance sheet is composed for the most part of 21.8 billion euros in forward financial instruments, including 15.2 billion euros on interest rate swaps.

(c) Income statement

Net banking income rose by 7.7% to 80.4 million euros, from 74.7 million euros in 2004.

This increase reflects the combined effects of several factors:

- the expansion of third-party transactions, especially the investment business,

- strengthening of the equities, convertible bonds and alternative mutual funds businesses in a booming market,
- diversification of own account activities by the gradual implementation of structured credit and interest-rate products (CDO, CDS, etc.).
- strong volumes in specialized financing
- growth of income from equity investments owing to the good 2004 earnings of the subsidiaries.

In a context of strong expansion of its business and participation in regulatory or strategic projects, the operating expenses of **Compagnie Financière du Crédit Mutuel** rose by 21.9%, equivalent to 3 million euros, to 16.9 million euros.

This rise in operating expenses is also related to the increase in the workforce for Back Office operations and financial transactions, the lower level of payroll tax reductions under the de Robien Act, and the provisioning of commitments to employees.

Income from operations rose by 4.4% to 63.5 million euros versus 60.8 million euros in 2004 as a result of the increase in net banking income.

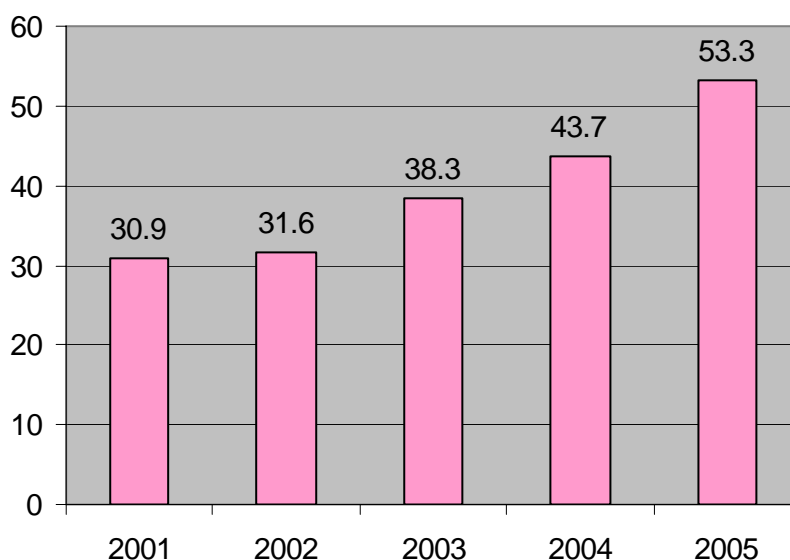
Net additions to credit risk amounted to 1.2 million euros, up from 1.1 million euros in 2004.

Net recoveries of provisions on the portfolio of equity investments amounted to 3.4 million euros in 2005 versus 7.6 million euros in 2004, bringing income before tax, non-recurring items, amortization of goodwill and changes in the FRBG to 65.6 million euros in 2005 versus 66 million euros in 2004.

After a 1.5 million euro charge to the FRBG and 10.8 million euros in income tax, **2005 net income** rose by 21.9% to **53,271,654.24 euros**.

Parent company net income (in millions of euros)

**Net income
(in millions of euros)**



After adding unappropriated retained earnings of 4,414,492.93 euros, income available for distribution for 2005 amounted to 57,686,147.17 euros.

The proposed appropriation of net income submitted to the Annual General meeting is as follows (in euros):

Appropriation to the legal reserve	2,663,582.71
Appropriation to optional reserves	22,000,000.00
Dividend.....	26,455,000.00
Unappropriated retained earnings	6,567,564.46

The net dividend proposed by Compagnie Financière is 0.37 euros per share, up from 0.30 euros per share in 2004.

3.4.3 Consolidated accounts at 31.12.2005

The consolidation scope of Compagnie Financière du Crédit Mutuel changed between 2004 and 2005. Espace Patrimoine Conseil was deconsolidated in early 2005. In December of the same year Suravenir purchased General Electric's life insurance subsidiary Vie Plus. Also in 2005, Suravenir's non-trading real estate investment companies (SCIs) and Federal Immo were fully consolidated. Federal Immo was consolidated according to the equity method until 2004.

(a) Consolidated balance sheet

Compagnie Financière du Crédit Mutuel had total assets of 35.3 billion euros at 31 December 2005, up 17% compared with the previous year.

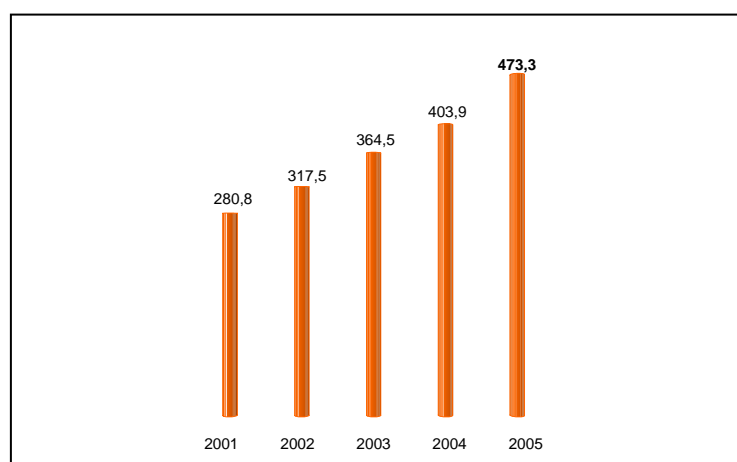
- On the assets side, Suravenir's (life insurance) investments on behalf of its subscribers increased 25% or 3.4 billion euros to 17.3 billion euros and accounted for 48.9% of CFCM's total consolidated assets. Part of this increase, 1.4 billion euros, is due to the consolidation of Vie Plus and the remaining 2 billion euros is due to strong collections and the increased value of the assets in a bullish stock market.

Loans to customers generated by BCME, Banque Privée Européenne, Financo and Bail Enterprises are the second largest asset group and rose by 7.2% to 7.3 billion euros.

- On the liability side, and correlated to the increase in investments on the asset side, the change in the number of customer contracts and outstandings in Suravenir and Vie Plus generated a 3.6 billion euro increase in the technical provisions of the insurance businesses, bringing them to 17.9 billion euros. The raising of funds through the 2005 EMTN program, with an average maturity of 5 years, brought the total amount of bond issues to 3.9 billion euros, up 1.3 billion euros compared to 2004. Longer maturities together with the diversification of counterparties (more than half the funds raised came from investors resident outside France) secured the refinancing. The group share of shareholder's equity (including the general fund for banking risks or FRBG) rose by 8.1% to 1.2 billion euros and accounts for 3.3% of the total balance sheet.

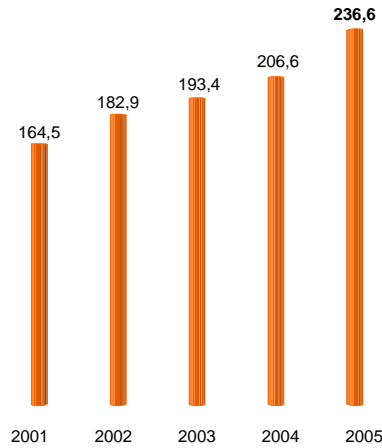
(b) Consolidated profit and loss

Net banking and insurance income (in millions of euros)



Net banking and insurance income rose by 17.2% to 473.3 million euros due to the combined effect of the good results achieved by the insurance businesses (increase in revenues and impact of the gain in the value of the multi-investment portfolios in a context of rising stock market indices), the full consolidation of Suravenir's non-trading real estate investment companies (SCIs), higher commissions from a very active real estate market and the good level of loan production.

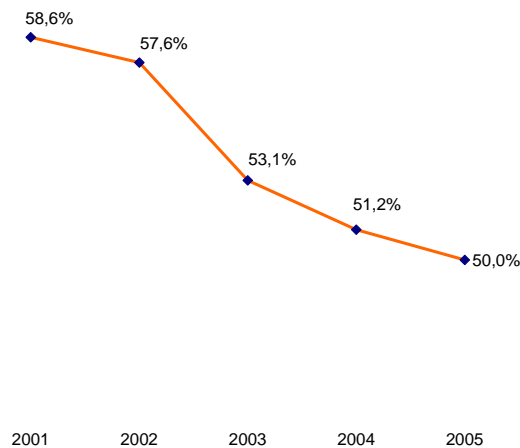
Operating expenses (in millions of euros)



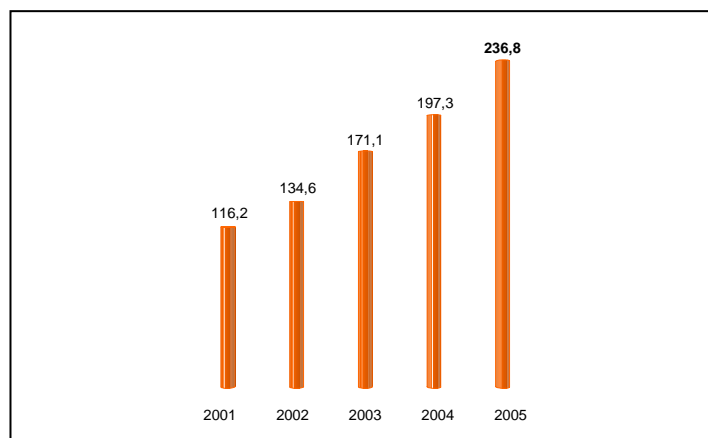
Operating expenses consist of personnel costs, other administrative expenses, depreciation and amortization. They rose by 14.5%, corresponding to 30 million euros, to 236.6 million euros due to the strong expansion of the activities of the holding company and the subsidiaries. The year was marked by the full consolidation of Fédéral Immo and the lower level of payroll tax reductions under the de Robien and Aubry Acts. After factoring in the consolidation of the Suravenir non-trading real estate investment companies (SCI) and Fédéral Immo beginning in 2005, operating expenses rose by 8.8% or 18.2 million euros.

The rise was also due to the application of collective bargaining agreements and employer's decisions concerning salary raises and the provisioning of commitments to employees. The average workforce of Compagnie Financière and its subsidiaries increased by 4.6% to 1,380 compared to the previous year.

Operating ratio

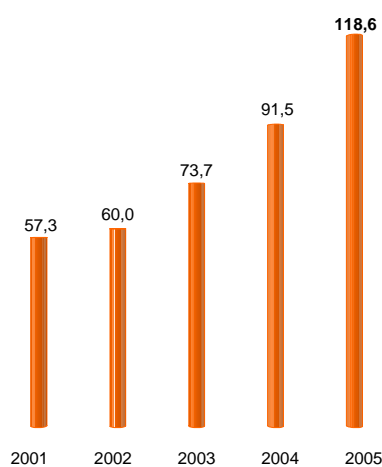


With net banking and insurance income outpacing the increase in operating expenses, the operating ratio improved by 1.2 points, from 51.2% to 50%.

Income from operations (in millions of euros)

The consolidated net income from operations of Compagnie Financière du Crédit Mutuel increased by 20% to 236.8 million euros.

These good results enabled Compagnie Financière and its subsidiaries to add to coverage of their credit risk (total net increase in provisions of 33.9 million euros).

Consolidated net income (in millions of euros)

The net income of Compagnie Financière and its subsidiaries amounted to 118.6 million euros in 2005, an increase of 29.7% compared to 2004.

The subsidiaries contributed 78.1% of this net income.

Excluding the FRBG, the return on equity of Compagnie Financière du Crédit Mutuel and its subsidiaries amounted to 11.7% in 2005 versus 9.6% in 2004.

€Million	2003	2004	2005
Net Banking and Insurance income	364.5	403.9	473.3
Gross operating profit	171.1	197.3	236.8
Net profit (Group share)	73.7	91.5	118.6

3.4.4 Share capital

CFCM's issued share capital is €715 million, made up of 71,500,000 ordinary shares numbered from 1 to 71,500,000 with a par value of €10.

The share capital can be increased in accordance with legal provisions. New shares can be issued either at par value or at a premium.

A capital increase can only be approved by an extraordinary general meeting, on the basis of a report by the Board of Directors.

Any increase in capital at above par value requires the unanimous approval of shareholders, unless such an increase is effected by incorporating reserves, earnings or issue premiums.

An extraordinary general meeting can delegate the necessary powers to the Board of Directors to increase the share capital on one or more occasions, to establish the terms of the increase, to certify that such terms have been carried out and to amend the CFCM's articles of association accordingly.

A reduction in capital can be decided by an Extraordinary General Meeting of Shareholders, which may delegate to the Board of Directors all the necessary powers to carry out such a reduction.

3.5 Composition of the management

CFCM is a French "*Société Anonyme*" governed by the general law of commercial companies and by the laws applicable to financial and banking institutions.

However, its membership of a mutual and co-operative bank group has an influence on its operational methods.

Thus CFCM committed itself to implementing the "best practice" governance methods.

This is illustrated by:

- The allocation of powers;
- The composition and work of the Board of Directors;
- The rights and duties of the Board of Directors;
- The methods for the indemnification and remuneration of the Directors and Executive Officers.

3.5.1 Allocation of powers in CFCM

By implementing the proposal of the act on "New Economic Regulation" dated 15 May 2001, the Board of Directors decided to separate the functions of Chairman of the Board of Directors and Managing Director.

The Board of Directors considered that this separation of the function of direction and the function of management, guaranteed the greatest efficiency.

In accordance with the legal provisions:

- The Board of Directors determines the orientation of CFCM's activities, ensures their implementation, and carries out any necessary monitoring;
- The Chairman, in charge of the Board of Directors, ensures its efficient functioning, the provision of constant and complete information to the Board, and ensures co-ordination with the general management;
- The Managing Director takes responsibility for the management of the company and represents the company vis-à-vis third parties.

Mr Yves LE BAQUER was the Chairman of CFCM since its establishment in 1991. The board of directors meeting held on 29 April 2004 appointed Mr Christian TOUZALIN as Chairman of CFCM and Mr Yves LE BAQUER as Honorary Chairman.

Mr Humbert DE FRESNOYE has been the Managing Director since 1 May 2006 and is responsible for running all operational and executive aspects.

3.5.2 Composition and work of the Board of Directors of CFCM

At 31 December 2005, the Board of Directors consisted of 15 directors who were mainly businessmen and professionals.

Proposals for candidates for the Board of Directors are made to the General Meeting of Shareholders by the Board of Directors of CICM. The term of office is 3 years and is renewable.

There are 2 employee representatives who take part in the work of the Board of Directors.

➤ Composition of the Board of Directors of CFCM

Chairman:		<i>Date of the first appointment and expiry date of the mandate</i>
Christian	TOUZALIN	1996- 2006
Vice Chairman:		
Jean-Pierre	GUEDON	1996-2006
Honorary Chairman:		
Yves	LE BAQUER	1991
Directors:		
Rémy	CABARET	1997-2006
Christian	CADIOU	1998-2007
Joseph	CARRET	2005-2008
Jean Pierre	CORLAY	1991-2006
Amand	DENIEUL	1991-2007
Jean-François	DEVAUX	2003-2006
Jean Louis	DUSSOCHAUD	2001-2007
Marcel	GARNIER	2000-2005
Marie-Thérèse	GROUSSARD	2005-2008
Albert	LE GUYADER	1996-2005
Jean Jacques	LE PAPE	2001-2007
François	NICOLAS	1997-2006
Jean	QUINTIN	2004-2007

➤ Rights and duties of the Directors of CFCM

The internal regulations of Arkéa Group define the rights and duties of the directors, but also their commitments in relation to:

- Attendance at meetings
- Training for the performance of their duties
- Independence and the prevention of conflicts-of-interest
- Professional or personal financial relationships with Arkéa Group
- Compliance with confidentiality in relation to resolutions.

The age limit of the directors is determined by the articles of association as 65 years of age for first election and 70 years of age for renewal. Their term of office of 3 years is renewable.

➤ **The General Management Committee (at 1 May 2006)**

The members of the General Management Committee:

Mr Humbert DE FRESNOYE,
Executive Managing Director

Mr Gilbert RICHARD,
Managing Director, Corporates Division

Mr Jean CHAUSSE,
Managing Director, Financial Markets and International Affaires

Mr Alain TAROUILLY
Corporate Secretary

4. 2006 outlook

During 2005, the strategy was drawn up for the 2006-2010 Medium Term Plan of Arkéa Group and of Compagnie Financière du Crédit Mutuel, a major component of the Group.

Compagnie Financière du Crédit Mutuel primarily chose strategic directions in terms of size, financial solvency and earnings. 2006, the first year of the Medium Term Plan, will contribute to an active engagement of actions in favor of said Plan.

Compagnie Financière will also focus on finalizing implementation of the new internal control organization that complies with the new provisions of CRBF Article 97-02, as amended in March 2005, and will continue its commitment to the application of IAS-IFRS.

**5. List of positions of the members of the board of directors of CFCM
Christian TOUZALIN, Chairman**

- Chairman of Fédération du Crédit Mutuel du Sud-Ouest
- Chairman of Caisse Régionale du Crédit Mutuel du Sud-Ouest
- Director of Caisse de Crédit Mutuel de Angoulême “Ma Campagne”
- Vice-Chairman of Caisse Interfédérale de Crédit Mutuel
- Director of Suravenir Assurances Holding
- Director of Suravenir Assurances
- Director of Confédération Nationale du Crédit Mutuel
- Executive Managing Director of STGA (Société de Transport du Grand Angoulême)
- Member of the Supervisory Board of Synergie Transport
- Director of SLEC (Société d’Exploitation du Câble du Grand Angoulême)

Jean Pierre GUÉDON, Vice-Chairman

- Chairman of the Supervisory Board of Federal Finance Banque
- Chairman of the Supervisory Board of Federal Finance Gestion
- Director of Caisse de Crédit Mutuel de Châteaugiron
- Director of Banque Privée Européenne

Rémy CABARET, Director

- Vice-Chairman of Caisse de Crédit Mutuel de Erquy - Pléneuf
- Director of Acta-CMB Voyages
- Director of Armorique Habitat
- Manager of Cabaret Sarl

Christian CADIOU, Director

- Vice-Chairman of Caisse de Crédit Mutuel de Brest Bellevue-Quizac
- Vice-Chairman of the Supervisory Board of Federal Finance Banque
- Member of the Supervisory Board of Federal Finance Gestion

Joseph CARRET, Director

- Chairman of Caisse de Crédit Mutuel de Plougastel Daoulas
- Chairman of Commission de Négociation du CMB
- Vice-Chairman of the Supervisory Board of Federal Finance Gestion
- Director of the Fédération du CMB
- Director of the Supervisory Board of Federal Finance Banque
- Member of the Commission de Contrôle Départementale Finistère

Jean Pierre CORLAY, Director

- Vice-Chairman of Caisse de Crédit Mutuel de Quimper Centre
- Chairman of Eurogérance
- Chairman of the Supervisory Board of Suravenir
- Director of Novelia
- Director of Symphonis
- Director of Fédéral Immo

Amand Denieul, Director

- Director of Fédération du Crédit Mutuel de Bretagne
- Chairman of Caisse de Crédit Mutuel de Janzé - Piré
- Chairman of Caisse de Bretagne de Crédit Agricole Mutuel
- Member of the Supervisory Board of Banque Commerciale pour le Marché de l'Entreprise
- Chairman of Fédération du Crédit Mutuel Agricole et Rural
- Chairman of Paysan Breton
- Director of Confédération Nationale du Crédit Mutuel

Jean François DEVAUX, Director

- Chairman of Banque Privée Européenne,
- Chairman of Fédération du Crédit Mutuel du Massif-Central
- Vice-Chairman of Caisse Interfédérale de Crédit Mutuel
- Director of Caisse de Crédit Mutuel de Clermont-Fontgivière
- Director of Caisse Régionale de Crédit Mutuel du Massif Central
- Director of Confédération Nationale du Crédit Mutuel
- Member of the Supervisory Board of Groupement Informatique du Crédit Mutuel
- Censor (non-voting board member) of Suravenir Assurances Holding
- Director of Suravenir Assurances (represents CMMC)
- Censor (non-voting board member) of Société Clermontoise de Télévision
- Director of APCAS

Jean Louis DUSSOCHAUD, Director

- Vice-Chairman of Fédération du Crédit Mutuel du Sud-Ouest
- Director of Caisse Régionale du Crédit Mutuel du Sud-Ouest
- Chairman of Caisse de Crédit Mutuel de Pessac-Centre
- Director of Caisse Interfédérale du Crédit Mutuel
- Director of Société d'Economie Mixte (SEM) de la Teste de Buch

Marcel GARNIER, Director

- Chairman of the Supervisory Board of Banque Commerciale pour le Marché de l'Entreprise
- Vice-Chairman of Caisse de Crédit Mutuel de Loudéac-Plouguenast
- Director of Synergie Finance
- Member of the Supervisory Board of Synergie Finance Gestion
- Director of Condi Plus
- Chairman, Executive Managing Director of SAS Transports Garnier

Marie-Thérèse GROUSSARD, Director

- Vice-Chairman of Caisse de Crédit Mutuel de Fougères
- Director of Financo

Albert LE GUYADER, Director

- Chairman of Foncière Investissement
- Vice-Chairman of the Supervisory Board of Banque Commerciale pour le Marché de l'Entreprise
- Vice-Chairman of Sodelem
- Director of Caisse de Crédit Mutuel de Lorient Porte des Indes
- Member of the Supervisory Board of CAMEFI Banque
- Member of the Audit Committee

Jean Jacques LE PAPE, Director

- Chairman of Fédéral Immo
- Vice-Chairman of Armorique Habitat
- Member of the Supervisory Board of Federal Finance Banque
- Chairman of Caisse de Crédit Mutuel de Pont-l'Abbé
- Director of Ataraxia

François NICOLAS, Director

- Chairman of Sobrepar
- Chairman of Synergie Finance
- Director of Caisse de Crédit Mutuel de Pays de Goëlo

Jean QUINTIN, Director

- Director of Fédération du Crédit Mutuel de Bretagne
- Director of Caisse Interfédérale du Crédit Mutuel
- Chairman of Caisse de Crédit Mutuel de Chateaulin
- Director of Confédération Nationale de Crédit Mutuel
- Director of Crédit Immobilier de Bretagne Ouest

6 List of offices held by members of the CFCM Executive Management Committee

	Primary responsibility	Offices
Humbert de Fresnoye	Executive Managing Director	<ul style="list-style-type: none"> - Chairman of the board of directors of Financo - Chairman of the board of directors of Eole Finance - Member of the executive board of Suravenir - Director of Vie Plus - Director of Suravenir Assurances - Director of Suravenir Assurances Holding - Chairman of the board of directors of Novélia - Member of the supervisory board of Infolis - Director of Federal immo (represents Compagnie Financière du Crédit Mutuel) - Director of the Unit trust Credit Mutuel Jour
Gilbert Richard	Managing Director of Development	<ul style="list-style-type: none"> - Chairman of the Executive Board of Banque Commerciale pour le Marché de l'Entreprise - Chairman of the Executive Board of CAMEFI Banque - Director of Synergie Finance (represents CFCM) - Director of Alcor Bank Luxembourg - Director of Bail Entreprises (represents Murs II) - Director of SOBREPAR - Director of SODEREC
Jean Chausse	Managing Director of Financial Markets and International Affairs	<ul style="list-style-type: none"> - Director of Alcor Bank Luxembourg - Director of Banque des Marchés et d'Arbitrage - Director of Synergie Finance (represents SOBREPAR)
Alain Tarouilly	Corporate Secretary	

The members of the Board of Directors and Executive Management Committee have their business addresses at the registered office of the Issuer (32 rue Mirabeau, 29480 Le Relecq Kerhuon / Brest, France).

7. Conflicts of Interests of the Members of the Board of Directors and of the General Management Committee

There are no conflicts of interests between any duties to CFCM of any members of the Board of Directors and of the General Management Committee of CFCM and their private interests and/or other duties.

8. Statutory Auditors to CFCM

The auditors of CFCM for the financial years ended 31 December 2005 and 2004 are Mazars & Guérard, Le Vinci, 4, allée de l'Arche, 92075 La Défense Cedex, France and SA Sterenn, rue Rosemonde Gérard BP 27, 29801 Brest Cedex 9, France.

At the date of this Base Prospectus, neither Mazars & Guérard nor SA Sterenn have been removed or reappointed during the period covered by the financial statements contained in this Base Prospectus.

FORM OF FINAL TERMS

Final Terms dated [●]

[LOGO, if document is printed]

COMPAGNIE FINANCIERE DU CREDIT MUTUEL

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €7,000,000,000
Euro Medium Term Note Programme

[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 12 July 2006 [and the supplement to the Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (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, and copies may be obtained from, the registered office of the Issuer and at the specified office of the Paying Agent(s) or on the websites of (a) the Luxembourg Stock Exchange (www.bourse.lu) during a period of twelve months from the date of the Base Prospectus and (b) the Issuer (<http://www.arkea.com>).] [In addition¹, the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [at/on] [●].]

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 the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 12 July 2006 [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 [Prospectus/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 [Prospectus/Base Prospectus] dated [original date] and [current date] [and the supplement to the Base Prospectus dated [●] and [●]]. [The [Prospectus/Base Prospectus] [and the supplement to the Base Prospectus] [is] [are] available for viewing at, and copies may be obtained from, the registered office of the Issuer and at the specified office of the Paying Agent(s) or on the websites of (a) the Luxembourg Stock Exchange (www.bourse.lu) during a period of twelve months from the date of the Base Prospectus and (b) the Issuer (<http://www.arkea.com>).] [In addition¹, the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [at/on] [●].]

¹ If the Notes are listed on a Regulated Market other than the Luxembourg Stock Exchange.

¹ If the Notes are listed on a Regulated Market other than the Luxembourg Stock Exchange.

[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, the publication of which would in turn trigger the investors’ right to withdraw their acceptances within a 48-hour time period.]

- | | | |
|----|--|--|
| 1. | Issuer: | Compagnie Financière 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: | [●] |
| 4. | Aggregate Nominal Amount of Notes admitted to trading: | [●] |
| | [i] Series: | [●] |
| | [ii] Tranche: | [●] |
| 5. | Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)] |
| 6. | Specified Denominations: | [●] ² (one denomination only for Dematerialised Notes) (Not less than €1,000 or its equivalent in other currency at the Issue Date for Notes listed or offered to the public in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive) |
| 7. | [i] Issue Date [and Interest Commencement Date]: | [●] |
| | [ii] Interest Commencement Date (if different from the Issue Date): | [●] |
| 8. | Maturity Date: | [specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year] |

² Notes [(including Notes denominated in Sterling) 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 S19 FSMA and] which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

9. **Interest Basis:** [] per cent. Fixed Rate]
 [[*EURIBOR, EONIA, LIBOR, CMS, TEC or other*] +/- [] 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*)]
 (further particulars specified below)
- [(N.B. If the Final Redemption Amount is different than 100% of the nominal value, the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation No.809/2004 will apply.)]*
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:** [Senior/[Dated/Undated]/ Subordinated]
- (ii) **Date of Board approval for issuance of Notes obtained:** []
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) **Rate(s) of Interest:** [] per cent. per annum [payable [annually / semi-annually / quarterly / monthly] in arrear]
- (ii) **Interest Payment Date(s):** [] in each year
- (iii) **Fixed Coupon Amount(s):** [] per [] in Nominal Amount
- (iv) **Broken Amount(s):** [*Insert particulars of any initial or final broken interest amounts which do not correspond with*]

- the Fixed Coupon Amount[(s)]*
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / 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: [Not Applicable/give details]
- 16. Floating Rate Note Provisions:** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) Interest Period Date: [●] *(Not applicable unless different from Interest Payment Date)*
- (iv) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
[Insert "unadjusted" if the application of the relevant business day convention is not intended to affect the Interest Amount]
- (v) Business Centre(s) (Condition 5(a)): [●]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/FBF Determination/other (give details)]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [●]
- (viii) Screen Rate Determination:
- Relevant Time: [●]
- Interest Determination Date(s): [●]
- Primary Source : [Specify relevant screen page or "Reference Banks"]

- Reference Banks (if Primary Source is "Reference Banks"): [Specify four]
 - Relevant Financial Centre: *[The financial centre most closely connected to the benchmark - specify if not Paris]*
 - Benchmark: *[LIBOR, EURIBOR, EONIA or other benchmark]*
 - Representative Amount: *[Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]*
 - Effective Date: *[Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]*
 - Specified Duration: *[Specify period for quotation if not duration of Interest Accrual Period]*
- (ix) FBF Determination:
- Floating Rate (*Taux Variable*): *[●] (specify Benchmark [EURIBOR, EONIA, LIBOR, CMS, TEC or other] and months [e.g. EURIBOR 3 months]) (additional information if necessary)*
 - Floating Rate Determination Date (*Date de Détermination du Taux Variable*): [●]
 - FBF Definitions (if different from those set out in the Conditions): *[●] (specify how rate determined (e.g. relevant page) if different or not specified in FBF Definitions)*
- (x) Margin(s): [+/-] [●] per cent. per annum
- (xi) Minimum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (xii) Maximum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (xiii) Day Count Fraction: [●]
- (xiv) 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) Any other formula/basis of determining amount payable: [●]

- 18. Index-Linked Interest Note/other variable-linked interest Note Provisions³:** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Index/Formula/other variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [●][give name and address]
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [●]
- (iv) Interest Determination Date(s): [●]
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (vi) Interest or Calculation Period(s): [●]
- (vii) Specified Interest Payment Dates: [●]
- (viii) Business Day Convention: [Floating Rate Business Day Convention/
Following Business Day Convention/Modified
Following Business Day Convention/Preceding
Business Day Convention/other (*give details*)]
- (ix) Business Centre(s): [●]
- (x) Minimum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (xi) Maximum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (xii) Day Count Fraction: [●]
- 19. Dual Currency Note Provisions³:** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

³ If the Final Redemption Amount is different than 100% of the nominal value the Notes will be derivatives securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation apply. This form of Final Terms has been annotated to indicate where the key additional requirements of Annex XII are dealt with.

- (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: [●][give name and address]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

PROVISIONS RELATING TO REDEMPTION

- 20. 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 Note of [●] specified denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●]
- (b) Maximum Redemption Amount: [●]
- (iv) Notice period⁴: [●]
- 21. 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 Note of [●] specified denomination
- (iii) Notice period⁴: [●]

⁴ If setting notice periods which are different to those provided in the terms and conditions, consider the practicalities of distribution of information through intermediaries, for example clearing systems, as well as any other notice requirements which may apply, for example as between the Issuer and the Fiscal Agent

22. **Final Redemption Amount of each Note:** [[●] per Note of [●] specified denomination /Nominal Amount/Other/See Appendix]

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

[If the Final Redemption Amount is linked to an underlying reference or security, the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply.]

- (i) Index/Formula/variable: [Give or annex details]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [●] [give name and address]
- (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 Final Redemption Amount: [●]
- (viii) Maximum Final Redemption Amount: [●]

23. **Early Redemption Amount:**

Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in Condition 6(e)):

[●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 24. Form of Notes:** [Dematerialised Notes/
Materialised Notes] (Materialised Notes are only
in bearer form)
[Delete as appropriate]
- (i) Form of Dematerialised Notes: [Not Applicable / if Applicable specify whether
bearer form (au porteur) / administered registered
form (au nominatif administré) / fully registered
form (au nominatif pur)]
- (ii) Registration Agent: [Not Applicable/if applicable give name and
address] (Note that a Registration Agent must be
appointed in relation to Fully Registered
Dematerialised Notes only)
- (iii) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate
exchangeable for Definitive Materialised Notes
on [●] (the "Exchange Date"), being 40 days
after the Issue Date subject to postponement as
specified in the Temporary Global Certificate]
- (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] (Only
applicable to Materialised Notes)
- 25. Financial Centre(s) or other special provisions relating to payment dates for the purposes of Condition 7(g):** [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 15 (ii), 16(iv) and 18(ix)
relate]
- 26. Talons for future Coupons or Receipts to be attached to Definitive Materialised Notes (and dates on which such Talons mature):** [Yes/No/Not Applicable. If yes, give details]
(Only applicable to Materialised Notes)
- 27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and**

- interest due on late payment:** [Not Applicable/*give details*]
28. **Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:** [Not Applicable/*give details*]
29. **Redenomination, renominatisation and reconventioning provisions:** [Not Applicable/The provisions [in Condition 1(d)] [annexed to these Final Terms] apply]
30. **Consolidation provisions:** [Not Applicable/The provisions [in Condition 14(b)] [annexed to these Final Terms] apply]
31. **Masse (Condition 11):** [Applicable/Not Applicable/
Condition 11 replaced by the full provisions of the *Code de Commerce* relating to the Masse] (*Note that: (i) in respect of any Tranche of Notes issued or deemed to be issued outside France, Condition 11 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 11 must be waived in its entirety and replaced by the full provisions of the Code de commerce relating to the Masse. If Condition 11 (as it may be amended or supplemented) applies or if full provisions of the Code de commerce relating to the Masse apply, insert details of Representative and Alternative Representative and remuneration, if any.*)
32. **Other final terms:** [Not Applicable/*give details*]

(*When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)

DISTRIBUTION

33. (i) **If syndicated, names [and addresses⁵] of Managers [and underwriting commitments⁵]:** [Not Applicable/*give names*], *addresses and underwriting commitments⁵*]

[(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.)⁵]

⁵ Not required for Notes with a denomination per unit of at least €50,000

- [(ii) Date of [Subscription] Agreement:** [●]⁶
- (ii[i]) Stabilising Manager(s) (if any):** [Not Applicable/*give name*]
- 34. If non-syndicated, name [and address⁶] of Dealer:** [Not Applicable/*give name [and address⁶]*]
- [35. Total commission and concession:** [●] per cent. of the Aggregate Nominal Amount⁶]
- 35./[36.] Additional selling restrictions:** [Not Applicable/*give details*]

GENERAL

The aggregate principal amount of Notes issued has been translated into Euro at the rate of [●] per cent. producing a sum of: [●]

⁶ Not required for Notes with a denomination per unit of at least €50,000

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro 7,000,000,000 Euro Medium Term Note Programme of Compagnie Financière du Crédit Mutuel.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. 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 [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. RISK FACTORS

*[[Insert any risk factors that are material to the Notes being offered and/or admitted to trading in order to assess the market risk associated with these Notes and that may affect the Issuer's ability to fulfil its obligations under the Notes which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]]**

2. [PUBLIC OFFER(S)]

(i) Public offer(s): [Yes/Not Applicable]

(ii) Member State: [the Notes will be offered to the public in [•] (*insert any Member State of the European Economic Area where the Notes will be offered to the public/Not Applicable*)]

3. LISTING

(i) Listing(s): [Luxembourg Stock Exchange-/other (*specify*)/None]

(ii) [(a)] Admission to trading: [Application has been made for the Notes to be admitted to trading on [•] with effect from [•].] [Not Applicable]

(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)

[(b) Regulated Markets or equivalent markets on which, to the knowledge of the Issuer, securities of the same class of the Notes to be offered or admitted to trading are already admitted to trading: [•]]

[(iii) Estimate of total expenses related to admission to trading: [•]⁷]

(iv) Additional publication of Base Prospectus and Final Terms: [•] (See paragraph 9 of the section "General Information" of this Base Prospectus which provides that the Base Prospectus will be published on the websites of (a) the

* Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. See footnote 7 above
⁷ Required only for Notes with a denomination per unit of at least €50,000

Luxembourg Stock Exchange during a period of twelve months from the date of the Base Prospectus and (b) the Issuer and that the Final Terms related to Notes on any Regulated Market will be published on the websites of (a) the Luxembourg Stock Exchange and (b) the Issuer. Please provide for additional methods of publication in respect of an admission to trading on a regulated market other than the Luxembourg Stock Exchange, e.g. Paris)

4. RATINGS

Ratings:

The Notes to be issued have been rated:

[S & P: [●]]

[Moody's: [●]]

[[Other]: [●]]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.⁸]

(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.)

5. [NOTIFICATION

The *Commission de Surveillance du Secteur Financier*, which is the Luxembourg competent authority for the purpose of the Prospectus Directive [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

6. [THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

If advisors are mentioned in these Final Terms, specify the capacity in which the advisors have acted.

Specify other information mentioned in the Final Terms which has been audited or reviewed by auditors and where auditors have produced a report. Insert the report or, with permission of the competent authority, a summary of the report.

Where a statement or report attributed to a person as an expert is included in these Final Terms in respect of the Issuer or the Notes, provide such person's name, business address, qualifications and material interest if any in the Issuer. If the report has been produced at the Issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part in respect of the Issuer or the Notes.

⁸ Not required for Notes with a denomination per unit of at least €50,000

Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In addition, the Issuer shall identify the source(s) of the information.]

7. [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: "So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer"./[●]

[8. 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 general corporate purposes 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.]*⁹
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation 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.)

9. [Fixed Rate Notes only – YIELD

Indication of yield: [●].
 Calculated as *[include details of method of calculation in summary form]* on the Issue Date.¹⁰
 The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

⁹ Not required for Notes with a denomination per unit of at least €50,000

¹⁰ Not required for Notes with a denomination per unit of at least €50,000

10. [Floating Rate Notes only - HISTORIC INTEREST RATES

Details of historic [EURIBOR/LIBOR/EONIA/CMS/TEC/other] rates can be obtained from [Moneyline/Reuters/other].¹¹

11. [Index-Linked or other variable-linked 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. and any market disruption events that affect the underlying. Include details of rules with relation to events concerning the underlying.¹²]

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, the underlying on which it is based and of the method used to relate the two, 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 and any market disruption or settlement disruption events that affect the underlying. Include details of adjustment rules with relation to events concerning the underlying.]

13. [Derivatives only – EXPLANATION OF EFFECT ON VALUE OF INVESTMENT, RETURN ON DERIVATIVES SECURITIES AND INFORMATION CONCERNING THE UNDERLYING**[EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

Need to include 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

SETTLEMENT PROCEDURES FOR DERIVATIVE SECURITIES

Need to include a description of the settlement procedures of the derivative securities.

RETURN ON DERIVATIVES SECURITIES

Return on derivative securities:	<i>[Description of how any return on derivative securities takes place]</i>
Payment or delivery date:	[●]
Method of calculation:	[●]

¹¹ Not required for Notes with a denomination per unit of at least €50,000

* For derivative securities to which Annex XII to the Prospectus Directive Regulation applies, please complete instead paragraph 13 below relating to explanation of effect on value of investment, return on derivatives securities and information concerning the underlying

¹² Not required for Notes with a denomination per unit of at least €50,000

¹³ Not required for Notes with a denomination per unit of at least €50,000

INFORMATION CONCERNING THE UNDERLYING

The exercise price or the final reference price of the underlying: [●]

A statement setting out the type of the underlying and details of where information on the underlying can be obtained:

- an indication where information about the past and the further performance of the underlying and its volatility can be obtained [●]

- where the underlying is a security: [Applicable/Not Applicable]

- the name of the issuer of the security: [●]

- the ISIN (International Security Identification Number) or other such security identification code: [●]

- where the underlying is an index: [Applicable/Not Applicable]

- the name of the index and a description of the index if it is composed by the issuer. If the index is not composed by the issuer, where information about the index can be obtained:

[●]

- where the underlying is an interest rate: [Applicable/Not Applicable]

- a description of the interest rate: [●]

- others: [Applicable/Not Applicable]

- where the underlying does not fall within the categories specified above the Final Terms shall contain equivalent information:

[●]

- where the underlying is a basket of underlyings: [Applicable/Not Applicable]

- disclosure of the relevant weightings of each underlying in the basket: [●]

A description of any market disruption or settlement disruption events that affect the underlying: [●]

Adjustment rules with relation to events concerning the underlying:]* [●]

OTHER

Name and address of Calculation Agent: [●]

* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies. See footnote 7 above

[Information on taxes on the income from the Notes withheld at source in the country where admission to trading (other than in Luxembourg) is sought:

14. *Derivatives only* – POST ISSUANCE INFORMATION CONCERNING THE UNDERLYING

The Issuer [intends][does not intend] to issue any post-issuance information in connection with this issue of Notes.

[If post-issuance information is to be reported, specify what information will be reported and where such information can be obtained.]

15. OPERATIONAL INFORMATION

ISIN Code:

Common Code:

Depositories:

(i) Euroclear France to act as Central Depository [Yes/No]

(ii) Common Depository for Euroclear Bank and Clearstream Banking, société anonyme [Yes/No]

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) and address(es)]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any):

16. [TERMS AND CONDITIONS OF THE OFFER]¹⁴

CONDITIONS, OFFER STATISTICS, EXPECTED TIMETABLE AND ACTION REQUIRED TO APPLY FOR THE OFFER

Conditions to which the offer is subject:

Total amount of the issue/offer; if the amount is

¹⁴ Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. See footnote 7 above

not fixed, description of the arrangements and time for announcing to the public the amount of the offer:

The time period, including any possible amendments, during which the offer will be open and description of the application process: [●]

[A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants:]¹⁵

Details of the minimum and/or maximum amount of application, (whether in number of securities or aggregate amount to invest): [●]

Method and time limits for paying up the securities and for delivery of the securities: [●]

A full description of the manner and date in which results of the offer are to be made public:] [●]

[The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised:]¹⁶ [●]

17. [PLAN OF DISTRIBUTION AND ALLOTMENT

The various categories of potential investors to which the securities are offered. 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: [●]

Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made:] [●]

18. [PRICING

Indication of the expected price at which the securities will be offered or the method of determining the price and the process for its disclosure. Indicate the amount of any expenses and taxes specifically charged to the subscriber or purchaser:] [●]

19. [PLACING AND UNDERWRITING

Name and address of the coordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place: [●]

¹⁵ Not required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies

¹⁶ Not required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies

Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under 'best efforts' arrangements. Where not all of the issue is underwritten, a statement of the portion not covered:] [●]

TAXATION

The following is a summary limited to certain tax considerations in France and in Luxembourg relating to the Notes that may be issued under the Programme and specifically contains information on taxes on the income from the securities withheld at source. This summary is based on the laws in force in France and in the Grand Duchy of Luxembourg as of the date of this Prospectus and are subject to any changes in law. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.

EU Savings Directive

On 3 June 2003, the European Union adopted the Directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the "Directive"). The Directive requires Member States as from 1 July 2005 to provide to the tax authorities of other Member States details of payments of interest and other similar income within the meaning of the Directive made by a paying agent within its jurisdiction to (or under circumstances to the benefit of) an individual resident in another Member State, except that Belgium, Luxembourg and Austria will instead impose a withholding system for a transitional period unless the beneficiary of interest payment elects for the exchange of information. The same regime applies to payments to individuals resident in any of the following territories: Netherlands Antilles, Aruba, Guernsey, Jersey, the Isle of Man, Montserrat and the British Virgin Islands.

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 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.

French Withholding Tax

The Directive has been implemented in French law by Article 242 *ter* of the French General Tax Code and Articles 49 I *ter* to 49 I *sexies* of the Schedule III to French General Tax Code. Article 242 *ter* of the French *Code Général des Impôts*, 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 constitute *obligations* under French law and are issued or deemed to be issued by the Issuer outside the Republic of France benefit from the exemption from deduction of tax at source on interest 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 constituting *obligations* under French law will be issued (or deemed to be issued) outside France by the Issuer (i) in the case of syndicated or non-syndicated issues of Notes, if such Notes are denominated in euro, (ii) in the case of syndicated issues of Notes denominated in currencies other than euro, if, *inter alia*, the Issuer and the relevant Dealers agree not to offer the Notes to the public in the Republic of France in connection with their initial distribution and such Notes are offered in the Republic of France only through an international syndicate to qualified investors (*investisseurs qualifiés*) as described in Article L. 411-2 of the French *Code monétaire et financier* or (iii) in the case of non-syndicated issues of Notes denominated in currencies other than euro, if each of the subscribers of the Notes is domiciled or resident for tax purposes outside the Republic of France and does not act through a permanent establishment or fixed base therein, in each case as more fully set out in the Circular 5 I-11-98 of the *Direction Générale des Impôts* dated 30 September 1998.

However, if so provided in the relevant Final Terms, Notes constituting *obligations* denominated in currencies other than euro may be issued on a non-syndicated basis and placed with subscribers not all of whom are resident outside the Republic of France. In such cases, the Notes will not benefit from the exemption from deduction at source provided for in Article 131 *quater* of the French *Code Général des Impôts* and interest payments under such Notes made to a non-French resident will be exempt from withholding or deduction imposed by or on behalf of the Republic of France at source only if the beneficiary of the payment provides certification that he is not

resident in the Republic of France, all in accordance with the provisions of Article 125 A III of the French *Code Général des Impôts*, as more fully described in Condition 7.

See “*Terms and Conditions of the Notes – Taxation*”.

The tax regime applicable to Notes which do not constitute *obligations* will be set out in the relevant Final Terms.

Luxembourg Withholding Tax

The Directive has been implemented in Luxembourg law by Act of 21 June 2005.

Individuals

Luxembourg residents

A 10% 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% 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.

This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers.

Luxembourg non-residents

Subject to the application of the Directive and the Laws, there is no withholding tax on payments of interest (including accrued but unpaid interest) made to Luxembourg non-resident Noteholders.

Under the Directive and the Laws, a Luxembourg based paying agent (within the meaning of the Directive) is required since 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 the exchange of information. The same regime applies to payments to individuals or Residual Entities resident in certain dependent territories.

The withholding tax rate is initially 15%, increasing steadily to 20% and to 35%. 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 other countries.

Corporations

There is no withholding tax for Luxembourg resident and non-resident corporations holders of the Notes on payments of interest (including uncured but unpaid interest).

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 12 July 2006 between the Issuer, the Arranger and the Permanent Dealers (the "**Dealer Agreement**"), the Notes will be offered 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 agents 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 Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the Programme and the Dealers for certain of their activities in connection with the Programme. 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 Dealers have agreed to indemnify the Issuer 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

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers in particular following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

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 the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility therefore.

This Base Prospectus prepared in connection with the Notes has not been submitted to the clearance procedures of the *Autorité des marchés financiers*.

European Economic Area

In respect of Notes the denomination per unit of which is less than Euro 50,000 (or its equivalent in another currency):

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 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 Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (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; or

- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of 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 States of America

The Notes have not been and will not be registered under the Securities Act, and subject to certain exceptions, may not be offered or sold within the United States. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell the Notes of any identifiable Tranche within the United States, except as permitted by the Dealer Agreement.

Materialised 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 and regulations thereunder.

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.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "**Securities and Exchange Law**"). Accordingly, each of the Dealers has represented and agreed that it has not,

directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of 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.

The Netherlands

Each Dealer represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in the Netherlands any Notes other than to persons who trade or invest in securities in the conduct of a profession or business which includes banks, stock brokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises.

Kingdom of Spain

Each Dealer has represented and agreed that the Notes may not be offered or sold in the Kingdom of Spain save in accordance with the requirements of the Spanish Securities Market Law (*Ley del Mercado de Valores*) of 28 July 1988 as amended and restated and Royal Decree 291/1992 on Issues and Public Offering of Securities (*Real Decreto 291/1992 sobre Emisiones y Ofertas Publicas de Valores*) as amended and restated.

Switzerland

Each Dealer has agreed that any issue of Notes denominated in Swiss Francs will be in compliance with the guidelines of the Swiss National Bank regarding issues of Swiss Francs denominated debt securities.

France

(a) Notes denominated in euro:

In respect of Notes constituting *obligations* under French law issued in euro whether on a syndicated or non-syndicated basis, each of the Dealers and the Issuer has represented and agreed that¹⁷:

(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 (a) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (AMF), on the date of such publication or, (b) when a prospectus has been approved by the competent authority of another Member State 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:

[in connection with their initial distribution,]¹⁸ it has not offered or sold and will not offer or sell, directly or indirectly, 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, the 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) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (b) qualified investors (*investisseurs qualifiés*), all as defined

¹⁷ Prior to any offer to the public in France or 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**").

¹⁸ Only applicable where an admission to trading on Euronext Paris S.A. is contemplated.

in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier* but excluding individuals referred to in Article D.411-1 II 2° of the French *Code monétaire et financier*.

(b) Syndicated issues of Notes denominated in currencies other than euro¹⁹:

In respect of Notes constituting *obligations* under French law issued in currencies other than euro on a syndicated basis, each of the Dealers and the Issuer has represented and agreed that, [in connection with their initial distribution,]²⁰ it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France through an international syndicate to qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier* but excluding individuals referred to in Article D.411-1 II 2° of the French *Code monétaire et financier*.

(c) Non-syndicated issues of Notes denominated in currencies other than euro:

In respect of Notes constituting *obligations* under French law issued in currencies other than euro on a non-syndicated basis, each of the Dealers and the Issuer has represented and agreed that [in connection with their initial distribution,]²¹ it has not offered or sold and will not offer or sell, directly or indirectly, Notes in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and each subscriber will be domiciled or resident for tax purposes outside France.

To the extent that the Notes do not constitute obligations under French law, these selling restrictions will be amended in the relevant Final Terms.

¹⁹ Prior to any offer to the public in France or 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”).

²⁰ Only applicable where an admission to trading on the Paris stock exchange (Euronext Paris S.A.) is contemplated.

²¹ Only applicable where an admission to trading on the Paris stock exchange (Euronext Paris S.A.) is contemplated.

GENERAL INFORMATION

- (1) This Base Prospectus has been approved by the CSSF, as competent authority in Luxembourg for the purposes of the Prospectus Directive. The Luxembourg Stock Exchange has allocated to the Programme the number 12609.
- (2) The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in France in connection with the establishment of the Programme. Any issuance of Notes under the Programme, to the extent that such Notes constitute *obligations* under French law, requires the prior authorisation of the Board of Directors (*Conseil d'Administration*) of the Issuer, which may delegate its power to its *Président* or to any other member of the Board of Directors (*Conseil d'Administration*), or to the *Directeur Général*, or to any other person. For this purpose the Board of Directors (*Conseil d'Administration*) of the Issuer has authorised on 8 July 2004 for a maximum period of five years the issue of *obligations* or assimilated debt instruments up to a maximum aggregate amount of €7,000,000,000 and has delegated on 30 June 2006, for a period of one year starting on 8 July 2006 and ending on 8 July 2007, all its power to its *Président*, to the *Directeur Général* of the Issuer or to the *Directeur des Marchés Financiers et de l'International* of the Issuer to decide the issue of *obligations* or assimilated debt instruments up to a maximum aggregate amount of €7,000,000,000, to determine the final conditions of such *obligations* or assimilated debt instruments and to sign all the documentation and to take any necessary action in relation to the issue.
- (3) There has been no significant change in the financial position of the Issuer or the Group since 31 December 2005.
- (4) There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2005.
- (5) Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceeding which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.
- (6) There are no material contracts that are not entered into the ordinary course of the Issuer's business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Noteholders in respect of the Notes being issued.
- (7) In respect of derivatives securities as defined in Article 15.2 of Commission Regulation no.809/2004, the Final Terms will indicate whether or not the Issuer intends to provide post-issuance information concerning the underlying. If the Issuer intends to provide such information, the Final Terms will specify what information will be reported and where such information can be obtained.
- (8) Application may be made for Notes to be accepted for clearance through Euroclear France (115, rue Réaumur, 75081 Paris cedex 02, France) and/or Euroclear (boulevard du Roi Albert II, 1210 Bruxelles, Belgique) and Clearstream, Luxembourg (42, avenue JF Kennedy, 1855 Luxembourg, Luxembourg). The Common Code and the International Securities Identification Number (ISIN) or the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.
- (9) Mazars & Guérard, Le Vinci, 4, allée de l'Arche, 92075 La Défense Cedex, France and SA Sterenn, rue Rosemonde Gérard BP 27, 29801 Brest Cedex 9, France (both entities regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux comptes*) have audited and rendered unqualified audit reports on:
 - (i) the consolidated financial statements of CFCM for the years ended 31 December 2004 and 2005 and
 - (ii) the non-consolidated financial statements of the Issuer for the years ended 31 December 2004 and 2005.
- (10) This Base Prospectus will be published on the websites of (a) the Luxembourg Stock Exchange (www.bourse.lu) during a period of twelve months from the date of this Base Prospectus and (b) the Issuer (<http://www.arka.com>). The Final Terms related to Notes listed on any Regulated Market of the EEA or offered to the the public in a Member State of the EEA, in each case in accordance with the Prospectus

Directive, will be published on the websites of (a) the Luxembourg Stock Exchange (www.bourse.lu) during a period of twelve months from the date of this Base Prospectus and (b) the Issuer (<http://www.arkea.com>).

In addition, should the Notes be listed on a Regulated Market of the EEA other than the Luxembourg Stock Exchange or offered to the public in a Member State of the EEA other than Luxembourg, in each case in accordance with the Prospectus Directive, the Final Terms related to those Notes will provide whether this Base Prospectus and the relevant Final Terms will be published on the website of (x) the Regulated Market of the Member State of the EEA where the Notes have been listed or offered to the public or (y) the competent authority of the Member State of the EEA where the Notes have been listed or offered to the public.

- (11) So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the registered office of the Issuer and at the specified office of the Paying Agent(s):
- (i) the *statuts* of the Issuer;
 - (ii) the audited non-consolidated and consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2004 and 2005;
 - (iii) the Agency Agreement (which includes the form of the *Lettre Comptable*, the Temporary Global Certificates, the Definitive Materialised Notes, the Coupons, the Receipts and the Talons);
 - (iv) Final Terms for Notes that are listed on the Luxembourg Stock Exchange and traded on the Regulated Market of the Luxembourg Stock Exchange or any other Regulated Market in the EEA and/or that are offered to the public in Luxembourg and/or in any Member State of the EEA;
 - (v) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus;
 - (vi) all reports, letters and other documents, historical financial information, valuations and statements prepared by any expert at the relevant Issuer's request any part of which is included or referred to in this Base Prospectus.
- (12) For certain information as to the taxation of saving income, see "Taxation" in page 105 above.

Issuer

Compagnie Financière du Crédit Mutuel

32, rue Mirabeau
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France

Tél. : 33 (0)2 98 00 22 22

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75008 Paris
France

Permanent Dealers

ABN AMRO Bank N.V.

250 Bishopsgate
London EC2M 4AA
United Kingdom

Caisse Interfédérale de Crédit Mutuel

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One Great Winchester Street
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DZ BANK AG Deutsche Zentral-Genossenschaftsbank,

Frankfurt am Main

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75008 Paris
France

Merrill Lynch International

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United Kingdom

Société Générale

29, boulevard Haussmann
75009 Paris
France

Fiscal Agent, Principal Paying Agent and Calculation Agent

Kredietbank S.A. Luxembourgeoise

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L-2955 Luxembourg
Luxembourg

Paying Agents

Paris Paying Agent

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75008 Paris
France

Luxembourg Paying Agent

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43, boulevard Royal
L-2955 Luxembourg
Luxembourg

Luxembourg Listing Agent

Kredietbank S.A. Luxembourgeoise

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L-2955 Luxembourg
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SA Sterenn

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Legal Advisers

To the Issuer

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To the Permanent Dealers

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