

LISTING PARTICULARS

Banque Fédérative
Crédit Mutuel

Euro 15,000,000,000
Euro Medium Term Notes
Due from 7 days from the original date of issue

Series No: 99
Tranche No: 1
€ 250,000,000 Undated Deeply Subordinated Fixed to Floating Rate Notes

Issue Price: 100.00 per cent. of the Principal Amount of the Notes

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

Joint Bookrunners

BNP PARIBAS

HSBC BANK PLC

Sole Structuring Adviser and Joint Bookrunner

LEHMAN BROTHERS INTERNATIONAL (EUROPE)

Joint Lead Manager

BANQUE FEDERATIVE DU CREDIT MUTUEL

The date of these Listing Particulars is 23 February 2005.

The Pricing Supplement and the Offering Circular contained herein together constitute the prospectus for the Dutch Market.

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PRICING SUPPLEMENT

BANQUE FEDERATIVE DU CREDIT MUTUEL

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The date of this Pricing Supplement is 23 February 2005.

This Pricing Supplement, under which the Notes described herein (the **Notes**) are issued, is supplemental to, and should be read in conjunction with, the offering circular (the **Offering Circular**) dated 5 July 2004 issued in relation to the Euro 15,000,000,000 Euro Medium Term Note Programme of Banque Fédérative du Crédit Mutuel. Terms defined in the Offering Circular have the same meaning in this Pricing Supplement. The Notes will be issued on the terms of this Pricing Supplement read together with the Offering Circular. The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular, contains all information that is material in the context of the issue of the Notes.

The issue of the Notes has been authorised pursuant to a resolution of the *Conseil d'Administration* of the Issuer adopted on 17 December 2004 and a decision of Mr Christian Klein, a *Directeur* of the Issuer made on 23 February 2005.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer of or invitation by or on behalf of anyone to subscribe or purchase any of the Notes.

The articles of association (*statuts*) of the Issuer are incorporated by reference in this Pricing Supplement.

There has been no significant change in the financial or trading position of the Issuer or of the Group since 30 June 2004 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 December, 2003.

Signed:

Director/Duly Authorised Signatory

In connection with this issue, Lehman Brothers International (Europe) (the **Stabilising Agent**) or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period and no later than 30 days after the Issue Date.

The terms of the Notes and additional provisions relating to their issue are as follows:

Provisions appearing on the face of the Notes

1	Series No:	99
2	Tranche No:	1
3	ISIN:	XS0212581564
4	Currency:	Euro or EUR (€)
5	Principal Amount of Tranche:	€ 250,000,000
6	Issue Date:	25 February 2005

Provisions appearing on the back of the Notes

7	Form:	Bearer
8	Denomination(s):	€ 1,000
9	Status	The Notes are Undated Deeply Subordinated Notes (<i>obligations</i>) issued in accordance with condition 2(b)(iii) as amended in Annex 1 hereto. The subordination provisions are governed by article L. 228-97 of the French <i>Code de Commerce</i> , as amended (see Annex 1 hereto for further particulars).
10	Interest Commencement Date:	25 February 2005
11	Interest Rate:	Fixed to Floating Rate Notes as specified in paragraph 12.
12	Interest Payment Date(s):	Each Note bears interest on its then Principal Amount at: (i) a fixed rate of 7.00 per cent. per annum from (and including) 25 February 2005 to (but excluding) 25 February 2006 (the Fixed Rate Period), payable annually in arrear on or about 25 February 2006, and (ii) thereafter (the Floating Rate Period) at a variable rate (the Floating Rate) per annum payable annually in arrear on or about 25 February in each year, commencing on or about 25 February 2007. The Floating Rate will be the lesser of (i) the Benchmark plus the Margin and (ii) 8.00 per cent.
13	Relevant Time (Floating Rate Notes):	11.00 am (Central European Time)
14	Interest Determination Date (Floating Rate Notes):	2 TARGET Business Days prior to the first day in each Interest Period
15	Primary Source for Floating Rate:	Reuters Page "ISDAFIX2" under the heading "EURIBOR BASIS"

16	Reference Banks:	Not applicable
17	Relevant Financial Centre (Floating Rate Notes):	Not applicable
18	Benchmark (Floating Rate Notes):	<p>EUR CMS10. (10 year mid swap rate in EUR (annual 30/360) versus Euribor 6 month (semi-annual, Act/360)). In the event that the Benchmark does not appear on the relevant screen page set out in paragraph 15 above, the Calculation Agent shall determine the applicable rate based on quotations of five reference banks (to be selected by the Calculation Agent and the Issuer) for the Benchmark. The highest and lowest (or, in the event of equality, one of the highest and/or lowest) quotations so determined shall be disregarded by the Calculation Agent for the purpose of determining the Benchmark which will be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such provided quotations.</p> <p>If, for any reason, the Benchmark is no longer published or if fewer than three quotations are provided to the Calculation Agent in accordance with the above paragraph, the Benchmark will be determined by the Calculation Agent in its sole discretion, acting in good faith and in a commercial and reasonable manner.</p>
19	Representative Amount (Floating Rate Notes):	Not applicable
20	Relevant Currency (Floating Rate Notes):	Not applicable
21	Effective Date (Floating Rate Notes):	Not applicable
22	Specified Duration (Floating Rate Notes):	Not applicable
23	Margin (if applicable):	+0.10 per cent. per annum
24	Rate Multiplier (if applicable):	Not applicable
25	Maximum/Minimum Interest Rate (if applicable):	The Maximum Interest Rate during the Floating Rate Period is 8.00 per cent.
26	Maximum/Minimum Instalment Amount (if applicable):	Not applicable
27	Maximum/Minimum Redemption Amount (if applicable):	Not applicable
28	Interest Amount (Floating Rate Notes):	Not applicable
29	Day Count Fraction:	30/360 (unadjusted for both the Fixed Rate Period and the Floating Rate Period)

30	Determination Date(s) (Condition 4(h)):	Not applicable
31	Early Redemption Amount:	Original Principal Amount.
32	Maturity Date:	The Notes are undated perpetual obligations in respect of which there is no fixed redemption date subject that the Notes may be early redeemed in accordance with paragraph 35 below and as set out in paragraph 7 of Annex 1.
33	Redemption for Taxation Reasons permitted on days other than Interest Payment Dates:	No
34	Amortisation Yield (Zero Coupon Notes):	Not applicable
35	Terms of redemption at the option of the Issuer or description of any other Issuer's option (if applicable):	Conditions 5(c)(i), 5(c)(ii) and paragraphs 5 and 6 of Annex 1.
36	Issuer's Option Period (if applicable):	Not applicable
37	Terms of redemption at the option of the Noteholders or description of any other Noteholders' option (if applicable):	Not applicable
38	Noteholders' Option Period (if applicable):	Not applicable
39	Instalment Date(s) (if applicable):	Not applicable
40	Instalment Amount(s) (if applicable):	Not applicable
41	Unmatured Coupons to become void upon early redemption:	Yes
42	Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity of each Talon (if applicable):	No
43	Business Day Jurisdictions for Condition 6(g) (jurisdictions required to be open for payment):	TARGET Business Day
44	Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 10(a) (if applicable):	Not applicable
45	Details of any other additions or variations to the Conditions (if applicable):	See Annex 1

46 Rating of the Notes: The Notes have been assigned a rating of A- by Standard & Poor's Ratings Services, A2 by Moody's Investors Services Limited and A+ by Fitch Ratings Ltd.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating agency. A suspension, withdrawal or reduction of the ratings assigned to the Notes may adversely affect the market price of the Notes.

47 The Agents appointed in respect of the Notes are: (i) **Fiscal Agent, Principal Paying Agent and Listing Agent in Luxembourg:**

BNP Paribas Securities Services, Luxembourg Branch
(Luxembourg Listing Agent)
23 avenue de la Porte Neuve
L-2085 Luxembourg;

(ii) **Calculation Agent:**

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom;

(iii) **Paying Agent in the Netherlands:**

ABN AMRO Bank N.V.
Kemelstede 2, 4817 ST Breda
Netherlands;

(iv) **Listing Agent in the Netherlands:**

ABN AMRO Bank N.V. (**Amsterdam Listing Agent**)
Gustav Mahlerlaan 10, 1082 PP Amsterdam
Netherlands

Provisions applicable to Global Notes

48 Notes to be represented on issue by: Temporary Global Note

49 Applicable TEFRA exemption: D Rules

50 Temporary Global Note exchangeable for interests in a Permanent Global Note (exchangeable for Definitive Notes in the limited circumstances specified therein): Applicable

51 Permanent Global Note exchangeable for Definitive Notes at the request of the holder: No

Provisions relating only to the sale and listing of the Notes

- 52 Details of any additions or variations to the selling restrictions: Selling restrictions additional to those set out in the Offering Circular:

Belgium

Each Dealer represents and agrees that it will not:

- (a) offer for sale, sell or market, directly or indirectly, the Notes in Belgium by means of a public offer within the meaning of the Law of 22nd April, 2003; or
- (b) sell Notes to any person qualifying as a consumer within the meaning of Article 1.7 of the Belgian Law of 14th July, 1991 on consumer protection and trade practices unless such sale is made in compliance with this law and its implementing regulations.

Italy

The offer and issue of the Notes is not being made in the Republic of Italy and has not been submitted to the clearance procedure of *Commissione Nazionale per le Società e la Borsa (CONSOB)* or the Bank of Italy pursuant to Italian laws and regulations. Accordingly, Italian residents or persons located in the Republic of Italy may not subscribe or purchase, directly or indirectly, the Notes nor may the Notes be offered, sold or delivered directly or indirectly, in the Republic of Italy and the Pricing Supplement, the Offering Circular, or any other offering material relating to the offer and issue of the Notes may not be distributed or made available in the Republic of Italy.

Spain

The Notes will not be offered or sold directly or indirectly, in Spain by means of a public offer as defined and construed by Spanish law and restated, and Royal Decree 291/1992 of 27th March, on issues and

public offers for the sale of securities (“RD 291/92”), as amended and restated, and other applicable regulations. Accordingly, the Notes have not been offered and will not be offered, directly or indirectly, to persons in the Kingdom of Spain in any way that would constitute an offer to the public.

This Pricing Supplement and the Offering Circular have not been registered with the *Comision Nacional del Mercado de Valores* (the Spanish securities commission) and therefore it is not intended for any public offer of the Notes in Spain.

Switzerland

Each Dealer will comply with any laws, regulations or guidelines in Switzerland from time to time including, but not limited to, any regulations made by the Swiss National Bank, in relation to the offer, sale, delivery or transfer of Notes or the distribution of this Pricing Supplement or the Offering Circular or any other offering material in respect of such Notes.

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|-----------|---|---|
| 53 | Listing: | Luxembourg Stock Exchange and Euronext Amsterdam. |
| 54 | Issue Price: | 100.00 per cent. of the Principal Amount of the Notes. |
| 55 | Net proceeds: | The net proceeds of this issue are expected to be approximately € 246,500,000 after deduction of commission and expenses. |
| 56 | Method of issue of Notes: | Syndicated Issue |
| 57 | The following Dealer(s) are subscribing the Notes for their own account or for the account of eligible investors: | Banque Fédérative du Crédit Mutuel, BNP Paribas, HSBC Bank plc and Lehman Brothers International (Europe) |
| 58 | Common Code: | 021258156 |
| 59 | Details of any additions or variations to the Dealer Agreement: | Addition of selling restrictions set out in paragraph 52. |
| 60 | In the case of Notes listed on the Paris Stock Exchange: | Not applicable |
| 61 | The aggregate Principal Amount of Notes has been translated into euro at the rate of [●], producing a sum of (for Notes not denominated in Euro): | Not applicable |
| 62 | Additional Information: | See Annexes 1, 2 and 3. |

SPECIFIC EURONEXT AMSTERDAM REQUIREMENTS

Application has been made to list the Notes on the Official Segment of the stock market of Euronext Amsterdam. In connection therewith specific information needs to be included which follows hereafter.

The Amsterdam Security Code (*Fondscodex*) is 15195. This Pricing Supplement together with the Offering Circular referred to above constitutes a prospectus for the purposes of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam. The Notes will be introduced to listing on Euronext Amsterdam by way of trading.

The Paying Agent in the Netherlands will be ABN AMRO Bank N.V., Kemelstede 2, 4817 ST Breda and the Amsterdam Listing Agent is ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1082 PP Amsterdam.

At the date of this Pricing Supplement, the members of the board of directors (*conseil d'administration*) of the Issuer are:

Etienne Pflimlin	Chairman of the Board
Paul Schwartz	Vice Chairman of the Board
Michel Lucas	Chief Executive Officer and Director
Jean-Louis Boisson	Director
Maurice Corgini	Director
G�rard Cormor�che	Director
Jacques Humbert	Director
Jean-Marie Conroy	Director
Jean Paul Martin	Director
Robert Laval	Director
Roger Danguel	Director
Marie-Paule Blaise	Director
Jean-Louis Girodot	Director
Bernard Morisseau	Director
SAS CLOE represented by Fran�ois Duret	Director

The members of the board of directors elect domicile at the office of the Issuer specified in the Offering Circular.

As long as the Notes are listed on Euronext Amsterdam, the Issuer will comply with the provisions set forth in Article 2.1.20, sections a-g of Schedule B of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam.

For the purposes of Condition 13 (*Notices*), as long as the Notes are listed on Euronext Amsterdam, notices will also be given by publication in a daily newspaper of general circulation in the Netherlands and in the Euronext Amsterdam Daily Official List (*Offici le Prijscourant*).

With reference to the section "General Information" on page 94 (paragraphs 9 and 10) of the Offering Circular, documents will also be available free of charge from the office of the Amsterdam Listing Agent specified above.

Except as disclosed in the Offering Circular (including the documents incorporated therein by reference) and this Pricing Supplement, neither the Issuer nor any of its consolidated subsidiaries, is involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the Programme and the issuance and offering of the Notes nor, so far as the Issuer is aware, is any such litigation or arbitration pending or threatened. Except as disclosed in the Offering Circular (including the documents incorporated therein by reference) and this Pricing Supplement there has been no material adverse change in the Issuer's financial position or prospects since 31 December 2003.

The auditors of the Issuer are Barbier Frinault & Autres and KMT Audit, statutory auditors who have audited the Issuer's financial statements, without qualification, in accordance with generally accepted auditing standards in France for each of the four financial years ended on 31 December 2000, 2001, 2002 and 2003.

Information concerning Netherlands taxation is contained in Annex 2 to this Pricing Supplement.

The Issuer's website is <http://www.bfcm.creditmutuel.fr/BFCM/EN/Filiale.htm>. The information on the website does not form part of this Pricing Supplement or the Offering Circular.

Outlook 2004: In March 2004, BFCM published the following forward looking statements:

"Our objectives for 2004 call for continuing to increase our market share and control risks. Reorganisation around common business lines is continuing at the Group's subsidiaries. This process began with insurance, property and equipment lease financing, and has continued with Crédit Mutuel and CIC sharing the same securities platform since 1 January 2004.

By the end of the year, CIC will have completed its last systems migrations, involving CIAL and SNVB in June and Banque Transatlantique in November. The Group will then have a single information system which will also be shared by 13 of the 18 Crédit Mutuel Regional Federations. This systems harmonisation will facilitate the distribution of common products and services, and lead to even more effective cost control. The Group intends to develop its insurance business substantially, notably through the CIC network. Moreover, it expects to sign the agreements with partners in Italy and Spain."

The Issuer is not required under French law to publish outlook statements.

RECENT DEVELOPMENTS

1. Outlook on Crédit Mutuel member banks revised to positive

On 10 January 2005, Standard & Poor's Ratings Services revised its outlook to positive from stable on Crédit Mutuel member banks, including Banque Fédérative du Crédit Mutuel (BFCM), Compagnie Financière du Crédit Mutuel (CFCM), Caisse Centrale du Crédit Mutuel (CCCM), Crédit Industriel et Commercial (CIC), and Caisse Fédérale du Crédit Mutuel Nord Europe. At the same time, Standard & Poor's affirmed its "A+" long-term and "A-1" short-term counterparty credit ratings on the entire group.

2. Increase in Galeries Lafayette shareholding

By a letter dated 22 December 2004, the Issuer has notified the *Autorité des marchés financiers* that following the acquisition of Galeries Lafayette's shares on and off exchange, the Issuer has crossed the 10 per cent threshold of the capital of Galeries Lafayette on 21 December 2004. The Issuer held on that date 2,092,788 shares and voting rights of Galeries Lafayette, that is 15.64 per cent of the capital and 10.01 per cent. of the voting rights.

LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the €15,000,000,000 Euro Medium Term Note Programme of Banque Fédérative du Crédit Mutuel.

ANNEX 1 TO THE PRICING SUPPLEMENT

The following terms supplement or amend the Conditions, as specified below:

1. Condition Precedent

Investors shall only be under an obligation to subscribe and pay for the Notes if, Lehman Brothers International (Europe) on behalf of the Dealers, receives on or before the Issue Date, a letter executed on the Issue Date (the **CFCMCEE Letter**) whereby Caisse Fédérale du Crédit Mutuel Centre Est Europe (**CFCMCEE**) undertakes to the Noteholders:

(a) that, as at the Issue Date, CFCMCEE has not issued Deeply Subordinated Notes or other securities (other than share capital) qualifying as Tier 1 Capital;

(b) that for so long as any Notes remain outstanding, it shall not and will procure that no other member of CMCEE (as defined below) shall issue any Deeply Subordinated Notes or other securities qualifying as Tier 1 Capital unless such securities rank *pari passu* with the Notes with respect to the absorption of losses and the return to financial health, (set out in the Conditions of the Notes) which shall be applied on a pro rata basis;

(c) that for so long as any Notes remain outstanding, in the event that a strengthening of the regulatory capital of the CEE Group (as defined below) is required by the *Secrétariat Général de la Commission Bancaire (SGCB)* (see "Loss Absorption - Reinstatement" below), CFCMCEE will take the measures expressed to be taken by it in Condition 4(k); and

(d) for so long as any Notes remain outstanding, if the Issuer ceases to be fully consolidated with CMCEE for regulatory purposes but remains consolidated within the Crédit Mutuel Group, it will procure that the caisse fédérale of the relevant Consolidated Regulatory Group (as defined below) executes, and delivers to the Principal Paying Agent on behalf of the Noteholders, no later than the effective date of the deconsolidation, a letter whereby the relevant caisse fédérale gives the same undertakings to the Noteholders as those given by CFCMCEE in the CFCMCEE Letter.

Copies of the CFCMCEE Letter will be available for inspection at the specified offices of each of the Paying Agents during normal business of hours, so long as any of the Notes is outstanding.

2. Status of the Notes

Condition 2(b)(iii) shall be deleted and replaced in its entirety by the following:

"The Notes are Deeply Subordinated Notes (*obligations*) of the Issuer issued in accordance with the provisions of article L. 228-97 of the French *Code de Commerce*, as amended.

The principal and interest of the 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 of the Issuer, but shall be subordinated to all present and future *titres participatifs* issued by, and *prêts participatifs* granted to, the Issuer, and Ordinary Subordinated Notes of the Issuer. The Notes shall rank in priority to any class of share capital or any other equity securities issued by the Issuer.

The rights of the Noteholders in the event of the judicial liquidation (*liquidation judiciaire*) of the Issuer will be calculated on the basis of the then Principal Amount (as defined in Condition 4k(i)) of the Notes together with accrued interest (if any) and any other outstanding payments under the Notes. If the Original Principal Amount (as defined in Condition 4k(ii)) has been reduced in the context of one or more Loss Absorption(s) (as defined in Condition 4k(i)), the rights of the Noteholders are calculated on the basis of the Original Principal Amount, to the extent that all other creditors of the Issuer (including

holders of Ordinary Subordinated Notes of the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer and holders of *titres participatifs* issued by the Issuer) have been or will be fully reimbursed, as ascertained by the liquidator. The rights of the Noteholders in the event of the liquidation of the Issuer for any other reason than judicial liquidation (*liquidation judiciaire*) will be calculated on the basis of the Original Principal Amount of the Notes together with accrued interest and any other outstanding payments under the Notes.

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

For the purposes of these terms and conditions:

Consolidated Regulatory Group means (i) CEE Group or (ii) if the Issuer ceases to be fully consolidated with Crédit Mutuel Centre Est Europe for regulatory purposes, the group of entities (within the Crédit Mutuel Group) into which the Issuer is consolidated for regulatory purposes for the determination of Tier 1 Capital requirements or (iii) the Issuer and its subsidiaries, if the Issuer becomes a separate independently Regulated Entity. The Consolidated Regulatory Group produces annual and semi-annual consolidated accounts comprising a balance sheet and profit and loss accounts.

Crédit Mutuel Centre Est Europe Group or **CEE Group** means CMCEE and each of the CFCMCEE's consolidated subsidiaries (including the Issuer) and its affiliates.

CFCMCEE means the Caisse Fédérale du Crédit Mutuel Centre Est Europe.

Crédit Mutuel Centre Est Europe or **CMCEE** means on the Issue Date (i) the Fédération du Crédit Mutuel Centre Est Europe, the Fédération du Crédit Mutuel Ile-de-France and the Fédération du Crédit Mutuel du Sud-Est, (ii) each of the Caisse de Crédit Mutuel (Local Branches) that are members of the federations listed in paragraph (i) and (iii) Caisse Fédérale du Crédit Mutuel Centre Est Europe.

At the regulatory level on the Issue Date, the entity reporting capital adequacy ratios to the SGCB for the CEE Group is Crédit Mutuel Centre Est Europe as defined in the Agrément Collectif delivered by the "*Comité des Etablissements de Crédit et des Entreprises d'Investissements*" (Banking code 10278).

Crédit Mutuel Group means the 18 regional federations composing the French mutualist banking group Crédit Mutuel.

Caisse Fédérale of the Consolidated Regulatory Group or **CFCRG** means (i) CFCMCEE or (ii) if the Issuer ceases to be fully consolidated with Crédit Mutuel Centre Est Europe for regulatory purposes, the caisse fédérale of the group of entities (within the Crédit Mutuel Group) into which the Issuer is consolidated for regulatory purposes for the determination of Tier 1 Capital requirements.

Regulated Entity has the meaning set forth in Article 5 of *Règlement No. 2000-03* dated 6 September 2000, as amended, of the CRBF, and the BIS Press Release and "separate independently Regulated Entity" when such term shall be applicable to the Issuer shall mean a Regulated Entity separately and independently regulated under such provisions.

Local Branch means a *caisse locale* as referred to in the list of credit institutions authorised to provide banking services in France published by the *Banque de France*, the latest published version of which is dated 30 November 2004."

3. Interest Payment Dates

Condition 4(e) is deleted entirely and replaced by the following paragraphs:

"Payment of interest will be compulsory on any Compulsory Interest Payment Date.

Compulsory Interest Payment Date means:

a) In the absence of a Supervisory Event, each Interest Payment Date prior to which, at any time during a period of one-year prior to such Interest Payment Date, any of the following events has occurred:

(i) a Local Branch of the Consolidated Regulatory Group (if not the Issuer) has declared or paid a dividend in cash on any class of shares or more generally made a payment in cash (including, *inter alia*, a payment of interest) on any class of equity securities (including, *inter alia*, *parts sociales*) issued by a Local Branch of the Consolidated Regulatory Group (if not the Issuer) or has paid in cash a refund (*ristourne*) to its shareholders (*sociétaires*); or

(ii) the Caisse Fédérale of the Consolidated Regulatory Group has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on any other equity securities issued by the Caisse Fédérale of the Consolidated Regulatory Group; or the Caisse Fédérale of the Consolidated Regulatory Group has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by the Caisse Fédérale of the Consolidated Regulatory Group, by any means; or

(iii) the Caisse Fédérale of the Consolidated Regulatory Group has made a payment of any nature on or in respect of any Deeply Subordinated Notes issued by the Caisse Fédérale of the Consolidated Regulatory Group, unless such payment was a compulsory interest payment under the terms of any such Deeply Subordinated Notes issued by the Caisse Fédérale of the Consolidated Regulatory Group; or the Caisse Fédérale of the Consolidated Regulatory Group has redeemed, repurchased or otherwise acquired any of its Deeply Subordinated Notes; or

(iv) the Issuer has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on any other equity securities issued by the Issuer; or the Issuer has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by the Issuer, by any means; or

(v) the Issuer has made a payment of any nature on or in respect of any Deeply Subordinated Notes issued by the Issuer or any other obligations of the Issuer which rank *pari passu* with the Notes, unless such payment was (a) a compulsory interest payment under the terms of any such Deeply Subordinated Notes issued by the Issuer or (b) required to be made pursuant to other obligations of the Issuer which rank *pari passu* with the Notes; or the Issuer has redeemed, repurchased or otherwise acquired any Deeply Subordinated Notes or any other obligations of the Issuer which rank *pari passu* with the Notes; or

b) Upon the occurrence of a Supervisory Event and for so long as a Supervisory Event is continuing, each Interest Payment Date prior to which, at any time between the Supervisory Event and the relevant Interest Payment Date, any of the following events has occurred:

(i) half or more of the Local Branches of the Consolidated Regulatory Group (if not the Issuer) have declared or paid a dividend in cash on any class of shares or more generally made a payment in cash (including, *inter alia*, a payment of interest) on any class of equity securities (including, *inter alia*, *parts sociales*) issued by a Local Branch of the Consolidated Regulatory Group (if not the Issuer) or have paid in cash a refund (*ristourne*) to its shareholders (*sociétaires*); or

(ii) the Caisse Fédérale of the Consolidated Regulatory Group has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on any other equity securities issued by the Caisse Fédérale of the Consolidated Regulatory Group; or the Caisse Fédérale of the Consolidated Regulatory Group has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by the Caisse Fédérale of the Consolidated Regulatory Group, by any means; or

(iii) the Caisse Fédérale of the Consolidated Regulatory Group has made a payment of any nature on or in respect of any Deeply Subordinated Notes issued by the Caisse Fédérale of the Consolidated Regulatory Group, unless such payment was a compulsory interest payment under the terms of any such Deeply Subordinated Notes issued by the Caisse Fédérale of the Consolidated Regulatory Group; or the Caisse Fédérale of the Consolidated Regulatory Group has redeemed, repurchased or otherwise acquired any of its Deeply Subordinated Notes; or

(iv) the Issuer has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on any other equity securities issued by the Issuer; or the Issuer has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by the Issuer, by any means; or

(v) the Issuer has made a payment of any nature on or in respect of any Deeply Subordinated Notes issued by the Issuer or any other obligations of the Issuer which rank *pari passu* with the Notes, unless such payment was (a) a compulsory interest payment under the terms of any such Deeply Subordinated Notes issued by the Issuer or (b) required to be made pursuant to other obligations of the Issuer which rank *pari passu* with the Notes; or the Issuer has redeemed, repurchased or otherwise acquired any Deeply Subordinated Notes or any other obligations of the Issuer which rank *pari passu* with the Notes.

For the sake of clarity, it is hereby specified that:

(w) payments made to and distribution of shares in favour of any beneficiaries of stock option plans or its equivalent shall not fall within the scope of the paragraphs (a) or (b) of the above definition,

(x) any reduction of the share capital of the Issuer or of the CFCRG or of any subsidiaries of the Issuer or of the CFCRG made in order to set off losses which may entail a cancellation or redemption of shares shall not fall within the scope of the paragraphs (a) or (b) of the above definition,

(y) payments in relation to repurchases of *parts sociales* of the Local Branches at the request of their shareholders (*sociétaires*) shall not fall within the scope of the paragraphs (a) or (b) of the above definition and

(z) an exchange of Deeply Subordinated Notes issued by the Issuer or the CFCRG against shares to be issued by the Issuer or the CFCRG, as relevant, to the extent the relevant Deeply Subordinated Notes are fully and exclusively exchanged against new shares of the Issuer or of the CFCRG, as relevant, and results in an increase of the share capital of the Issuer or of the CFCRG, as relevant, or a set-off between the redemption amount of Deeply Subordinated Notes issued by the Issuer or the CFCRG against the subscription price of new shares to be issued by the Issuer or the CFCRG, to the extent such redemption amount is fully and exclusively allocated to the increase of the share capital of the Issuer or of the CFCRG, as relevant, shall not fall within the scope of the paragraphs (a) or (b) of the above definition.

On any other Interest Payment Date (i.e. on any Optional Interest Payment Date), the Issuer may, at its option elect not to pay interest in respect of the Notes accrued to that date, with a view to allowing the Issuer to ensure the continuity of its activities without weakening its financial structure. Any interest not paid on such date shall be forfeited and no longer be due and payable by the Issuer.

For the purposes of these terms and conditions:

Optional Interest Payment Date means any Interest Payment Date which is not a Compulsory Interest Payment Date.

Supervisory Event means the earlier of either of the following events:

(i) the risk-based consolidated capital ratio of the Consolidated Regulatory Group, calculated in accordance with the Applicable Banking Regulations, falls below the minimum percentage required in accordance with Applicable Banking Regulations, or

(ii) the notification by the SGCB, in its sole discretion, to the Consolidated Regulatory Group, that the SGCB has determined that the foregoing paragraph (i) of this definition would apply in the near term.

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

End of Supervisory Event means, following a Supervisory Event, the earlier of either of the following events:

(i) if the Supervisory Event occurred pursuant to paragraph (i) of the definition of Supervisory Event, the risk-based consolidated capital ratio of the Consolidated Regulatory Group, calculated in accordance with the Applicable Banking Regulations, returns to the minimum percentage level required by the Applicable Banking Regulations, or

(ii) if the Supervisory Event occurred pursuant to paragraph (ii) of the definition of Supervisory Event, the notification by the SGCB, in its sole discretion, to the Consolidated Regulatory Group, that it has determined, in view of the consolidated financial condition of the Consolidated Regulatory Group, that the circumstances which resulted in the Supervisory Event have ended."

Notwithstanding paragraphs (a) and (b) above in the definition of Compulsory Interest Payment Date:

(i) In the event that a Supervisory Event has occurred during the Interest Period immediately preceding an Optional Interest Payment Date no interest on the Notes shall accrue nor be payable by the Issuer with respect to the remaining period in such Interest Period or any other Interest Period during the period starting on the date of the Supervisory Event and ending on the date of the End of Supervisory Event. Such provisions shall not apply to Accrued Interest.

(ii) In respect of any Optional Interest Payment Date which occurs on or after the End of Supervisory Event, interest on each Note will recommence accruing on its then Principal Amount, on the basis of the number of days elapsed during the period from (and including) the date of End of Supervisory Event to (but excluding) the next succeeding Interest Payment Date as calculated by the Calculation Agent in accordance with Condition 4(c).

Such interest may be paid on the next succeeding Optional Interest Payment Date occurring as from the date of the End of Supervisory Event (inclusive).

4. Loss Absorption – Reinstatement

A new Condition 4(k) drafted as follows is added after Condition 4(j):

"(i) Loss Absorption

In the event that the occurrence of a Supervisory Event requires, in the opinion of SGCB, a strengthening of the regulatory capital of the Consolidated Regulatory Group, then the management boards of the CFCRG and the Issuer will convene extraordinary shareholders' meetings during the three months following a Supervisory Event in order to propose a share capital increase or any other measure to remedy the Supervisory Event.

If the share capital increase(s) or any other proposed measures are not accepted by the extraordinary shareholders' meetings of the CFCRG and the Issuer, or if the share capital increase(s) adopted by such extraordinary shareholders' meetings is insufficiently subscribed to remedy the Supervisory Event, or, in any event, if the Supervisory Event remains on the last day of the Interim Period during which the Supervisory Event has occurred, the management board of the Issuer will implement, within 10 days

following the last day of the relevant Interim Period, a reduction of the amount of Accrued Interest, and if necessary, of the amount of the then Principal Amount of the Notes (**Loss Absorption**). A Loss Absorption will be implemented, after a reduction of the amount of Accrued Interest, by partially or fully reducing the then Principal Amount of the Notes. Such reductions will be recorded as a profit in the CFCRG's and the Issuer's consolidated accounts (whether audited annual or unaudited semi-annual).

For the purposes of these Conditions:

Accrued Interest means interest accrued on the Notes since the most recent Interest Payment Date in respect of the Principal Amount;

Interim Period means a six month financial period ending on 30 June or 31 December in each year; and

Principal Amount means the nominal value of each Note at any time taking into account any reduction or increase in accordance with the Loss Absorption or Reinstatement provisions of Condition 4(k).

For the avoidance of doubt, the absorption of losses will first be set off against any classes of shares and of any other equity securities issued by the Issuer and the CFCRG in relation to the measures adopted by the extraordinary shareholders' meetings of each of the CFCRG and the Issuer to remedy the Supervisory Event as described above and thereafter, and to the extent it is not sufficient, against the amount of Accrued Interest and then against the then Principal Amount of the Notes as herein described.

The amount by which the Principal Amount of the Notes is reduced (the **Reduction Amount**), will be determined as follows:

(a) If the Issuer is not a separate independently Regulated Entity, the Reduction Amount will be equal to the amount of losses of the Consolidated Regulatory Group which, following a Supervisory Event, have not been set off against the shareholders funds (*capitaux propres*) of the Consolidated Regulatory Group (as set out in its consolidated accounts), following the implementation of the measures adopted by the CFCRG extraordinary shareholders' meeting and the Issuer's extraordinary shareholders' meeting referred to above, or

(b) If the Issuer is a separate independently Regulated Entity, the Reduction Amount will be equal to the higher of (i) the amount calculated in (a) above (as if the Issuer was not a separate independently Regulated Entity) and (ii) the amount of losses of the Issuer which following a Supervisory Event have not been set off against the shareholders funds (*capitaux propres*) of the Issuer (as set out in its consolidated accounts), following the implementation of the measures adopted by the extraordinary shareholders meeting of the Issuer referred to above, and

(c) In the event that other Deeply Subordinated Notes, or other securities of the Issuer or of the Consolidated regulatory Group excluding the Issuer's subsidiaries (which for the avoidance of doubt, would include entities within part (i) or (ii) in the definition of **Consolidated Regulatory Group** irrespective of whether the Issuer has become a separate independently Regulated Entity at such Date but would exclude the Issuer's subsidiaries) which rank *pari passu* with the Notes are outstanding and which are subject to loss absorption in accordance with their terms, such Loss Absorption will be applied on a pro rata basis among them.

(ii) Reinstatement

If a positive Consolidated Net Income is recorded for at least two consecutive financial years following the End of Supervisory Event (a **Return to Financial Health**) by the Consolidated Regulatory Group (or, in the event that the Issuer is a separate independently Regulated Entity, by both the Issuer and the group of entities, within the Crédit Mutuel Group, into which the Issuer is consolidated for regulatory purposes for the determination of Tier 1 Capital requirements), the Issuer shall increase the then Principal Amount of the Notes (a **Reinstatement**) to the extent any such Reinstatement (either up to the Original Principal Amount or up to any other amount lower than the Original Principal Amount) does not trigger the occurrence of a Supervisory Event.

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

The amount of the Reinstatement will be determined as follows:

(a) If the Issuer is not a separate independently Regulated Entity, the Reinstatement will not exceed the amount of the latest Consolidated Net Income of the Consolidated Regulatory Group.

(b) If the Issuer is a separate independently Regulated Entity, the Reinstatement will not exceed the lower of (i) the amount referred to in (a) above (as if the Issuer was not a separate independently Regulated Entity) and (ii) the amount of the latest Consolidated Net Income of the Issuer.

For the avoidance of doubt, the Reinstatement shall be made up to such maximum amount, to the extent any such Reinstatement does not trigger the occurrence of a Supervisory Event.

In the event that other Deeply Subordinated Notes, or other securities of the Issuer or of the Consolidated Regulatory Group excluding the Issuer's subsidiaries (which for the avoidance of doubt, would include entities within part (i) or (ii) in the definition of **Consolidated Regulatory Group** irrespective of whether the Issuer has become a separate independently Regulated Entity at such Date but would exclude the Issuer's subsidiaries) which rank *pari passu* with the Notes are outstanding and which may also benefit from a reinstatement in accordance with their terms, such Reinstatement will be applied on a pro rata basis among them.

For the purposes of this Condition: **Consolidated Net Income** means the consolidated net income (excluding minority interests), as calculated in the consolidated accounts of the Consolidated Regulatory Group or the Issuer (if the Issuer becomes a separate independently Regulated Entity).

For the purposes of these Conditions, **Original Principal Amount** means the nominal value of each Note on the Issue Date, without taking into account any Loss Absorption or Reinstatement pursuant to Condition 4(k).

(iii) Notifications

The occurrence of a Supervisory Event, End of Supervisory Event or Return to Financial Health shall be notified to the Noteholders in accordance with Condition 13 not later than 7 Business Days following its occurrence.

Any reduction or increase of the Principal Amount of the Notes shall be notified to the Noteholders in accordance with Condition 13 not later than 7 Business Days prior to its occurrence."

5. Redemption for taxation reasons

A new Condition 5(c)(iii) drafted as follows is added after Condition 5(c)(ii):

"The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 45 days' notice, in accordance with Condition 13, to the Noteholders (which notice shall be irrevocable), and subject to the prior approval of the SGCB, if on the occasion of the next payment due under the Notes, interest payable thereunder is no longer tax-deductible by the Issuer in France or any political subdivision of, or any authority in, or of, France having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Notes provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make such payment with interest payable being tax deductible in France. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent (i) a certificate signed by a director of the Issuer stating that the Issuer is entitled to effect such redemption and that payments of interest under the Notes will no longer be tax-deductible as aforesaid and (ii) an opinion of independent legal advisers of recognised standing to such effect."

6. Redemption at the option of the Issuer

Condition 5(d) is deleted entirely and replaced by the following paragraphs:

"(i) Issuer's call on Interest Payment Dates as of 2015

The Notes may be redeemed (in whole but not in part) on 25 February 2015 (the **First Call Date**) and on any Interest Payment Date thereafter.

(ii) Regulatory call

The Notes may be redeemed (in whole but not in part) at the option of the Issuer if the Consolidated Regulatory Group is not permitted under the applicable rules and regulations adopted by the SGCB or an official application or interpretation of those rules and regulations at any time whilst any of the Notes are outstanding, to treat the aggregate principal amount of the Notes as Tier 1 Capital or otherwise as *fonds propres de base*.

(iii) Deconsolidation call

The Notes may be redeemed (in whole but not in part) at the option of the Issuer in the event the Issuer ceases to be fully consolidated with CMCEE for regulatory purposes but is still consolidated within the Crédit Mutuel Group.

For the avoidance of doubt, no mandatory redemption will result from a merger between the CFCRG and the Issuer, and the resulting entity will be bound by, and benefit from these Conditions as if it were the Issuer.

Any redemption of the Notes in accordance with this Condition 5(d) at the option of the Issuer is subject to (1) the prior approval of the SGCB and (2) to having given not more than 45 nor less than 30 days prior notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 13. Any such redemption of the Notes shall be at their Early Redemption Amount together with interest accrued to the date fixed for redemption."

7. Mandatory redemption following deconsolidation outside the Crédit Mutuel Group

A new Condition 5(h) drafted as follows is added after Condition 5(g):

"Subject to the prior approval of the SGCB, the Notes will be redeemed (in whole but not in part) at their Early Redemption Amount in the event the Issuer ceases to be fully consolidated with the Crédit Mutuel Group not later than 14 Business Days following the occurrence of such event.

Such deconsolidation shall be notified to the Noteholders in accordance with Condition 13 not later than 7 Business Days following its occurrence."

8. Absence of Negative Pledge

Condition 3 shall not apply to the Notes.

9. Meetings of Noteholders - Modifications

Condition 10(a) shall be deleted in its entirety and replaced by the following paragraph:

"The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification

of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in the Original Principal Amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in the Original Principal Amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the Original Principal Amount of the Notes held or represented. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders. In addition, any proposed modification of any provisions of the Notes will be subject to the prior approval of the SGCB in France."

10. Incorporation by reference

The Offering Circular and the published audited annual and interim unaudited accounts for the last three years of the Issuer shall be deemed to be incorporated in this Pricing Supplement. The Issuer will provide, without charge, a copy of such documents. In addition, such documents will be available free of charge from the principal office in Luxembourg of the Luxembourg Listing Agent and from the principal office in Amsterdam of the Amsterdam Listing Agent.

11. Governing law

The Notes will be governed by, and construed in accordance with, English law, except for the subordination provisions of Condition 2(b) as amended, which shall be governed by French law.

ANNEX 2 TO THE PRICING SUPPLEMENT

TAXATION

The Netherlands

General

The following summary describes the principal Netherlands tax consequences for Netherlands resident Noteholders only of the acquisition, holding, redemption and disposal of Notes, which term, for the purpose of this summary includes Coupons, Receipts and Talons. This summary does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the Notes. Each prospective Noteholder should consult a professional adviser with respect to the tax consequences of an investment in the Notes. The discussion of certain Netherlands taxes set forth below is included for general information purposes only.

This summary is based on the Netherlands tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of Offering Circular, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

This summary does not address the Netherlands tax consequences of a Noteholder who holds a substantial interest (aanmerkelijk belang) in the Issuer, within the meaning of Section 4.3 of the Income Tax Act 2001. Generally speaking, a Noteholder holds a substantial interest in the Issuer, if such Noteholder, alone or together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5 percent or more of the total issued capital of the Issuer or of 5 percent or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer.

For the purpose of the principal Netherlands tax consequences described herein, it is assumed that the Issuer is neither a resident nor deemed to be a resident of the Netherlands for Netherlands tax purposes.

Withholding Tax

No Netherlands withholding tax is due upon payments on the Notes.

Corporate Income Tax and Individual Income Tax

If the Noteholder is subject to Netherlands corporate income tax and the Notes are attributable to its (deemed) business assets, income derived from the Notes and gains realised upon the redemption and disposal of the Notes are generally taxable in the Netherlands.

If the Noteholder is an individual, resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including the individual Noteholder who has opted to be taxed as a resident of the Netherlands), the income derived from the Notes and the gains realised upon the redemption and disposal of the Notes are taxable at the progressive rates of the Income Tax Act 2001, if:

- (i) the Noteholder has an enterprise or an interest in an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise, to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as "income from miscellaneous activities" (*resultaat uit overige werkzaamheden*) within the meaning of Section 3.4 of the Income Tax Act 2001, which include the performance of activities with respect to the Notes that exceed "regular, active portfolio management" (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the individual Noteholder, the actual income derived from the Notes and the actual gains realised with respect to the Notes will not be taxable. Instead, such

Noteholder will be taxed at a flat rate of 30% on deemed income from "savings and investments" (*sparen en beleggen*) within the meaning of Section 5.1 of the Income Tax Act 2001. This deemed income amounts to 4% of the average of the individual's "yield basis" (*rendementsgrondslag*) within the meaning of article 5.3 of the Income Tax Act 2001 at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar the average exceeds a certain threshold. The fair market value of the Notes will be included in the individual's yield basis.

Gift and Inheritance Taxes

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or on the death of, a Noteholder who is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

An individual of the Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his or her death. An individual of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax only if he or she has been residing in the Netherlands at any time during the twelve months preceding the time of the gift.

Treaties

Treaties may limit the Dutch sovereignty to levy gift and inheritance tax.

Other Taxes and Duties

No Netherlands VAT, capital duty, registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be due in the Netherlands by a Noteholder in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Notes.

ANNEX 3 TO THE PRICING SUPPLEMENT

INVESTMENT CONSIDERATIONS

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

The Notes are deeply subordinated obligations

The Issuer's obligations under the Notes are deeply subordinated obligations of the Issuer which are the most junior debt instruments of the Issuer, subordinated to and ranking behind the claims of all other unsubordinated and ordinary subordinated creditors of the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer and holders of *titres participatifs* issued by the Issuer. The Issuer's obligations under the Notes rank in priority only to any classes of shares of the Issuer.

Undated Securities

The Notes are undated securities, with no specified maturity date. The Issuer is under no obligation to redeem the Notes at any time unless the Issuer ceases to be fully consolidated with the Crédit Mutuel Group. The Noteholders have no right to require redemption of the Notes, except if a judgment is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason.

Restrictions on Payment

Interest

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

Principal

The Original Principal Amount or the then Principal Amount of the Notes may be reduced, as required, on one or more occasions following a Supervisory Event.

No Limitation on Issuing Debt

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

Redemption Risk

The Notes are undated securities with no specified maturity date. Nevertheless, the Notes may be redeemed in whole (but not in part), at the option of the Issuer, (i) on the First Call Date and on any Interest Payment Date thereafter or (ii) at any time for certain tax, regulatory or deconsolidation reasons subject, in each case, to the prior approval of the SGCB as further specified in Annex 1 to the Pricing Supplement.

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

Limited Remedies on Enforcement of CFCMCEE Letter

The undertakings by CFCMCEE in the CFCMCEE Letter do not bind the shareholders of CFCMCEE or other members of CMCEE. In the event that CFCMCEE fails to perform any of its obligations under the CFCMCEE Letter and the Noteholders seek to enforce such obligations against CFCMCEE, the remedy of specific performance (*exécution en nature*) of any such obligations may not be available in a French court.

Implementation of Loss Absorption

CFCMCEE will undertake in the CFCMCEE Letter to procure that no members of CMCEE shall issue any Deeply Subordinated Notes or other securities qualifying as Tier 1 Capital unless such securities rank *pari passu* with the Notes with respect to the absorption of losses and the return to financial health, which shall be applied on a pro rata basis. In the event that a Loss Absorption is to be implemented, it will be implemented by a proportional reduction of the total amounts due (i.e. the then principal and interest) on each such issue of securities. It should be noted that the amount of accrued interest at a given time on each such issue may be different and accordingly the reduction of the then Principal Amount of each issue may vary from issue to issue.

ANNEX 4 TO THE PRICING SUPPLEMENT

SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES

The following summary is qualified in its entirety by the more detailed information included elsewhere in the Pricing Supplement. Capitalised terms used but not defined in this summary shall bear the respective meanings ascribed to them under “Terms and Conditions of the Notes”.

Issuer:	Banque Fédérative du Crédit Mutuel (the Issuer or BFCM).
Description:	€ 250,000,000 Undated Deeply Subordinated Fixed to Floating Rate Notes (the Notes) to be issued under the Issuer's €15,000,000,000 Euro Medium Term Note Programme.
Structuring Adviser:	Lehman Brothers International (Europe).
Joint Bookrunners:	BNP Paribas HSBC Bank plc Lehman Brothers International (Europe).
Amount:	€ 250,000,000.
Issue Price:	100.00%.
Fiscal Agent and Principal Paying Agent in Luxembourg:	BNP Paribas Securities Services, Luxembourg Branch.
Calculation Agent:	BNP Paribas.
Paying Agent in the Netherlands:	ABN AMRO Bank N.V.
Listing Agent in Luxembourg:	BNP Paribas Securities Services, Luxembourg Branch.
Listing Agent in the Netherlands:	ABN AMRO Bank N.V.
Stabilising Manager:	Lehman Brothers International (Europe).
Denomination:	€1,000.
Maturity:	The Notes are undated perpetual obligations in respect of which there is no fixed redemption date.
Form of the Notes:	Bearer.
Status of the Notes:	The Notes are Deeply Subordinated Notes (<i>obligations</i>) of the Issuer issued in accordance with the provisions of article L. 228-97 of the French <i>Code de Commerce</i> , as amended.

The principal and interest of the 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 of the Issuer, but shall be subordinated to all present and future *titres participatifs* issued by, and *prêts participatifs* granted to, the Issuer, and Ordinary Subordinated Notes of the Issuer. The Notes shall rank in priority to any class of share capital or any other equity securities issued by the Issuer.

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

For the purposes of these terms and conditions:

Consolidated Regulatory Group means (i) CEE Group or (ii) if the Issuer ceases to be fully consolidated with Crédit Mutuel Centre Est Europe for regulatory purposes, the group of entities (within the Crédit Mutuel Group) into which the Issuer is consolidated for regulatory purposes for the determination of Tier 1 Capital requirements or (iii) the Issuer and its subsidiaries, if the Issuer becomes a separate independently Regulated Entity. The Consolidated Regulatory Group produces annual and semi-annual consolidated accounts comprising a balance sheet and profit and loss accounts.

Crédit Mutuel Centre Est Europe Group or CEE Group means CMCEE and each of the CFCMCEE's consolidated subsidiaries (including the Issuer) and its affiliates.

CFCMCEE means the Caisse Fédérale du Crédit Mutuel Centre Est Europe.

Crédit Mutuel Centre Est Europe or CMCEE means on the Issue Date (i) the Fédération du Crédit Mutuel Centre Est Europe, the Fédération du Crédit Mutuel Ile-de-France and the Fédération du Crédit Mutuel du Sud-Est, (ii) each of the Caisse de Crédit Mutuel (Local Branches) that are members of the federations listed in paragraph (i) and (iii) Caisse Fédérale du Crédit Mutuel Centre Est Europe.

At the regulatory level on the Issue Date, the entity reporting capital adequacy ratios to the SGCB for the CEE Group is Crédit Mutuel Centre Est Europe as defined in the Agrément Collectif delivered by the "Comité des Etablissements de Crédit et des Entreprises d'Investissements" (Banking code

10278).

Crédit Mutuel Group means the 18 regional federations composing the French mutualist banking group Crédit Mutuel.

Caisse Fédérale of the Consolidated Regulatory Group or CFCRG means (i) CFCMCEE or (ii) if the Issuer ceases to be fully consolidated with Crédit Mutuel Centre Est Europe for regulatory purposes, the caisse fédérale of the group of entities (within the Crédit Mutuel Group) into which the Issuer is consolidated for regulatory purposes for the determination of Tier 1 Capital requirements.

Regulated Entity has the meaning set forth in Article 5 of Règlement No. 2000-03 dated 6 September 2000, as amended, of the CRBF, and the BIS Press Release and "separate independently Regulated Entity" when such term shall be applicable to the Issuer shall mean a Regulated Entity separately and independently regulated under such provisions.

Negative Pledge:

There will be no negative pledge in respect of the Notes.

CFCMCEE Letter:

In relation to the Notes, CFCMCEE has pursuant to a letter executed on the Issue Date (the **CFCMCEE Letter**) undertaken to the Noteholders:

- (a) that, as at the Issue Date, CFCMCEE has not issued Deeply Subordinated Notes or other securities (other than share capital) qualifying as Tier 1 Capital;
- (b) that for so long as any Notes remain outstanding, it shall not and will procure that no other member of CMCEE shall issue any Deeply Subordinated Notes or other securities qualifying as Tier 1 Capital unless such securities rank *pari passu* with the Notes with respect to the absorption of losses and the return to financial health, (set out in the Terms and Conditions of the Notes) which shall be applied on a pro rata basis;
- (c) that for so long as any Notes remain outstanding, in the event that a strengthening of the regulatory capital of the CEE Group is required by the SGCB (see "Loss Absorption - Reinstatement" Section), CFCMCEE will take the measures expressed to be taken by it in that Condition; and
- (d) for so long as any Notes remain outstanding, if the Issuer ceases to be fully consolidated with CMCEE for regulatory purposes but remains consolidated within the Crédit Mutuel Group, it will procure that the caisse fédérale of the relevant Consolidated Regulatory Group executes, and delivers to the Principal Paying Agent on behalf of the Noteholders, no later than the effective date of the deconsolidation, a letter whereby the relevant caisse fédérale gives the same undertakings to the Noteholders as those given

by CFCMCEE in the CFCMCEE Letter.

- Events of Default: There will be no events of default in respect of the Notes, except in the case of liquidation of the Issuer as more fully described in the Conditions of the Notes.
- Interest: Each Note bears interest on its then Principal Amount at:
(i) a fixed rate of 7.00 per cent. per annum from (and including) 25 February 2005 to (but excluding) 25 February 2006 (the **Fixed Rate Period**), payable annually in arrear on or about 25 February 2006, and thereafter (the **Floating Rate Period**) at a variable rate (the **Floating Rate**) per annum payable annually in arrear on or about 25 February in each year, commencing on or about 25 February 2007.
- The **Floating Rate** will be the lesser of (i) the Benchmark plus the Margin and (ii) 8.00 per cent.
- Benchmark: EUR CMS10. (10 year mid swap rate in EUR (annual 30/360) versus Euribor 6 month (semi-annual, Act/360)).
- Primary Source for Floating Rate: Reuters Page "ISDAFIX2" under the heading "EURIBOR BASIS".
- Margin: + 0.10 per cent. per annum.
- Day Count Fraction: 30/360 (unadjusted for both the Fixed Rate Period and the Floating Rate Period).
- Payment of Interest: Payment of interest will be compulsory on any Compulsory Interest Payment Date.

Compulsory Interest Payment Date means:

- (a) In the absence of a Supervisory Event, each Interest Payment Date prior to which, at any time during a period of one-year prior to such Interest Payment Date, any of the following events has occurred:
- (i) a Local Branch of the Consolidated Regulatory Group (if not the Issuer) has declared or paid a dividend in cash on any class of shares or more generally made a payment in cash (including, *inter alia*, a payment of interest) on any class of equity securities (including, *inter alia*, *parts sociales*) issued by a Local Branch of the Consolidated Regulatory Group (if not the Issuer) or has paid in cash a refund (*ristourne*) to its shareholders (*sociétaires*); or
 - (ii) the Caisse Fédérale of the Consolidated Regulatory Group has declared or paid a dividend (whether

in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on any other equity securities issued by the Caisse Fédérale of the Consolidated Regulatory Group; or the Caisse Fédérale of the Consolidated Regulatory Group has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by the Caisse Fédérale of the Consolidated Regulatory Group, by any means; or

- (iii) the Caisse Fédérale of the Consolidated Regulatory Group has made a payment of any nature on or in respect of any Deeply Subordinated Notes issued by the Caisse Fédérale of the Consolidated Regulatory Group, unless such payment was a compulsory interest payment under the terms of any such Deeply Subordinated Notes issued by the Caisse Fédérale of the Consolidated Regulatory Group; or the Caisse Fédérale of the Consolidated Regulatory Group has redeemed, repurchased or otherwise acquired any of its Deeply Subordinated Notes; or
- (iv) the Issuer has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on any other equity securities issued by the Issuer; or the Issuer has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by the Issuer, by any means; or
- (v) the Issuer has made a payment of any nature on or in respect of any Deeply Subordinated Notes issued by the Issuer or any other obligations of the Issuer which rank *pari passu* with the Notes, unless such payment was (a) a compulsory interest payment under the terms of any such Deeply Subordinated Notes issued by the Issuer or (b) required to be made pursuant to other obligations of the Issuer which rank *pari passu* with the Notes; or the Issuer has redeemed,

repurchased or otherwise acquired any Deeply Subordinated Notes or any other obligations of the Issuer which rank *pari passu* with the Notes; or

(b) Upon the occurrence of a Supervisory Event and for so long as a Supervisory Event is continuing, each Interest Payment Date prior to which, at any time between the Supervisory Event and the relevant Interest Payment Date, any of the following events has occurred:

(i) half or more of the Local Branches of the Consolidated Regulatory Group (if not the Issuer) have declared or paid a dividend in cash on any class of shares or more generally made a payment in cash (including, *inter alia*, a payment of interest) on any class of equity securities (including, *inter alia*, *parts sociales*) issued by a Local Branch of the Consolidated Regulatory Group (if not the Issuer) or have paid in cash a refund (*ristourne*) to its shareholders (*sociétaires*); or

(ii) the Caisse Fédérale of the Consolidated Regulatory Group has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on any other equity securities issued by the Caisse Fédérale of the Consolidated Regulatory Group; or the Caisse Fédérale of the Consolidated Regulatory Group has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by the Caisse Fédérale of the Consolidated Regulatory Group, by any means; or

(iii) the Caisse Fédérale of the Consolidated Regulatory Group has made a payment of any nature on or in respect of any Deeply Subordinated Notes issued by the Caisse Fédérale of the Consolidated Regulatory Group, unless such payment was a compulsory interest payment under the terms of any such Deeply Subordinated Notes issued by the Caisse Fédérale of the Consolidated Regulatory Group; or the Caisse Fédérale of the Consolidated

Regulatory Group has redeemed, repurchased or otherwise acquired any of its Deeply Subordinated Notes; or

- (iv) the Issuer has declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any class of share capital or on any other equity securities issued by the Issuer; or the Issuer has redeemed, repurchased or otherwise acquired any class of share capital or any other equity securities issued by the Issuer, by any means; or
- (v) the Issuer has made a payment of any nature on or in respect of any Deeply Subordinated Notes issued by the Issuer or any other obligations of the Issuer which rank *pari passu* with the Notes, unless such payment was (a) a compulsory interest payment under the terms of any such Deeply Subordinated Notes issued by the Issuer or (b) required to be made pursuant to other obligations of the Issuer which rank *pari passu* with the Notes; or the Issuer has redeemed, repurchased or otherwise acquired any Deeply Subordinated Notes or any other obligations of the Issuer which rank *pari passu* with the Notes.

For the sake of clarity, it is hereby specified that:

- (w) payments made to and distribution of shares in favour of any beneficiaries of stock option plans or its equivalent shall not fall within the scope of the paragraphs (a) or (b) of the above definition,
- (x) any reduction of the share capital of the Issuer or of the CFCRG or of any subsidiaries of the Issuer or of the CFCRG made in order to set off losses which may entail a cancellation or redemption of shares shall not fall within the scope of the paragraphs (a) or (b) of the above definition,
- (y) payments in relation to repurchases of parts sociales of the Local Branches at the request of their shareholders (*sociétaires*) shall not fall within the scope of the paragraphs (a) or (b) of the above definition and

- (z) an exchange of Deeply Subordinated Notes issued by the Issuer or the CFCRG against shares to be issued by the Issuer or the CFCRG, as relevant, to the extent the relevant Deeply Subordinated Notes are fully and exclusively exchanged against new shares of the Issuer or of the CFCRG, as relevant, and results in an increase of the share capital of the Issuer or of the CFCRG, as relevant, or a set-off between the redemption amount of Deeply Subordinated Notes issued by the Issuer or the CFCRG against the subscription price of new shares to be issued by the Issuer or the CFCRG, to the extent such redemption amount is fully and exclusively allocated to the increase of the share capital of the Issuer or of the CFCRG, as relevant, shall not fall within the scope of the paragraphs (a) or (b) of the above definition.

On any other Interest Payment Date (i.e. on any Optional Interest Payment Date), the Issuer may, at its option elect not to pay interest in respect of the Notes accrued to that date, with a view to allowing the Issuer to ensure the continuity of its activities without weakening its financial structure. Any interest not paid on such date shall be forfeited and no longer be due and payable by the Issuer.

For the purposes of these terms and conditions, **Optional Interest Payment Date** means any Interest Payment Date which is not a Compulsory Interest Payment Date.

Notwithstanding paragraphs (a) and (b) above in the definition of Compulsory Interest Payment Date:

- (i) In the event that a Supervisory Event has occurred during the Interest Period immediately preceding an Optional Interest Payment Date no interest on the Notes shall accrue nor be payable by the Issuer with respect to the remaining period in such Interest Period or any other Interest Period during the period starting on the date of the Supervisory Event and ending on the date of the End of Supervisory Event. Such provisions shall not apply to Accrued Interest.
- (ii) In respect of any Optional Interest Payment Date which occurs on or after the End of Supervisory Event, interest on each Note will recommence accruing on its then Principal Amount, on the basis of the number of days elapsed during the period from (and including) the date of End of Supervisory Event to (but excluding) the next succeeding Interest Payment Date as calculated by the Calculation Agent in accordance with Condition 4(c).

Such interest may be paid on the next succeeding Optional Interest Payment Date occurring as from the date of the End

of Supervisory Event (inclusive).

Supervisory Event:

Means, the earlier of either of the following events:

- (iii) the risk-based consolidated capital ratio of the Consolidated Regulatory Group, calculated in accordance with the Applicable Banking Regulations, falls below the minimum percentage required in accordance with Applicable Banking Regulations, or
- (iv) the notification by the SGCB, in its sole discretion, to the Consolidated Regulatory Group, that the SGCB has determined that the foregoing paragraph (i) of this definition would apply in the near term.

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

End of Supervisory Event:

means, following a Supervisory Event, the earlier of either of the following events:

- (v) if the Supervisory Event occurred pursuant to paragraph (i) of the definition of Supervisory Event, the risk-based consolidated capital ratio of the Consolidated Regulatory Group, calculated in accordance with the Applicable Banking Regulations, returns to the minimum percentage level required by the Applicable Banking Regulations, or
- (vi) if the Supervisory Event occurred pursuant to paragraph (ii) of the definition of Supervisory Event, the notification by the SGCB, in its sole discretion, to the Consolidated Regulatory Group, that it has determined, in view of the consolidated financial condition of the Consolidated Regulatory Group, that the circumstances which resulted in the Supervisory Event have ended.

Loss Absorption:

In the event that the occurrence of a Supervisory Event requires, in the opinion of SGCB, a strengthening of the regulatory capital of the Consolidated Regulatory Group, then the management boards of the CFCRG and the Issuer will convene extraordinary shareholders' meetings during the three months following a Supervisory Event in order to propose a share capital increase or any other measure to remedy the Supervisory Event.

If the share capital increase(s) or any other proposed measures

are not accepted by the extraordinary shareholders' meetings of the CFCRG and the Issuer, or if the share capital increase(s) adopted by such extraordinary shareholders' meetings is insufficiently subscribed to remedy the Supervisory Event, or, in any event, if the Supervisory Event remains on the last day of the Interim Period during which the Supervisory Event has occurred, the management board of the Issuer will implement, within 10 days following the last day of the relevant Interim Period, a reduction of the amount of Accrued Interest, and if necessary, of the amount of the then Principal Amount of the Notes (**Loss Absorption**). A Loss Absorption will be implemented, after a reduction of the amount of Accrued Interest, by partially or fully reducing the then Principal Amount of the Notes. Such reductions will be recorded as a profit in the CFCRG's and the Issuer's consolidated accounts (whether audited annual or unaudited semi-annual).

For the purposes of this condition:

Accrued Interest means interest accrued on the Notes since the most recent Interest Payment Date in respect of the Principal Amount; and

Interim Period means a six month financial period ending on 30 June or 31 December in each year.

For the avoidance of doubt, the absorption of losses will first be set off against any classes of shares and of any other equity securities issued by the Issuer and the CFCRG in relation to the measures adopted by the extraordinary shareholders' meetings of each of the CFCRG and the Issuer to remedy the Supervisory Event as described above and thereafter, and to the extent it is not sufficient, against the amount of Accrued Interest and then against the then Principal Amount of the Notes as herein described.

The amount by which the Principal Amount of the Notes is reduced (the **Reduction Amount**), will be determined as follows:

- (aa) If the Issuer is not a separate independently Regulated Entity, the Reduction Amount will be equal to the amount of losses of the Consolidated Regulatory Group which, following a Supervisory Event, have not been set off against the shareholders funds (*capitaux propres*) of the Consolidated Regulatory Group (as set out in its consolidated accounts), following the implementation of the measures adopted by the CFCRG extraordinary shareholders' meeting and the Issuer's extraordinary shareholders' meeting referred to above, or
- (bb) If the Issuer is a separate independently Regulated Entity, the Reduction Amount will be equal to the higher of (i) the amount calculated in (a) above (as if

the Issuer was not a separate independently Regulated Entity) and (ii) the amount of losses of the Issuer which following a Supervisory Event have not been set off against the shareholders funds (*capitaux propres*) of the Issuer (as set out in its consolidated accounts), following the implementation of the measures adopted by the extraordinary shareholders meeting of the Issuer referred to above, and

- (cc) In the event that other Deeply Subordinated Notes, or other securities of the Issuer or of the Consolidated Regulatory Group excluding the Issuer's subsidiaries (which for the avoidance of doubt, would include entities within part (i) or (ii) in the definition of **Consolidated Regulatory Group** irrespective of whether the Issuer has become a separate independently Regulated Entity at such Date but would exclude the Issuer's subsidiaries) which rank *pari passu* with the Notes are outstanding and which are subject to loss absorption in accordance with their terms, such Loss Absorption will be applied on a pro rata basis among them.

Reinstatement:

If a positive Consolidated Net Income is recorded for at least two consecutive financial years following the End of Supervisory Event (a **Return to Financial Health**) by the Consolidated Regulatory Group (or, in the event that the Issuer is a separate independently Regulated Entity, by both the Issuer and the group of entities, within the Crédit Mutuel Group, into which the Issuer is consolidated for regulatory purposes for the determination of Tier 1 Capital requirements), the Issuer shall increase the then Principal Amount of the Notes (a **Reinstatement**) to the extent any such Reinstatement (either up to the Original Principal Amount or up to any other amount lower than the Original Principal Amount) does not trigger the occurrence of a Supervisory Event.

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

The amount of the Reinstatement will be determined as follows:

- (dd) If the Issuer is not a separate independently Regulated Entity, the Reinstatement will not exceed the amount of the latest Consolidated Net Income of the Consolidated Regulatory Group.
- (ee) If the Issuer is a separate independently Regulated Entity, the Reinstatement will not exceed the lower of (i) the amount referred to in (a) above (as if the Issuer was not a separate independently Regulated Entity) and (ii) the amount of the latest Consolidated Net Income

of the Issuer.

For the avoidance of doubt, the Reinstatement shall be made up to such maximum amount, to the extent any such Reinstatement does not trigger the occurrence of a Supervisory Event.

In the event that other Deeply Subordinated Notes, or other securities of the Issuer or of the Consolidated Regulatory Group excluding the Issuer's subsidiaries (which for the avoidance of doubt, would include entities within part (i) or (ii) in the definition of **Consolidated Regulatory Group** irrespective of whether the Issuer has become a separate independently Regulated Entity at such Date but would exclude the Issuer's subsidiaries) which rank *pari passu* with the Notes are outstanding and which may also benefit from a reinstatement in accordance with their terms, such Reinstatement will be applied on a pro rata basis among them.

For the purposes of this condition: **Consolidated Net Income** means the consolidated net income (excluding minority interests), as calculated in the consolidated accounts of the Consolidated Regulatory Group or the Issuer (if the Issuer becomes a separate independently Regulated Entity).

For the purposes of these Conditions, **Original Principal Amount** means the nominal value of each Note on the Issue Date, without taking into account any Loss Absorption or Reinstatement.

Early Redemption:

(1) The Notes are undated perpetual obligations in respect of which there is no fixed redemption date. However, the Notes may be redeemed (in whole but not in part) on 25 February 2015 and on any Interest Payment Date thereafter, at the option of the Issuer.

(2) The Issuer will also have the right to redeem the Notes (in whole but not in part) on any Interest Payment Date at their Early Redemption Amount, for any of the following reasons:

(ff) Tax call: if interest payable under the Notes is no longer tax-deductible by the Issuer in France or if on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided in the terms and conditions as a result of any change in, or amendment to, the laws or regulations of France or any political subdivision of, or any authority in, or of, France having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Notes;

(gg) Regulatory call: if the Consolidated Regulatory Group is not permitted under the applicable rules and regulations adopted by the SGCB or an official

application or interpretation of those rules and regulations at any time whilst any of the Notes are outstanding, to treat the aggregate principal amount of the Notes as Tier 1 Capital or otherwise as *fonds propres de base*; and

- (hh) Deconsolidation call: in the event the Issuer ceases to be fully consolidated with CMCEE for regulatory purposes but is still consolidated within the Crédit Mutuel Group.

(3) In the event the Issuer ceases to be fully consolidated with the Crédit Mutuel Group, then the Issuer shall redeem all, but not some only, of the Notes at their Early Redemption Amount.

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

Taxation:	The Notes will, upon issue, benefit from an exemption from deduction of tax at source. If French law shall require any such deduction, the Issuer shall, to the extent permitted by law and subject to certain exceptions, pay additional amounts.
Clearing Systems:	The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear.
Listing:	Application has been made to list the Notes on the Luxembourg Stock Exchange and Euronext Amsterdam.
Selling Restrictions:	There are restrictions on the sale of the Notes and the distribution of offering material in various jurisdictions.
Ratings:	The Notes will be assigned a rating of A- by Standard & Poor's Ratings Services, A2 by Moody's Investors Services Limited and A+ by Fitch Ratings Ltd.
Governing Law:	The Notes will be governed by, and construed in accordance with, English law, except for the subordination provisions which shall be governed by French law.

Offering Circular
dated 5 July 2004



Euro 15,000,000,000
Euro Medium Term Note Programme
Due from 7 days from the date of original issue

Under the Euro Medium Term Note Programme described in this Offering Circular (the "Programme"), Banque Fédérative du Crédit Mutuel ("BFCM" or the "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "Notes"). The aggregate principal amount of Notes outstanding will not at any time exceed euro 15,000,000,000 (or the equivalent in other currencies).

This Offering Circular (the "Offering Circular") supersedes and replaces the Offering Circular dated 18 July 2003.

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

Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange (the "Stock Exchange") and application may, in the future be made in certain circumstances to list Notes on Euronext Paris S.A. (the "Paris Stock Exchange"). In relation to Notes listed on the Luxembourg Stock Exchange, this Offering Circular is valid for a period of one year from the date hereof. However, unlisted Notes may be issued pursuant to the Programme. The relevant Pricing Supplement (as defined on page 6) in respect of the issue of any Notes will specify whether or not such Notes will be listed and, if so, the relevant stock exchange(s).

Notes denominated in euro will be made in compliance with the guidelines provided by the letter dated 1 October 1998 from the French Minister of the Economy, Finance and Industry to the Président of the Association Française des établissements de crédit et des entreprises d'investissement (the "Euro Guidelines").

Notes of each Tranche of each Series of Notes in bearer form will initially be represented by a temporary global note in bearer form (each a "Temporary Global Note") or a permanent global note in bearer form (each a "Permanent Global Note") and, collectively with any Temporary Global Note, the "Global Notes"), each without interest coupons. Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note on or after the date 40 days after the date of the commencement of the offering and the relevant issue date, upon certification as to non-U.S. beneficial ownership. Global Notes will be deposited on the issue date with a common depository on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") or as otherwise agreed between the Issuer and the relevant Dealer (as defined herein). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

Arranger for the Programme
BNP PARIBAS

Dealers
BANQUE FEDERATIVE DU CREDIT MUTUEL
ABN AMRO
BNP PARIBAS
GOLDMAN SACHS INTERNATIONAL
MORGAN STANLEY
WESTLB AG

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

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (as defined in “Summary of the Programme”). Neither the delivery of this Offering Circular 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 Offering Circular 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 Offering Circular 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 Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular 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 include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S Internal Revenue Code of 1986, as amended and regulations thereafter). For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see “Subscription and Sale”.

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

The Arranger and the Dealers have not separately verified the information contained in this Offering Circular. None of the Dealers (other than Banque Fédérative du Crédit Mutuel) or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Offering Circular 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 Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with any Tranche (as defined in “Summary of the Programme”), one of the Dealers may act as a stabilising agent (the “Stabilising Agent”). The identity of the Stabilising Agent will be disclosed in the relevant Pricing Supplement. References in the next paragraph to “this issue” are to each Tranche in relation to which a Stabilisation Agent is appointed.

In connection with this issue, the Stabilising Agent or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be bought to an end after a limited period.

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

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Documents Incorporated by Reference

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the most recently published audited annual accounts, and any interim accounts (whether audited or unaudited) published subsequently to such annual accounts, of the Issuer from time to time which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. All documents incorporated by reference in this Offering Circular may be obtained, free of charge, at the offices of the Paying Agent in Luxembourg during normal business hours so long as any of the Notes is outstanding.

For any future Paris Stock Exchange listing purposes, the most recently published annual accounts of the Issuer and the interim accounts (whether audited or unaudited) published subsequently to such annual accounts must be contained in a document submitted to the clearance procedures of the *Autorité des marchés financiers* (the “AMF”).

Supplemental Offering Circular

The Issuer has given an undertaking to the Dealers and the Luxembourg Stock Exchange that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Offering Circular whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Offering Circular, 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 rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of the Notes and shall supply to each Dealer and the Luxembourg Stock Exchange such number of copies of such supplement hereto as such Dealer may reasonably request.

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular and in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement.

ISSUER:	Banque Fédérative du Crédit Mutuel
DESCRIPTION:	Euro Medium Term Note Programme (the “ Programme ”)
SIZE:	Up to euro 15,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time.
ARRANGER:	BNP Paribas
DEALERS:	Banque Fédérative du Crédit Mutuel, ABN AMRO Bank N.V., BNP Paribas, Goldman Sachs International, Morgan Stanley & Co. International Limited and WestLB AG.

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 Offering Circular to “**Permanent Dealers**” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “**Dealers**” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

At the date of this Offering Circular, only credit institutions and investment firms incorporated in a member state of the European Union (“**EU**”) and which are authorised by the relevant authorities of such member home state to lead-manage bond issues in such member state may (a) act as Dealers with respect to non-syndicated issues of Notes denominated in euro and (b) as lead managers of issues of Notes denominated in euro issued on a syndicated basis.

FISCAL AGENT AND PRINCIPAL PAYING AGENT:	BNP Paribas Securities Services, Luxembourg Branch.
PAYING AGENTS:	Citibank N.A., London office, The Bank of New York, Brussels and BNP Paribas Securities Services.
METHOD OF ISSUE:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued on a continuous basis in series (each a “ Series ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “ Tranche ”) on the same or different issue dates. Further Notes may be issued as part of an existing Series. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a “ Pricing Supplement ”).
ISSUE PRICE:	Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly-paid Notes may be issued, the issue price of which will be payable in two or more instalments.
FORM OF NOTES:	The Notes may be issued in bearer form only. Each Tranche of Notes will be represented on issue by interests in a temporary Global Note if (i) definitive

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

CLEARING SYSTEMS:

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

CURRENCIES:

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

The Arranger, each Dealer and the Issuer will, in relation to issues of Notes denominated in euro comply with the guidelines provided by the letter dated 1 October 1998 from the French Minister of the Economy, Finance and Industry to the *Président* of the *Association française des établissements de crédit et des entreprises d’investissement* (the “**Euro Guidelines**”).

MATURITIES:

Subject to compliance with all relevant laws, regulations and directives, any maturity greater than seven days. The maturity of Subordinated Notes, the proceeds of which constitute Lower Tier 2 Capital (as defined below), will not be less than 5 years, and the maturity of Subordinated Notes, the proceeds of which constitute Tier 3 Capital (as defined below) will not be less than 2 years, or in either case such other minimum maturity as may be required by applicable legal and regulatory requirements.

DENOMINATION:

Definitive Notes, if any, will be in such denominations as may be specified in the relevant Pricing Supplement save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).

FIXED INTEREST RATE NOTES:

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

FLOATING RATE NOTES:

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

ZERO COUPON NOTES:

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

VARIABLE COUPON AMOUNT NOTES:

The Pricing Supplement issued in respect of each issue of variable coupon amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Pricing Supplement.

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 Pricing Supplement.

**VARIABLE REDEMPTION
AMOUNT NOTES:**

The Pricing Supplement issued in respect of each issue of variable redemption amount Notes will specify the basis for calculating the redemption amounts payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Pricing Supplement. Unless otherwise permitted by the current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum redemption value of £100,000 (or its equivalent in other currencies).

**REDEMPTION BY
INSTALMENTS:**

The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

OTHER NOTES:

Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.

**OPTIONAL
REDEMPTION:**

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

STATUS OF NOTES:

The obligations of the Issuer under the Notes may be unsubordinated (“**Unsubordinated Notes**”) or subordinated (“**Subordinated Notes**”). Unsubordinated Notes will constitute unsubordinated and unsecured obligations of the Issuer and Subordinated Notes will constitute subordinated and unsecured obligations of the Issuer all as described in “**Terms and Conditions of the Notes – Status**”.

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

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

If so specified in the relevant Pricing Supplement, the payment of interest in respect of Subordinated Notes without a specified maturity date (“**Undated Subordinated Notes**”) may be deferred in accordance with the provisions of Condition 5(h) – see “**Terms and Conditions of Notes – Interest and Other Calculations**”.

NEGATIVE PLEDGE:

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

CROSS DEFAULT:	There will be a cross-default as set out in Condition 9(a)(iii) – see “ Terms and Conditions of the Notes – Events of Default ”.
EARLY REDEMPTION:	Except as provided in “ Optional Redemption ” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “ Terms and Conditions of the Notes – Redemption, Purchase and Options ”.
WITHHOLDING TAX:	<p>Unless otherwise provided in the relevant Pricing Supplement, 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 General Tax Code, to the extent that the Notes are issued (or deemed to be issued) outside France.</p> <p>Notes constituting <i>obligations</i> under French law will be issued (or deemed to be issued) outside France (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, <i>inter alia</i>, 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” as described in Article L.411.2 of the French <i>Code monétaire et financier</i> or (iii) in the case of the 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 <i>Direction Générale des Impôts</i> dated 30 September 1998.</p> <p>The tax regime applicable to Notes which do not constitute obligations will be set out in the relevant Pricing Supplement.</p>
GOVERNING LAW:	English except with regard to provisions in respect of Subordinated Notes, which shall be governed by French law.
LISTING:	The Luxembourg Stock Exchange, the Paris Stock Exchange or as otherwise specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series of Notes need not be listed on any stock exchange. However, the Euro Guidelines strongly recommend the listing of Notes denominated in euro on the Paris Stock Exchange. Each Series of Notes listed on the Paris Stock Exchange must be issued in compliance with the <i>Principes Généraux</i> which have been published by the <i>Commission des opérations de bourse</i> (the “ COB ”) and the <i>Conseil des marchés financiers</i> (and those that may be published from time to time by the AMF).
SELLING RESTRICTIONS:	<p>There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See “Subscription and Sale”. In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Pricing Supplement.</p> <p>The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.</p>

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

TERMS AND CONDITIONS OF THE NOTES

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

The Notes are issued by Banque Fédérative du Crédit Mutuel (the “**Issuer**”) pursuant to an amended and restated agency agreement dated 18 July 2003 as amended and supplemented by a first supplemental agency agreement dated 5 July 2004, (as further amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Agency Agreement**”) between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent and principal paying agent (the “**Fiscal Agent**”) and as initial calculation agent (the “**Calculation Agent**”) and Citibank, N.A., London office, The Bank of New York, Brussels and BNP Paribas Securities Services, as paying agents (together with the Fiscal Agent and any additional or other paying agents in respect of the Notes from time to time appointed and, where the context so admits, the “**Paying Agents**”). If a Calculation Agent is not specified on the Notes and the terms and conditions require that a Calculation Agent be appointed then the Fiscal Agent shall act as Calculation Agent. The Noteholders (as defined below), the holders of the interest coupons (the “**Coupons**”) appertaining to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. The Notes are issued with the benefit of a deed of covenant (as amended and supplemented as at the Issue Date, the “**Deed of Covenant**”) dated 5 July 2004 executed by the Issuer in relation to the Notes.

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

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

1. Form, Denomination and Title

The Notes are issued in bearer form.

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

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

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

2. Status

(a) Status of Unsubordinated Notes:

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

(b) Status of Subordinated Notes:

(i) General

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

(ii) Ordinarily Subordinated Notes

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

(iii) Deeply Subordinated Notes

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

(iv) Dated Subordinated Notes

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

(v) Undated Subordinated Notes

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

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

The net proceeds of the issue of Undated Subordinated Notes may count as Upper Tier 2 Capital. In the event of the Issuer incurring losses, such losses will be charged first against accumulated profits (“*report à nouveau*”), then against reserve, and capital, and finally, to the extent

necessary, against the subordinated loans (including interest on such Notes) of the Issuer, in order to allow the Issuer to comply with the regulatory requirements applicable to banks in France, especially those relating to solvency ratios, and in order to allow the Issuer to continue its activities.

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

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

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

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

(vii) Capital Adequacy

The relevant Pricing Supplement may provide for additions or variations to the Conditions applicable to the Subordinated Notes for the purposes *inter alia* of enabling the proceeds of the issue of such Subordinated Notes to count as (i) *fonds propres de base* within the meaning of Article 2 of Regulation no. 90-02 dated 23 February 1990, as amended, of the *Comité de la Réglementation Bancaire et Financière* (“**CRBF**”), (in which case such Subordinated Notes will need to be Deeply Subordinated Notes) (“**Tier 1 Capital**”); (ii) *fonds propres complémentaires* within the meaning of Article 4(c) of the CRBF Regulation no. 90-02 of 23 February 1990 (“**Upper Tier 2 Capital**”); (iii) *fonds propres complémentaires* within the meaning of Article 4(d) of the CRBF Regulation no. 90-02 of 23 February 1990 as amended (“**Lower Tier 2 Capital**”, together with Upper Tier 2 Capital “**Tier 2 Capital**”) or (iv) *fonds propres surcomplémentaires* within the meaning of Article 3.3 of the CRBF Regulation no. 95-02 of 21 July 1995 as amended (“**Tier 3 Capital**”), if such Regulation is applicable.

*Article 2 of the CRBF Regulation no. 90-02 dated 23 February 1990 should be read in conjunction with the press release of the Bank for International Settlements dated 27 October 1998 concerning instruments eligible for inclusion in Tier 1 Capital (the “**BIS Press Release**”). The French language version of the BIS Press Release is attached to the annual report of the Commission Bancaire.*

3. Negative Pledge

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

4. Interest and other Calculations

(a) Interest Rate and Accrual:

Each Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate, such interest being payable in arrear on each Interest Payment Date.

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

(b) Business Day Convention:

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

(c) Interest Rate on Floating Rate Notes:

If the Interest Rate is specified as being Floating Rate, the Interest Rate for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following (unless otherwise specified in the relevant Pricing Supplement):

- (i) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Interest Rate shall be:
 - (x) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
 - (y) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

- (ii) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (i)(x) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination

Date or if sub-paragraph (i)(y) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent; and

- (iii) if paragraph (ii) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Interest Rate 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 Relevant 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 Relevant Currency or, if the Relevant Currency is euro, in (the euro-zone as selected by the Calculation Agent (the “**Principal Financial Centre**”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (y) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre), the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(d) Interest Rate on Zero Coupon Notes:

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

(e) Deferral of Interest – Undated Subordinated Notes

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

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

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

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

- (i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (iii) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph;
- (ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified hereon, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be;
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

(g) ***Calculations:***

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal 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.

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

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation, it shall determine the Interest Rate and calculate the amount of interest payable (the “**Interest Amounts**”) in respect of each Denomination of the Notes for the relevant Interest Accrual Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of an Interest Rate and the 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(b), 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. If the Notes become due and payable under Condition 9, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(i) **Definitions:**

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

“Business Day” means:

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

“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”** or **“Actual/Actual-ISDA”** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if **“Actual/365 (Fixed)”** is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if **“Actual/360”** is specified hereon, the actual number of days in the Calculation Period divided by 360
- (iv) if **“30/360”**, **“360/360”** or **“Bond Basis”** is specified hereon, the number of days in the Calculation Period divided by 360 (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))
- (v) if **“30E/360”** or **“Eurobond Basis”** is specified hereon, 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) and
- (vi) if **“Actual/Actual-ISMA”** is specified hereon:
 - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

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

where:

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

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

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

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

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

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

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

“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 hereon

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

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

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

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

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

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

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

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

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

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

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

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

5. Redemption, Purchase and Options

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

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

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

- (i) The Redemption Amount payable in respect of any Note that does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5 or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.
- (iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5 or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(d).

(c) *Redemption for Taxation Reasons:*

- (i) If, by reason of any change in French law, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 7 below and the obligation to pay such additional amounts cannot be avoided by reasonable

measures available to the Issuer, the Issuer may, at its option, and subject to the prior approval of the *Secrétariat Général* of the *Commission Bancaire* in the case of Subordinated Notes the proceeds of which constitute Tier 1 Capital, Tier 2 Capital or Tier 3 Capital, on any Interest Payment Date or, if so specified on this Note, at any time, subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 13 redeem all, but not some only, of the Notes at their Redemption Amount together with, unless otherwise specified in the Pricing Supplement, any interest accrued to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes.

- (ii) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders or Couponholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 below and the obligation to pay such additional amounts cannot be avoided by reasonable measures available to the Issuer (which measures, if they exist, the Issuer shall be obliged to take), then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 13 and subject to prior approval of the *Secrétariat Général* of the *Commission Bancaire* in the case of Subordinated Notes the proceeds of which constitute Tier 1 Capital, Tier 2 Capital or Tier 3 Capital, redeem all, but not some only, of the Notes then outstanding at their Redemption Amount together with, unless otherwise specified in the Pricing Supplement, any interest accrued to the date set for redemption 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 on this Note, at any time, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer could make payment of the full amount payable in respect of the Notes, Receipts or Coupons or, if that date is passed, as soon as practicable thereafter.

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

If so provided on the Notes, the Issuer may, subject to the prior approval of the *Secrétariat Général* of the *Commission Bancaire* in the case of Subordinated Notes the proceeds of which constitute Tier 1 Capital, Tier 2 Capital or Tier 3 Capital and to compliance by the Issuer by of all the relevant laws, regulations and directives and on giving irrevocable notice to the Noteholders falling within the Issuer's Option Period redeem, or exercise any Issuer's option in relation to, all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount together with interest accrued to the date fixed for redemption.

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

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

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

If so provided hereon, and provided that this Note is not a Subordinated Note the proceeds of which constitute Tier 1 Capital, Tier 2 Capital or Tier 3 Capital, the Issuer shall, at the option of the holder of any

such Note, redeem such Note on the date or dates so provided at its Redemption Amount together with interest accrued to the date fixed for redemption.

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

(f) Purchases:

The Issuer may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price. In the case of Subordinated Notes the proceeds of which constitute Tier 2 Capital or Tier 3 Capital, any such purchase will be subject to the prior approval of the *Secrétariat Général* of the *Commission Bancaire* (i) if it relates (individually or when aggregated with any previous purchase) to 10 per cent. or more of the principal amount of the Notes or (ii) if such purchase is made in the context of an *Offre Publique d'Achat* (OPA) or an *Offre Publique d'Echange* (OPE). In the case of Subordinated Notes the proceeds of which constitute Tier 1 Capital, any such purchase will be subject to the prior approval of the *Secrétariat Général* of the *Commission Bancaire*.

(g) Cancellation:

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

6. Payments and Talons

(a) Notes:

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

(b) Payments in the United States:

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

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

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

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

The Fiscal Agent, the Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent or the Calculation Agent and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Paying Agent having a specified office in a European city which, (A) so long as the Notes are listed on the Luxembourg Stock Exchange, shall be Luxembourg, and (B) so long as the Notes are listed on the Paris Stock Exchange, shall be Paris, (iv) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive (which may be any of the Paying Agents referred to in (iii) (A) or (B) above) and (v) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

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

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

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

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

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

(f) Talons:

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

(g) Non-Business Days:

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

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

7. Taxation

- (a) The Notes being issued (or being deemed to be issued) outside the Republic of France, 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, or any taxing authority thereof.
- (b) If French law should require that payments of principal of, or interest by or on behalf of the Issuer 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 may be necessary in order that the Noteholders, the Receiptholders or the Couponholders, after deduction or withholding of such taxes or duties, will receive the full amount then expressed to be due and payable; provided, however, that the Issuer may, in that event, redeem all of the Notes then outstanding in accordance with Condition 5(c) and provided further that no additional amounts shall be due in respect of any Note, Receipt or Coupon presented for payment:
 - (i) by a holder (or a third party on behalf of a holder) who is subject to such taxes or duties in respect of such Note, Receipt, or Coupon by reason of his having some connection with the Republic of France other than the mere holding of such Note, Receipt or Coupon; or
 - (ii) more than 30 days after the Relevant Date, except to the extent that such holder would have been entitled to such additional amounts on presenting such Note, Receipt or Coupon for payment on the last day of such period of 30 days; or
 - (iii) 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 26-27 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) by or on behalf of a holder of a Note, Coupon or Receipt who would be able to avoid such withholding or deduction by presenting the relevant Note, Coupon or Receipt to another Paying Agent in a Member State of the European Union.

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

8. Prescription

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

9. Events of Default

(a) *Unsubordinated Notes:*

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

- (i) if default is made in the payment of any principal or interest due on the Notes or any of them on the due date and such default, in the case of any payment of interest, continues for a period of 15 days or more after written notice thereof is received by the Issuer from the Fiscal Agent (and the Fiscal Agent shall be bound to give such notice forthwith upon the request of any Noteholder); or
- (ii) if the Issuer fails to perform or observe any of its other obligations under the Notes or any of them and (except where such failure is incapable of remedy when no notice will be required) such failure continues for a period of 60 days after written notice is received by the Issuer from the Fiscal Agent (and the Fiscal Agent shall be bound to give such notice forthwith upon the request of any holder of Unsubordinated Notes) specifying such default and requiring the same to be remedied; or
- (iii) if (a) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries (as defined below) for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described), or (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or ‘the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred equals or exceeds euro 15,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates); or
- (iv) the Issuer or any of its Principal Subsidiaries enters into an amicable settlement (*accord amiable*) with its creditors or a judgment is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or any of its Principal Subsidiaries or for a transfer of the whole of the business (*cession*

totale de l'entreprise) of the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries is subject to similar proceedings or, in the absence of legal proceedings, the Issuer or any of its Principal Subsidiaries makes a conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors; or

- (v) the Issuer or any of its Principal Subsidiaries sells, transfers or otherwise disposes of, directly or indirectly, the whole or a substantial part of its undertaking or assets, or the Issuer or any of its Principal Subsidiaries enters into or commences any proceedings in furtherance of voluntary liquidation or dissolution, except (a) in the case of a disposal of all or substantially all of the Issuer's assets in favour of an entity which simultaneously assumes all or substantially all of the Issuer's liabilities including the Notes (b) in the case of a disposal of all or substantially all of any such Principal Subsidiary's assets in favour of the Issuer or any other Subsidiary of the Issuer or in connection with a merger or reorganisation of the Issuer, when the Issuer has received at least 30 days prior to the effective date of such merger or reorganisation, certificates issued by Moody's France S.A. and Standard & Poor's-ADEF or their successors or any other major rating agency stating that the Notes will maintain a rating by such agencies immediately following such merger or reorganisation at least as favourable as the rating maintained for the Notes (or, if none, for long term indebtedness of the Issuer) prior to such merger or reorganisation.
- (vi) For the purposes of this Condition 9:

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

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

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

(b) Subordinated Notes:

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

10. Meetings of Noteholders and Modifications

(a) Meetings of Noteholders:

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to

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

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

(b) Modification of Agency Agreement:

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

11. Replacement of Notes, Receipts, Coupons and Talons

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

12. Further Issues

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

13. Notices

Notices to the holders of Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and so long as the Notes are listed on the Paris Stock Exchange

and so long as the rules of that exchange so require, in a daily newspaper with general circulation in Paris (which is expected to be *La Tribune*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe and, so long as the Notes are listed on the Paris Stock Exchange and the rules of that Stock Exchange so require, in a French language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

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

14. Contract (Rights of Third Parties) Act 1999

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

15. Governing Law and Jurisdiction

(a) Governing Law:

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

(b) Jurisdiction:

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

(c) Service of Process:

The Issuer irrevocably appoints Crédit Industriel et Commercial, Veritas House, 125, Finsbury Pavement, London EC2A 1NQ as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 13. Nothing shall affect the right to serve process in any manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the “**Common Depository**”), Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid, and, in the case of Notes held through Euroclear France, the “*intermédiaires financiers habilités*” (French credit establishments or investment firms authorised to maintain securities accounts on behalf of their clients (each an “**Approved Intermediary**”)) who are entitled to such Notes according to the records of Euroclear France will likewise credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Relationship of Accountholders with Clearing Systems

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

Exchange

1. Temporary Global Notes

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

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

2. Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Notes”, in part for Definitive Notes:

- (i) unless principal in respect of any Notes is not paid when due, by the Issuer giving notice to the Noteholders and the Fiscal Agent of its intention to effect such exchange
- (ii) if the relevant Pricing Supplement provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange and
- (iii) otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an “**Alternative Clearing System**”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so and that no alternative clearing system reasonably satisfactory to the Issuer is available within 14 days or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

3. Partial Exchange of Permanent Global Notes

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

4. Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate principal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes. In this Offering Circular, “**Definitive Notes**” means, in relation to any Global Note, the definitive Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

5. Exchange Date

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

Modifications of the Conditions of the Notes while in Global Form

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

1. Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 6(d)(iv) and 7(b)(iv) will apply to Definitive Notes only.

2. Prescription

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

3. Meetings

The holder of a permanent Global Note shall (unless such permanent Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each minimum Denomination of Notes for which such Global Note may be exchanged.

4. Cancellation

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

5. Purchase

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

6. Issuer's Option

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

7. Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the principal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation.

8. Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 9 by stating in the notice to the Fiscal Agent the principal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 5 July 2004 to come into effect in relation to the whole or a part of such Global Note in favour of the persons entitled to such part of such Global Note as accountholders with a clearing system or in the case of Euroclear France, Approved Intermediaries. Following any such acquisition of direct rights, the Global Note will become void as to the specified portion.

9. Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and so long as the Notes are listed on the Paris Stock Exchange and the rules of that exchange so require, notices in respect of

such Notes shall also be published in a daily newspaper having circulation in Paris (which is expected to be *La Tribune*).

10. Partly-paid Notes

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

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for the general corporate activities of the Issuer.

CAPITALISATION AND LONG-TERM INDEBTEDNESS OF BFCM

The following table sets out unaudited consolidated and non-consolidated capitalisation and long-term indebtedness of the Issuer as at 31 December 2003:

	Non- Consolidated (Audited)	Consolidated (Audited)
	<u>(euro millions)</u>	<u>(euro millions)</u>
Shareholders' equity		
Capital	1,302.19	1,302.19
Reserves	1,167.38	3,575.14
Net worth of which		
Total shareholders equity	2,469.57	4,128.62
Minority Interests	(0)	748.71
Debentures and notes ⁽¹⁾	5,405.08	6,464.92
Subordinated debt	1,836.40	3,686.79
Total capitalisation and medium- and long-term indebtedness (including minority interests)	<u>9,711.05</u>	<u>15,029.04</u>

Note:

(1) Since 31 December 2003, the following medium- and long-term debt has been issued as at 30 June 2004:

Maturity	Currency	Nominal
2005.....	Euro	300,000,000
2010.....	Euro	103,300,000
2006.....	Yen	11,000,000,000
2006.....	Euro	100,000,000
2009.....	Euro	105,000,000
2006.....	Euro	100,000,000
2015.....	Euro	300,000,000
2007.....	Euro	5,000,000
2005.....	Yen	10,460,700,000
2011.....	Euro	500,000,000
2005.....	Euro	3,286,400
2009.....	Euro	7,000,000
2005.....	Euro	2,997,560
2004.....	Euro	8,000,000
2005.....	Euro	11,000,000
2008.....	Euro	4,000,000
2005.....	Euro	9,500,000
2011.....	Livre Sterling	125,000,000
2005.....	Euro	3,000,000
2014.....	Euro	150,000,000
2005.....	Euro	3,000,075
2006.....	Livre Sterling	105,000,000
2005.....	Euro	100,000,000
2009.....	Euro	7,000,000
2011.....	Euro	300,000,000
2009.....	Euro	4,670,000
2004.....	Euro	8,000,000
2004.....	Euro	8,000,000
2004.....	Euro	3,034,500
2009.....	Euro	8,500,000
2004.....	Euro	10,293,000
2004.....	Euro	8,000,000
2014.....	Euro	50,000,000
2008.....	Euro	3,000,000
2014.....	Euro	400,000,000
2008.....	Euro	3,000,000
2005.....	Euro	10,000,000
2011.....	Livre Sterling	30,000,000
2007.....	Euro	38,000,000
2014.....	Euro	50,000,000
2014.....	Euro	15,000,000
2005.....	Livre Sterling	32,000,000
2007.....	Dollar US	6,150,000
2009.....	Dollar US	3,000,000
2009.....	Dollar US	3,000,000
2009.....	Euro	3,000,000
2007.....	Euro	3,000,000
2010.....	Euro	25,000,000
2010.....	Euro	25,000,000
2006.....	Euro	50,000,000
2006.....	Euro	300,000,000

Save as disclosed above there has been no material change to the consolidated or non-consolidated capitalisation of the Issuer since 31 December 2003.

BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL

Overview

Banque Fédérative du Crédit Mutuel (the “Issuer” or “BFCM”) is a *société anonyme* (a form of limited liability company) established in accordance with the French *Code de Commerce* with a term expiring, unless extended, on 1 June 2032. It is registered in the *Registre du Commerce et des Sociétés* of Strasbourg under reference No. 355 801 929. Its registered office is at 34 rue du Wacken, 67000 Strasbourg.

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

BFCM forms part of the Crédit Mutuel Centre Est Europe Group (and, together with the Crédit Mutuel Sud-Est Group and the Crédit Mutuel Ile de France referred to below, the “CEE Group”), which forms part of the French mutualist banking group, the Crédit Mutuel group (the “Crédit Mutuel Group”). The CEE Group operates in 29 *départements* in eastern France (covering the Alsace, Lorraine, Franche-Comté, Bourgogne, Champagne and Lyon) and Ile de France regions and is the largest regional banking group in France, with around 3.5 million clients and 573 local branches.

BFCM conducts certain activities in its own right, which include acting as central treasury to the CEE Group and undertaking capital and money market activities on behalf of the CEE Group as well as providing financing to a number of its customers. As a holding company, BFCM coordinates and develops the BFCM Group’s business activities which are mainly banking and insurance. In particular, in April 1998, BFCM was chosen by the French government to acquire, on behalf of the Crédit Mutuel Group, a 67 per cent. shareholding in Compagnie Financière de CIC et de l’Union Européenne (“UE-CIC”), the holding company of the CIC group (the “CIC Group”) which is a commercial banking network of 8 mainly regional banks active throughout France and with international branches in New York, London and Singapore. BFCM and its subsidiaries are together referred to as the “BFCM Group”.

Selected Key Financial Data

The following table shows selected key financial data for the BFCM Group for the two years ended 31 December 2002 and 2003. The audited information has been extracted or derived from the audited consolidated financial statements of the relevant group and the notes thereto. The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the Consolidated Financial Statements included elsewhere or incorporated by reference in this Offering Circular.

	31 December 2003	31 December 2002
	BFCM Group	BFCM Group
	<i>(in euro millions)</i>	<i>(in euro millions)</i>
<i>Total balance sheet</i>	234,636.87	238,369.16
Shareholders’ equity	4,877.33	4,453.95
Outstanding deposits	51,643.35	48,905.42
Net banking income	4,455.34	4,030.62
Gross operating income	1,696.54	1,330.23
Net income	612.31	415.34

History

BFCM was originally founded in Metz on 1 June 1933 as Banque Mosellane, and adopted the name Banque du Crédit Mutuel Lorraine in 1966.

BFCM forms part of the CEE Group, the current structure of which is a result of a number of reorganisations over the past few years.

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

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

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

In April 1998, BFCM was chosen by the French government as the purchaser of 67 per cent. of UE-CIC, a company incorporated in 1859 and nationalised in 1982 and the holding company of the CIC Group. The acquisition of the CIC Group by BFCM was made on behalf of the Crédit Mutuel Group, and for this purpose, the share capital of BFCM was increased to euro 188,847,477.81. The acquisition by BFCM of UE-CIC was effected through the transfer by UE-CIC on 27 April 1998 of 19,191,200 of its "A" shares. BFCM subsequently proceeded with a simplified alternative public offer for exchange or purchase of privileged investment certificates (*Certificats d'Investissement Privilégiés*) ("CIP") of a nominal value of euro 15.24 each, to BFCM, increasing the interest of BFCM in UE-CIC to 68.02 per cent. as at 30 June 1998.

In 1999, the Caisse Centrale du Crédit Mutuel purchased a one per cent. share in the holding company of the CIC Group from BFCM, reducing the interest of BFCM to 67.82 per cent. in the holding company of the CIC Group as at 31 December 1999.

In 2001, the Ile de France Federation entered into an agreement with the Centre Est Europe Federation. Under this agreement, the Centre Est Europe Federation will support the Ile de France Federation in relation to strengthening its commercial development and increasing profitability. According to this Agreement, the Caisse Fédérale du Crédit Mutuel Centre Est Europe also became the common Caisse Fédérale for the Ile de France Federation. CEE Group now has a presence in 29 departments in Eastern France and Paris regions.

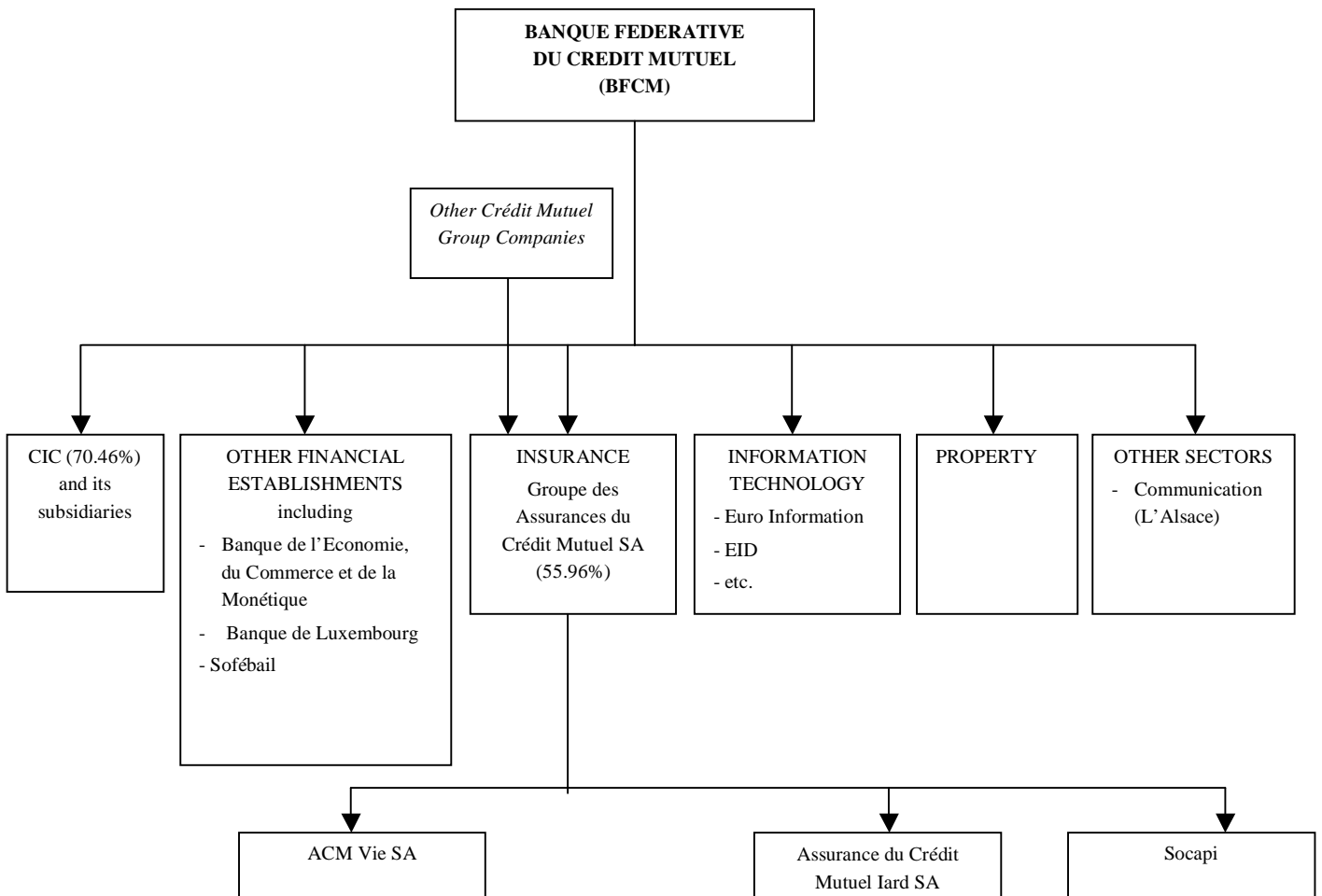
Share Capital

As at 31 December 2003, the total issued share capital of the Issuer amounted to euro 1,302,192,250 divided into 26,043,845 fully paid up shares of euro 50 each, all of the same category (ordinary shares), following a share capital increase of euro 5,710,700 agreed by the shareholders' meeting on 7 May 2003 in order to remunerate the share contribution of Banque Crédit Mutuel Ile de France by the Caisse Régionale de l'Ile de France. There is no limitation on the share capital which can be issued by the Issuer.

Currently, 94.98 per cent. of the Issuer's share capital is held by the Caisse Fédérale du Crédit Mutuel du Centre Est Europe. The remaining shares in the Issuer are held by the Fédération du Crédit Mutuel du Sud-Est, the Fédération de Crédit Mutuel d'Ile de France and the *caisses locales* of the Centre Est Europe, the Sud-Est and Ile de France Federations in accordance with a provision in the Issuer's Articles of Association (*statuts*) which state that only *caisses locales*, co-operatives and mutual entities within the Centre Est Europe, Sud-Est Federations and Ile de France or Caisses Fédérales of other Federations within the Crédit Mutuel Group and Caisse Centrale du Crédit Mutuel or members of the Board of Directors of the Issuer may hold its shares and transfers may only be made between such parties.

The BFCM Group

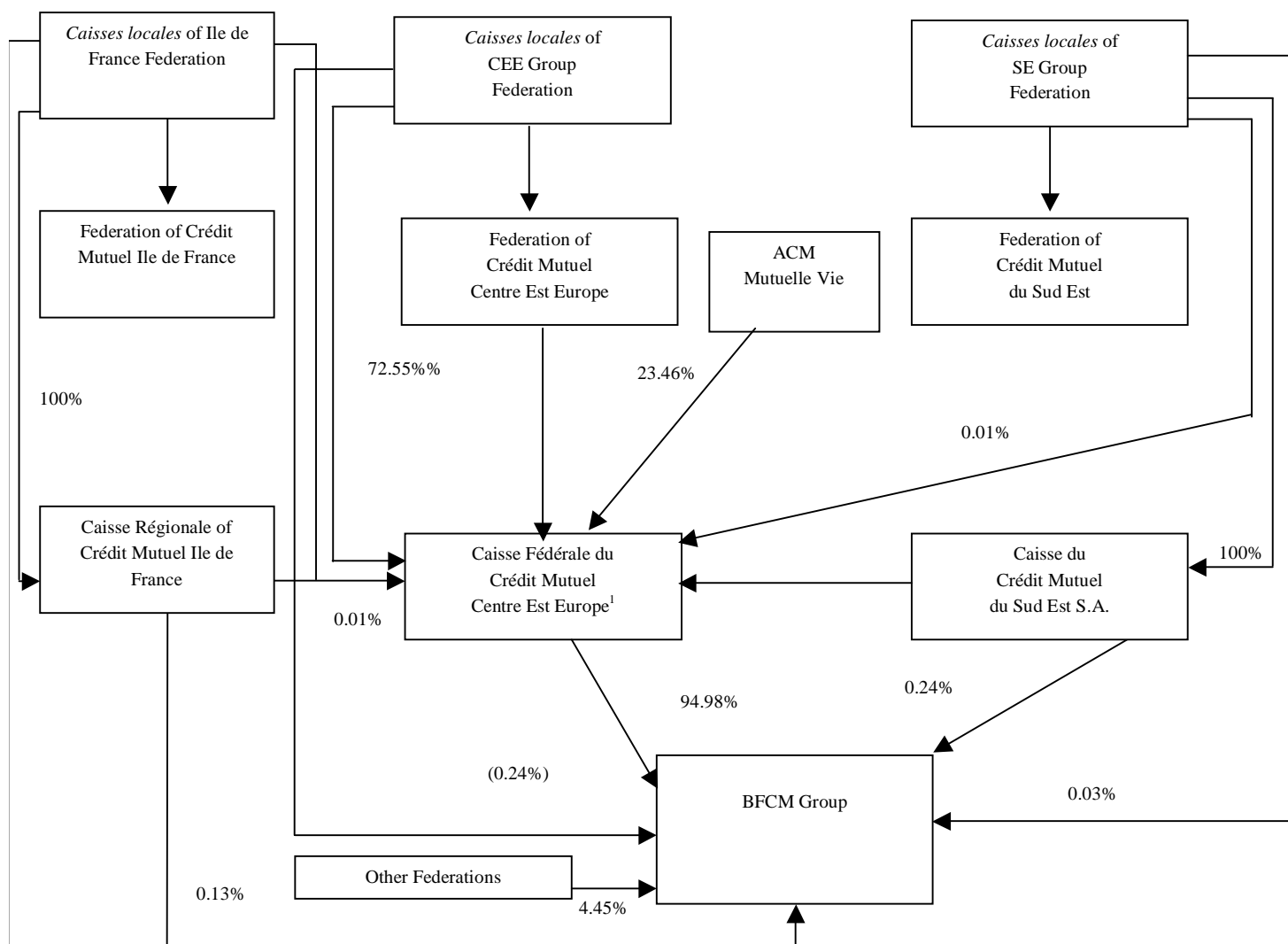
The following diagram shows the structure of the BFCM Group as at 31 December 2003:



BFCM is held as to 94.98 per cent. by the CEE Group's central clearer, Caisse Fédérale du Crédit Mutuel Centre Est Europe, which is a banking co-operative (*société coopérative ayant la forme de société anonyme*) and is the common *Caisse Fédérale* for the Centre Est Europe Federation, the Sud-Est Federation and the Ile de France Federation.

The BFCM Group forms part of the CEE Group. The following diagram shows the structure of the CEE Group as at 31 December 2003:

The CEE Group



Note:

(1) Joint *Caisse Fédérale* for Centre Est, Sud-Est and Ile de France Federations since 1 January 2002.

Organisation

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

At the **local level**, the Crédit Mutuel Group comprises approximately 1,890 local branches (*caisses locales*) which are co-operatives with variable capital and limited liability (*sociétés co-opératives de crédit à capital variable et à responsabilité limitée*), financially independent credit institutions subject to the provisions of the Banking Law, or registered co-operatives with limited liability (*sociétés co-opératives inscrites à responsabilité limitée*). These *caisses locales* are owned by the *sociétaires*, customers of the branches who have a right to vote at general

meetings. The *caisses locales* control all the entities which constitute the various sub-groups within the Crédit Mutuel Group, including in the case of the CEE Group, BFCM. The CEE Group comprises 573 of these 1,890 *caisses locales*.

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

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

BFCM's Activities

Within the framework described in "Organisation" above, BFCM has certain activities in its own right as well as its holding company activities.

BFCM

BFCM acts as the **central treasury** to the CEE Group and as such is responsible for procuring its long term financial resources and for ensuring refinancing (including lending, structured finance, portfolio management and financial engineering). Other sub-groups within the Crédit Mutuel Group also entrust BFCM with their treasury operations. Since 2000, eight of these other sub-groups signed relevant agreements with BFCM.

As an extension to its role of central treasury, BFCM hedges interest rate and exchange risks for the whole CEE Group and it places the funds of the CEE Group on deposit in the capital and money markets.

The majority of BFCM's financial resources originate from deposits collected by the network of *caisses locales*, via the *Caisse Fédérale*. These deposits increased by 7.6 per cent. compared to 2002, to euro 28.7 billion in 2003. Equity funds are added to these deposits by the *Caisse Fédérale* and other credit institutions. In 2003, BFCM refinanced loans granted by the *caisse locales* for a total amount of euro 25.4 billion and funded euro 9.5 billion of employment posts within the CEE Group. BFCM also provided euro 3.8 billion to Banque de l'Economie du Commerce et de la Monétique and euro 7.3 billion to various CIC entities.

In addition to receiving funds from the *caisses locales* and equity funds from the *Caisse Fédérale* and other credit institutions, BFCM raises money in the **capital and money markets** on behalf of the CEE Group. To this end, it issues in the domestic market bonds and negotiable credit instruments and also borrows in the interbank market through its two foreign branches (in Luxembourg since 1998 and in Frankfurt since September 1999), in euros or in dollars. In April 1999 BFCM established a Euro Medium Term Note Programme for medium and long-term funding. The aggregate principal amount of Notes outstanding under this Programme will not at any time exceed euro 15 billion (or the equivalent in other currencies at the date of issue).

In September 2003, BFCM issued euro 500 million subordinated Notes. in order to fund bonds of Crédit Industriel et Commercial which redeemed early perpetual notes issued in USD.

BFCM is also involved in trading securities (*billets de trésorerie, certificats de dépôts, bons à moyen terme négociables, bons du trésor*) and a hedging policy against exchange and interest rates on behalf of clients. To diversify and optimise access to the financial markets, a Euro Commercial Paper (ECP) Programme was arranged in April 2002. Initially limited to euro 1.5 billion, the aggregate principal amount of Notes and Certificates of Deposit (CDs) outstanding under this Programme will not at any time exceed euro 6 billion (or the equivalent in other currencies at the date of issue).

BFCM and CIC operate together as “CMCIC” on the primary bond market; having acted as lead managers on three issues and as members of a syndicate on a further fifteen issues

BFCM was appointed to represent CMCIC in Paris Net Settlement System, in the German Real Time Gross System + and in the euro Banking Association for 2002. In 2001, a common Bank Identified Code (BIC), CMCIC, was created in order to restructure the SWIFT code for CEE Group and CIC Group.

The annual amount of electronic money flowing in the system amounted to euro 11.4 billion for its own account and on behalf of its banks customers in 2003.

As part of the effort to merge CM and CIC information systems, the Kondor + application for monitoring market risk was installed in 2003. The activities of the front desk are concluded within interest rate, currency liquidity and counterparty risk limits set by the Board of Directors. Compliance with these limits is monitored on a daily basis.

In 1999, BFCM adopted a system for calculating and controlling the value of risk in its capital and money market activity. As at 31 December 2003 equity requirements, as defined by the Capital Adequacy Directive (CAD), amounted to euro 97.7 million. Value at Risk (VaR) is calculated according to an analytic approach. The maximum potential loss at 31 December 2003 was estimated at euro 14.9 million with a 99 per cent. confidence level.

In conjunction with other BFCM Group entities, BFCM has developed expertise in securities’ custody and payment systems for its customers, including those in the Crédit Mutuel Group.

BFCM and CIC completed their efforts to coordinate their activities by setting up a single sales force relying on the pooled resources resulting from this stepped-up, systematic integration of all CMCIC skills and expertise into the product range. In 2003, the economic situation remained challenging throughout the year and led to a continued rise in risks in the large corporate segment. Nevertheless, a pro-active approach to risk management succeeded in keeping this under control. At the same time a dynamic sales strategy was aimed at strengthening the diversification of the portfolio and increased efforts in the areas of services and financial engineering led to growth in fee income.

BFCM Group

As a holding company the most significant movements affecting BFCM’s subsidiaries and participations were as described below:

- Banque du Crédit Mutuel Ile de France was spun off as a separate subsidiary for euro 19,040,589. The bank’s activities were reorganised with a view to integrating them into BFCM Group’s business line divisions;
- CM-CIC Bail: prior to the transfer of its Fédébaïl shares to CIC, BFCM purchased 13,361 shares of its 92 per cent.-owned subsidiary specialised in equipment leasing from two other Caisses Fédérales for euro 538,047. After the takeover of Fédébaïl, Bail-Equipement changed its name to CM-CIC Bail;
- Crédit Mutuel Participations (CMP): CMP’s assets under management increased by 25 per cent. in 2003, from euro 482 million to euro 603 million. Changes in legislation involved a legal restructuring of the employee savings business line and correlatively of the legal status of CMP. Previously classified as a fund management company CMP is now an account-holding and share-custody company (*teneur de comptes et conservateur de parts – TCCP*). Credit Mutuel Finance is a fund management company approved for the management of company savings funds (FCPE). This change has required that CMP obtains the status of an investment company and it has increased its capital to euro 3,840,000. BFCM subscribed for a total of euro 1,968,000. As at 31 December 2003, BFCM held 51 per cent. of the share capital of CMP.
- Caisse de Refinancement de l’Habitat: as part of CRH’s annual share capital adjustment, BFCM subscribed for 132,086 additional shares for euro 2,082,996, increasing its share from 4.5 per cent. to 7.1 per cent.

In its role as a **holding company**, BFCM coordinates and develops the BFCM Group’s business activities undertaken through its minority and majority holdings in a variety of financial, insurance, real estate and service companies. The main activities of the BFCM Group are financial and insurance as described below under the headings “Activities of the CIC Group”, “Activities of BFCM’s financial establishments” and “Insurance Activities of GACM and its subsidiaries”. As regards the activities of the CIC Group, these are provided to the market generally whereas the activities of what was the BFCM Group prior to its acquisition of the CIC Group are provided primarily to entities within the Crédit Mutuel Group.

Activities of the CIC Group

BFCM acquired a 67 per cent. shareholding in UE-CIC, the holding company of the CIC Group, in April 1998. The shares of UE-CIC have been listed on the Paris Stock Exchange since June 1998.

At the end of 1999, the regional bank “CIC Paris” was absorbed by the UE-CIC, the holding company of the CIC Group, in order to restructure the activities of their headquarters. The holding company of the CIC Group adopted the name “Crédit Industriel et Commercial”.

Further to an agreement dated 12 September 2001, Crédit Industriel et Commercial, CEE Group, “*Groupement des Assurances Nationales*” (“GAN”) and GROUPAMA resolved to terminate a shareholders’ agreement between BFCM and GAN and a general agreement between GAN and CIC dated 8 July 1987 without any mutual compensation. All reciprocal claims and disputes were withdrawn. Accordingly BFCM purchased through Ventadour Investissement (a wholly owned subsidiary of BFCM), the 23 per cent. held by GAN.

GAN sold to CIC a 45 per cent. holding in SOCAPI (a joint life insurance subsidiary owned by GAN and CIC) and a 55 per cent. holding in SERENIS (a health insurer and multi-risk home insurer jointly owned by GAN and CIC).

In January 2002 GACM acquired a 90 per cent. share in the company SERENIS and has an entire controlling interest in SERENIS.

On 17 December 2002, the Supervisory Board of CIC and the Board of Directors of Banca Popolare di Milano – the fourth largest mutual bank in Italy and the country’s fourteenth largest banking institution by size – agreed to exchange letters of intent fixing the principles for a future commercial and strategic alliance. The objective is to launch a range of services that will be marketed in the banks’ respective territories with a view to expanding at European level.

As at 31 December 2003, BFCM held (directly or indirectly) 92 per cent. of the share capital of Crédit Industriel et Commercial.

Highlights for 2003 can be summarised as follows:

-A shared information system used by nearly the entire CIC Group:

The shared information system now covers 80 per cent. of the group’s activities following the migrations of Lyonnaise de Banque, of Crédit Industriel de l’Ouest, Banque Régionale de l’Ouest and Société Bordelaise in 2003. The shared system has proven to be approximately 15 per cent. less expensive than the previous system both in terms of its operation and in terms of overheads. Migrations of Crédit Industriel d’Alsace et Lorraine, Société Nancéienne Varin Bernier and Banque Transatlantique are scheduled for 2004.

- A streamlined and simplified organisation:

when it was privatised in 1998, CIC Group’s organisation was highly fragmented, with redundant structures and a large number of subsidiaries. Its structure can now be defined in terms of three concentric circles:

the core consists of its regional network which is divided into two departments – retail and corporate (SME) – with CIC in Ile de France in the lead position and five other well-defined regional divisions:

- southeast with Lyonnaise de Banque,
- southwest with Société Bordelaise,
- west with Crédit Industriel de l’Ouest and Banque Régionale de l’Ouest,
- north with Banque Scalbert Dupont and Crédit Industriel de Normandie,
- east with Société Nancéienne Varin Barnier and Crédit Industriel d’Alsace et de Lorraine ;

the first ring consists of the single-subsiary business line providing direct support that are responsible for developing and managing the products distributed by the network. These subsidiaries are gradually taking on a common identity throughout the entire CM-CIC group, with their names and banners including the “CM-CIC” acronym as often as possible. This was the case in 2003 with CM-CIC Bail and CM-CIC Lease (both in property leasing) and CM-CIC Titres (securities services);

the second ring includes those business lines that, while of a complementary nature, are nonetheless needed to provide a complete product range and ensure technical and new product momentum for all

of CIC Group' activities. These business lines are focused on corporate and investment banking services (large corporate clients, specialised financing, capital market activities, international activities and financial intermediation), private asset management at the domestic and international levels and private equity investing.

The CIC Group is engaged in a full range of banking, financial and related activities and operates throughout France, and outside France through a network of subsidiaries, branches, representative offices and a number of shareholdings.

The profit and loss account reflects the structural improvements made to the group's operations and highlights its capacity to weather an unfavourable economic environment.

Investments made since 1999 have been financed out of cash flow. Focused on the commercial network, information systems and the development of common tools, these investments have resulted notably in the opening of new branches and the recruitment of additional staff, mainly salesmen. They also enabled CIC to post good performances, notably in retail banking. At the same time, the group's activities made a positive contribution to the group's results in France and abroad.

Net banking income increased by 7.8 per cent. to euro 3.66 billion in 2003. Overheads increased by 1 per cent. to euro 2.46 billion despite the exceptional costs resulting from the IT system migrations.

Despite the difficult economic environment, the cost of risk declined by 5.7 per cent. to euro 328 million and represents 0.52 per cent. of loans outstanding.. Total net profit before transfer to the Fund for General Banking Risks (FGBR) (see note 3.6 in *Notes to BFCM Consolidated Financial Statements* below) amounted to euro 564 million, an increase of 16.2 per cent. over 2002. After the euro 80 million allowance to the FGBR and deducting minority interests in the profit, the group's share of the net profit increased by 21.6 per cent. to euro 462 million in 2003, up from euro 380 million in 2002.

Shareholders' equity, including the FGBR, increased by 9.5 per cent. to euro 4.9 billion at 31 December 2003, up from euro 4.5 billion the previous year. The FGBR does not cover any contingent liabilities or off balance sheet commitments. At the year end, this fund amounted to euro 689 million. At consolidated level, return on equity (excluding minority interests) reached 12.2 per cent. in 2003 compared with 10.8 per cent. in 2002.

The CIC European Solvency Ratio calculated by reference to core capital, also known as Tier One capital, improved to 6.7 per cent. from 4.8 per cent. in July 1998. The credit ratings agencies, Fitch Ratings and Moody's, provided official recognition for this positive momentum by upgrading the ratings of CIC to A+ and A1, respectively.

The CIC Group operates through its wholly-owned regional banks (Banque Bonnasse, Banque CIAL, Banque CIN, Banque CIO, Banque Régionale de l'Ouest, Banque Scalbert Dupont, Banque SNVB, Lyonnaise de Banque and Société Bordelaise) (the "**Regional Banks**"), each of which operates within its own specific geographical area in France as well as through several majority controlled specialised subsidiaries in leasing, commercial and finance and venture capital. CIC also operates through international branches in New York, London and Singapore, which it directly manages whilst it manages its international network of representative offices in conjunction with the Regional Banks. In addition, a number of subsidiaries provide specialised services to certain members of the CIC Group to which they are affiliated (notably, to Bank CIAL in Switzerland and to Banque de Luxembourg in Luxembourg). In addition, there are a number of subsidiaries jointly held by the members of the CIC Group, which provide specialised banking and non-banking services.

Banking Activities

CIC's regional banking network carries out a full range of commercial banking activities. For its corporate customers it provides a wide selection of deposit and credit facilities in a variety of major currencies. Loans and advances to customers increased by 2.4 per cent. to euro 60.5 billion. At the same time, customers' bank deposits taken by the CIC Group increased by 6.8 per cent. in 2003 compared to the same period in 2002, to euro 48.6 billion as at 31 December 2003.

Capital markets, Investment banking and Portfolio management

The CIC Group also provides export financing, various types of medium and long term loans (both directly and through syndicated credits) including equipment, development financing and leasing. For its retail customers, the

CIC Group provides (in addition to normal deposit and loan facilities) mortgages, time and savings deposits, consumer loans, collection and safekeeping services, as well as a range of loan and account management services including automated banking services. Managed savings increased by 7.8 per cent. to euro 123.8 billion.

The CIC Group offers a range of global services to institutional and corporate clients in France and abroad, particularly in the fields of French Treasury Bonds and derivative products.

A broad range of corporate finance services are also available to CIC's clientele including traditional leasing facilities (undertaken principally by CIC's subsidiary Bail Equipement), management and underwriting of rights issues with BFCM (see above BFCM) and listing on the Paris and regional stock exchanges, and advice on mergers, acquisitions and leveraged management buyouts. Management of securities portfolios has also been undertaken by the CIC Group for many years.

The CIC Group has SICAVs (open ended investment funds) which include general purpose funds and specialised funds concentrating on particular instruments or geographic markets and Fonds Communs de Placement (mutual funds) ("FCPs") which are characterised by a greater degree of specialisation in all types of investments (including such diversified fields as venture capital participation). The CIC Group also manages or co-manages off-shore funds.

A number of CIC Group entities engage in capital market activities, including the holding company Crédit Industriel et Commercial. Crédit Industriel et Commercial conducts its capital market activities both in Paris and through its branches in London, Singapore and New York, as well as through its subsidiary CIC Securities .

International Banking

In developing its international activities, the CIC Group benefits from its presence in important financial centres (New York, London, Singapore, Luxembourg) and a wide network of representative offices worldwide. Uniquely international activities or uniquely local activities of CIC Group branches in London, Singapore and New York were progressively substituted by financing projects for French affiliate companies that were connected with the headquarters of the CIC Group.

In addition, CIC has capitalised on its representative offices to offer a full range of commercial, administrative and information services to its clients (especially small and medium-sized companies) wishing to initiate or increase their business abroad).

Activities of BFCM's financial establishments

BFCM provides the CEE Group with general and specialised banking services through its various financial services subsidiaries. One of BFCM's main subsidiaries, Banque de l'Economie du Commerce et de la Monétique (BECM), which is wholly owned by BFCM, specialises in corporate and business banking, mainly for medium and large sized companies. BECM has 28 branches as well as a representative office in Frankfurt. BECM recorded 7.7 per cent. decrease in net accounting income to euro 20.8 million, compared to euro 22.4 million in 2002. The granted credits (with accrued interest) levelled off at euro 4.9 billion. BECM also improved its coverage by opening a branch in Bordeaux for financing property development. At the end of the year, BECM increased its capital by euro 15 billion with BFCM, its sole shareholder, subscribing the entire amount.

The BFCM Group also includes leasing companies, such as Sofébaïl based in Strasbourg, which provide their services to companies and professionals.

Sofébaïl developed a real estate leasing activity. Its production increased by 62 per cent. and recorded new leasing commitments of euro 57.6 million despite a lacklustre economy and a French commercial property market that declined by more than 5 per cent. Sofébaïl financial result post-tax profits amounted to euro 3.9 million, an increase of 30 per cent.

Crédit Mutuel Finance (CMF) financial assets increased by 19 per cent. to euro 13.1 billion compared to euro 11.1 billion in 2002, outpacing the market's growth of 13 per cent. Crédit Mutuel Finance turnover reached euro 33.3 million and it had a post-tax profit amounting to euro 1.5 million. In 2003, Crédit Mutuel Finance carried on its strategy of adapting its product range to market and regulatory changes, working closely with the Crédit Mutuel Fédérations that distribute its products. Investors thus benefited from new provisions for equity-savings plan (PEA) eligibility for mutual funds invested in European equities. The range of "Social Active" funds developed in

conjunction with *Crédit Mutuel Participation* and *CIC Epargne Salariale* was approved by the Inter-Federation Committee for Employee Savings (*Comité Intersyndical de l'Epargne Salariale*). In June, CMF made a timely introduction of its *CM Taux Variable* fund as bond yields reached a low point. In the final quarter of the year, CMF successfully launched its new high-technology mutual fund (*FCPI*), *CM Innovation 3*, to meet recurring demand from high net worth clients. In both the second and fourth quarters, "formula funds" were introduced for customers interested in earning a share of market gains while taking little or no risk.

Mutuel Bank Luxembourg carries out private banking for high net worth individuals. While the number of customers increased by 4.5 per cent., asset management increased by 15 per cent. given the improvement in the stock market beginning in the second half of 2003. Net bank output amounted to euro 3.4 million compared to euro 3.2 million in 2002.

Banque de Luxembourg: Owing to the improvement in the stock market in the second half of 2003, this private bank, that serves local and European customers, reported a post tax profit of euro 49.4 million as at 31 December 2003.

Insurance Activities of GACM and its subsidiaries

As at 31 December 2003, the total balance sheet amounted to euro 1,194 compared to euro 1,137 million in the same period in 2002 and its shareholdings amounted to euro 1,158 million compared to euro 1,093 million as at 31 December 2002. GACM recorded a net profit of euro 55.83 million compared to euro 20.2 million in 2002. The BFCM Group's insurance activities are grouped together as a sub-group controlled by GACM, the holding company, which is held as to 55.96 per cent. by BFCM, with various other Federations holding the remaining shares.. GACM controls, in particular, *Assurances du Crédit Mutuel IARD S.A.*, *Assurances du Crédit Mutuel Vie S.A.*, *SOCAPI* and *SERENIS* (previously subsidiaries of the *CIC Group*), the principal insurance companies. GACM has expanded through consistent internal growth and following the conclusion of partnership agreements with other Federations within the *Crédit Mutuel Group*. Agreements with *Crédit Mutuel Nord* led to the launch in 1997 of *Assurances de Crédit Mutuel Nord IARD S.A.*, which is held jointly by *Crédit Mutuel Nord* and GACM (the shareholding of GACM in *ACM Nord IARD SA* amounted to 49 per cent. in 1999). In addition, in 1999 GACM issued shares in *Suravenir Assurances*, an insurance company, which is a joint subsidiary between the GACM and *la Fédération du Crédit Mutuel de Brest, Bordeaux and Clermont Ferrand*. GACM maintained the same level of shareholding in *Suravenir Assurances*.

GACM also owns respectively a 10 per cent. share in some non-life insurance subsidiaries of *Mouvement Desjardins* in Canada:

- *La Personnelle* (insurance company of Canada),
- *La Personnelle* (general insurance),
- *Certas Direct* (insurance company)

During 2003, GACM notably:

- followed *ICM Life's* capital increase by subscribing for all 750 new shares issued for euro 1,350,000, thereby increasing its share of equity from 84.93 per cent. to 89.96 per cent.;
- purchased 224 shares in *ICM Life* for euro 403,200 from *ICM Ré*, increasing its share of *ICM Life's* equity to 99.92 per cent.;
- purchased 80,000 shares in *ACM IARD S.A* (one per cent. of its equity) for 12,520,000 from *Caisse Fédérale du Crédit Mutuel de Maine Anjou et Basse Normandie*,
- took a 20 per cent. interest for euro 60,000 in *Eurogestion de Documents et de Services*, a company founded for the purpose of developing electronic document management.

The GACM sub-group provides its insurance products to the *caisses locales* of most of the Federations for distribution and distributes these products through certain specialised subsidiaries of GACM, such as *Procourtage* and *Assurances du Sud*.

Assurances du Crédit Mutuel IARD S.A. ("IARD S.A.")

IARD S.A. is a French health insurer and is also involved in vehicle insurance and multi-risk home insurance. *IARD S.A.* also holds minority interests in various foreign insurance companies: *Desjardins Assurances Générales*

Inc.(formerly Ass. Générales des Caisses Des jardins) (Canada), Sebrok Correduria de Seguros (Spain) and Sa Nostra Vida (Spain).

Among new insurance products, car breakdown with immobilisation insurance contracts were successfully issued in 2003. Turnover amounted, to euro 1,133.2 million, compared to euro 1,094.7 in 2002.

Assurances du Crédit Mutuel Vie S.A. (“Vie S.A.”)

Vie S.A., a wholly-owned subsidiary of GACM, specialises in savings insurance and retirement insurance through both individual and group life insurance.

In 2003 the up turn in the share market resulted in an increase of subscription; nevertheless the guarantee yield products were more successful.

As at 31 December 2003, turnover amounted to euro 1,566 million compared to euro 1,539 million in 2002.

Socapi Socapi specialises in savings insurance and retirement insurance. However, unlike Vie SA's, it benefits from the CIC Group network. The range of the products it offers was widened.

Télévie

Télévie is a life insurance company that was bought by GACM in 2002. Its activity is to provide custom-made contracts to CEE Group and CIC Group customers. As at 31 December 2003, turnover amounted to euro 84.2 million.

GIE ACM

GIE (*Groupement d'intérêt économique* – Intercompany partnership) ACM was created with effect from 1 January 2002. Its principal object is the management of services and resources common to its members.

Assurances du Sud

Owing to a significant development of health insurance, turnover increased from 38.6 per cent. to euro 77.5 million in 2003, compared to euro 55.9 million in 2002. This turnover benefited from brokers' distribution network.

Other Activities of the BFCM Group

The BFCM Group is peripherally involved in property, information technology and services.

Property

The BFCM Group is peripherally involved in various activities relating to real estate through its subsidiaries, (which include real estate leasing companies such as Sofébaïl) in connection with Crédit Mutuel's traditional banking activities.

Information Technology and Services

The Issuer has a 16.35 per cent. holding in Euro Information, an information technology company which provides services to other Federations and to third parties, which is the holding company of specialised computing companies and is responsible for the Centre Est Group's technological development, including the design of new payment mechanisms. As at 31 December 2003 net profit amounted to euro 22.4 million.

It also has a 22.8 per cent. holding in the newspaper “Alsace” and a 50 per cent. holding in another company which in turn controls 55 per cent. of that newspaper.

Recent Developments

On 15 April 2004, the respective Boards of Directors of ACM Vie S.A and Socapi S.A reached on agreement to propose that the respective shareholders' meetings should agree the merger of two companies.

It is expected that BFCM will increase the maximum amount of Notes and CDs outstanding under its ECP Programme to euro 10 billion (or the equivalent in other currencies at the date of issue) in order to satisfy the requests of its relevant customers.

Litigation

Some companies in the group are involved in litigation. Their likely outcomes and financial consequences are examined on a regular basis as required. Appropriate provisions are made.

Various actions have been initiated against the Crédit Mutuel group in connection with the “Livret Bleu” account regarding its tax status and distribution. The tax status which has applied for several years has been challenged by a recent Council of State decision. The French Ministry of Finance has made the necessary legal provisions to guarantee that holders will continue to receive net payments on their accounts thus confirming the strategy of promoting small-investor savings in the public interest. Another case submitted in 1991 to the Commission in Brussels by a competitor bank has been discussed by the Commission, the French Ministry of Finance and Credit Mutuel. On 15 January 2002, the Commission issued a decision that required Crédit Mutuel to reimburse part of the commission that was received from Republic of France in relation to the “Livret Bleu”. This decision concerned Caisse Fédérale du Crédit Mutuel Centre Est Europe (Parent company of BCFM) which had made provisions for litigation. Caisse Fédérale du Crédit Mutuel Centre Est Europe appealed this decision with the support of the French State in the Tribunal de Première Instance in Luxembourg.

To the Issuer’s knowledge, there is no other exceptional event or litigation which is currently in progress or threatened that might significantly affect the results, business, assets and liabilities or financial position of BFCM and its subsidiaries.

Management of BFCM

The Issuer is managed by its *Conseil d’Administration* (Board of Directors). The Issuer’s *statuts* provide for a Board of Directors consisting of not less than three and not more than 14 directors who are appointed by the general meeting of the shareholders for a period of three years, but may serve any number of consecutive terms.

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

The members of the Board of Directors of the Issuer as at 31 December 2003 were as follows:

Board of Directors

Etienne Pflimlin	Chairman of the Board
Paul Schwartz	Vice Chairman of the Board
Michel Lucas	Chief Executive Officer and Director
Jean-Louis Boisson	Director
Maurice Corgini	Director
Gérard Cormorèche	Director
Jacques Humbert	Director
Jean-Marie Conroy	Director
Jean Paul Martin	Director
Robert Laval	Director
René Danguel	Director
Marie-Paule Blaise	Director
Jean-Louis Girodot	Director

Bernard Morisseau Director¹

SAS CLOE represented by François Duret²

Employees

BFCM and its subsidiaries employed 27,000 employees as at 31 December 2003.

Statutory Auditors

The statutory auditors of the Issuer, who were re-appointed by the shareholders of the Issuer on 11 May 2004 and who have audited the Issuer's accounts since 1991, are Barbier Frinault & Autres of 41 rue Ybry, 92576 Neuilly-sur-Seine, and KMT Audit, 11 rue de Parc, Oberhausbergen, 67088 Strasbourg. The statutory auditors of the CIC Group who were appointed by the shareholders on 26 May 1999 are Barbier Frinault & Autres of 41 rue Ybry, 92576 Neuilly-sur-Seine and PricewaterhouseCoopers Audit of 32 rue Guersant, 75816 Paris Cedex 17.who are appointed by the shareholders on 31 May 2000.

¹ As of 7 May 2003, Mr Bernard Morisseau was appointed as a Director.

² As of 7 May 2003, SAS CLOE was appointed as a Director.

**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BANQUE
FÉDÉRATIVE DU CREDIT MUTUEL
FOR THE YEAR ENDED 31 DECEMBER 2003**

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the consolidated financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report together with the statutory auditors' report addressing financial and accounting information in the Chairman's report on internal control, should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of Banque Fédérative du Crédit Mutuel

In compliance with the assignment entrusted to us by the General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Banque Fédérative du Crédit Mutuel for the year ended 31 December 2003.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with the accounting rules and principles applicable in France.

Without qualifying our opinion, we draw attention to the matter discussed in Note 3.3 to the consolidated financial statements which describes the change in accounting method resulting from the application of Regulation CRC 2002-03 related to the accounting treatment of credit risks and in Note 3.4 to the consolidated financial statements which describes the change in accounting method resulting from the application of Regulation CRC 2002-10 related to depreciation and amortisation of assets.

II - Justification of our assessments

In accordance with the requirements of article L. 225-235 of the French Company Law (Code de Commerce) relating to the justification of our assessments, introduced by the Financial Security Act of 1st August 2003 and which came into effect for the first time this year, we bring to your attention the following matters:

- Your company records provisions to cover the credit risks inherent to its business as described in Note 3.3 to the consolidated financial statements. As part of our assessment of these estimates, we examined the control

procedures applicable for monitoring credit risks, assessing irrecoverability risks and determining the related specific and general provisions;

- Your company uses internal models to value its positions on financial instruments which are not listed on organised exchanges as described in Note 3.10 to the consolidated financial statements. As part of our assessment of these estimates, we examined the control procedures applicable to the verification of these models and the determination of the parameters used;
- Your company records provisions to cover employee benefits as described in Note 3.12 to the consolidated financial statements. As part of our assessment of these estimates, we examined the assumptions applied and calculation methods used.

Our assessments on these matters were made in the context of the performance of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the formation of the unqualified opinion expressed in the first part of this report.

III - Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the group management report. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

April 20, 2004

The Statutory Auditors

KMT AUDIT

Henri Koenig

BARBIER FRINAULT & AUTRES
ERNST & YOUNG

Richard Olivier Olivier Durand

**SUMMARY AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF BFCM
FOR THE YEAR ENDED 31 DECEMBER 2003**

CONSOLIDATED BALANCE SHEET OF BFCM

	Notes	At 31 December	
		2003	2002
(in thousands of euro)			
ASSETS			
Cash facilities and other interbank transactions	1, 6, 16	64,837,090	69,282,045
Loans and advances to customers	3, 6, 16	62,912,572	63,201,080
Lease financing and similar agreements	4, 16	5,203,525	5,203,252
Bonds, shares and other fixed-income and variable-yield securities	2,5,6,7,16	55,849,848	56,119,301
Investments of insurance companies	8	29,124,271	26,128,771
Participating interests, portfolio activity securities and shares in companies accounted for by the equity method	10	511,684	506,394
Intangible and tangible fixed assets	11	1,433,414	1,366,095
Goodwill on acquisition	12	572,451	623,171
Other assets, prepayments and accrued income	9,13,14,15	14,192,014	15,939,054
TOTAL ASSETS		<u>234,636,869</u>	<u>238,369,163</u>
COMMITMENTS GIVEN			
Commitments given - Banking activity	24, 25, 26	34,346,021	31,152,451
Loan commitments.....		22,074,408	18,719,938
Guarantee obligations		11,640,863	11,897,643
Commitments made on securities		630,750	534,870
Commitments given - Insurance activity	26	138,783	61,781

	At 31 December		
	Notes	2003	2002
LIABILITIES		(in thousands of euro)	
Overdrafts and other interbank transactions.....	6, 16, 17	81,280,116	86,833,044
Customer deposits	6, 18	51,643,346	48,905,420
Debts evidenced by certificates	6, 19	37,382,738	37,986,403
Technical provisions of insurance companies	20	28,395,055	26,015,619
Other liabilities, accruals and deferred income	13, 14, 15	25,615,231	29,163,198
Negative goodwill on acquisition.....	12	7,396	8,933
Provisions for risks and charges.....	21	1,038,271	968,092
Subordinated debts.....	22	3,686,792	3,516,033
Fund for general banking risks (FGBR).....	23	638,916	548,928
Minority interests	23	847,001	829,129
Capital and reserves - group share (excluding FGBR).....	23	4,102,007	3,594,364
- Share capital		1,302,192	1,296,482
- Share premium account		577,705	564,375
- Consolidated and other reserves		1,609,802	1,318,169
- Net profit for the period.....		612,308	415,338
TOTAL LIABILITIES		<u>234,636,869</u>	<u>238,369,163</u>
COMMITMENTS RECEIVED			
Commitments received - Banking activity	24, 25, 26	11,845,502	5,966,513
Loan commitments.....		67,897	188,744
Guarantee obligations.....		7,757,432	4,488,341
Commitments received on securities.....		4,020,173	1,289,428
Commitments received - Insurance activity	26	3,103,837	1,667,343

CONSOLIDATED PROFITS & LOSS ACCOUNTS OF BFCM

	Notes	At 31 December	
		2003	2002
		(in thousands of euro)	
Interest receivable and similar income.....	27	11,794,214	13,044,525
Interest payable and similar charges	27	(10,617,319)	(11,980,926)
Income from shares and other variable-yield securities	28	29,953	39,432
Fees receivable.....	29	1,722,047	1,692,682
Fees payable.....	29	(524,047)	(512,031)
Income or losses on trading securities.....	31	1,148,761	1,255,323
Income or losses on investment securities.....	32	321,014	14,481
Other operating income – Banking	33	72,211	94,906
Other operating charges – Banking	33	(23,922)	(45,772)
Gross profit from insurance activities	34	532,425	428,002
Net income from other activities		0	0
NET BANKING INCOME.....		<u>4,455,337</u>	<u>4,030,622</u>
General operating expenses.....	35	(2,608,595)	(2,531,370)
Provisions and depreciation on intangible and tangible fixed assets.....		(150,198)	(169,020)
GROSS OPERATING INCOME		<u>1,696,544</u>	<u>1,330,232</u>
Cost of risk.....	36	(436,820)	(387,844)
OPERATING PROFIT		1,259,724	942,388
Share of profits of companies accounted for by the equity method		17,893	4,197
Gains or losses on fixed assets.....	37	8,227	29,646
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION.....		<u>1,285,844</u>	<u>976,231</u>
Exceptional items.....	38	335	462
Tax charge for the period	39	(425,689)	(311,605)
Goodwill amortisation.....		(59,921)	(56,946)
Net transfer to the fund for general banking risks.....		(89,970)	(90,101)
Minority interests		(98,291)	(102,703)
NET PROFIT - GROUP SHARE		<u>612,308</u>	<u>415,338</u>

NOTES TO THE CONSOLIDATED ACCOUNTS

1. Legal and financial background

Banque Fédérative du Crédit Mutuel (BFCM) is a subsidiary of Caisse Fédérale du Crédit Mutuel Centre Est Europe (CFCMCEE), itself an interdepartmental bank (caisse interdépartementale) as defined in paragraph 4 of Article L512-55 of the Monetary and Financial Code (Code Monétaire et Financier) acting as the by-laws of Crédit Mutuel. Accordingly, Banque Fédérative du Crédit Mutuel is included in the consolidation scope used for the preparation of Crédit Mutuel Centre Est Europe's consolidated accounts.

Banque Fédérative du Crédit Mutuel issues securities that are admitted for trading on an organised bond market. It is therefore required to prepare separate consolidated accounts, notwithstanding its inclusion in the consolidation scope of Crédit Mutuel Centre Est Europe.

The consolidated accounts of Banque Fédérative du Crédit Mutuel are prepared in accordance with Regulation 99-07 issued by the French Accounting Regulation Committee (*Comité de la Réglementation Comptable* – CRC), as amended by Regulation 2000-04.

The consolidating entity as defined in CRC Regulation 99-07 is Banque Fédérative du Crédit Mutuel.

2. Consolidation scope

Note 2.1 Definition of consolidation scope

The consolidation scope includes:

- Companies controlled exclusively, for which the consolidating entity is in a position to direct their financial and operational policies;
- Companies controlled jointly, for which control is shared between a limited number of shareholders;
- Companies over which significant influence is exercised, which are not controlled by the consolidating entity but in whose financial and operational policies it participates.

Companies controlled by the consolidating entity or over which it exercises significant influence, but which are not material in relation to the consolidated accounts, are excluded from the consolidation scope. This is presumed to be the case when the company's total assets or net profit are less than 1% of the corresponding lines at group level (or sub-group level, in the case of a consolidation in stages). This quantitative criterion is relative. An entity may be included in the consolidation scope even though not material, when the investment is considered of strategic interest by virtue of the entity's activities or its expected development.

At 31 December 2003, changes in the consolidation scope involved:

- The first-time consolidation of the private equity investment companies Financière Ar Men, 100%-owned by CIO, and Vizille Capital Innovation, 100%-owned by Banque de Vizille.
- The merger and absorption of BSD Gestion by BSD, SRP by Banque de Vizille, Solydice by Lyonnaise de Banque, Solyrep by Saint-Pierre SNC, Baticentre by CM-CIC Lease and Cinindv by Régions Expansion.
- The deconsolidation of Est Gestion, BRO Gestion and Cial Participations for cessation of business activity.

94% of the equipment leasing company Fédébail was transferred to CIC, paid for with CIC shares. Fédébail merged with Bail Equipment, which was then re-named CM-CIC Bail. This transaction between fully consolidated

companies was handled as an internal transfer of shares. The resulting internal capital gains were eliminated on consolidation and assets and liabilities were maintained at their existing book values in the consolidated accounts.

Note 2.2 Consolidation scope

		31 December 2003		method	31 December 2002		method
		Interest			Percentage		
		ownership	voting		ownership	voting	
A Commercial banks							
	Banque de l'Economie du Commerce et de la Monétique	100	100	IG	100	100	IG
	Banque du Crédit Mutuel Ile-de-France	100	100	IG			NC
	Crédit Industriel et Commercial (CIC)	92	92	IG	91	91	IG
CIC	Banque CIAL Suisse	100	92	IG	100	91	IG
CIC	Banque de Luxembourg	100	95	IG	100	94	IG
CIC	Banque Pasche	100	92	IG	100	91	IG
CIC	Banque Pasche Monaco	100	92	IG	100	91	IG
CIC	Banque Régionale de l'Ouest (BRO)	100	92	IG	100	91	IG
CIC	Banque Scalbert Dupont (BSD)	100	92	IG	100	91	IG
CIC	Banque Transatlantique	100	92	IG	100	91	IG
CIC	Banque Transatlantique Jersey	100	92	IG	100	91	IG
CIC	Bonnasse Lyonnaise de Banque (BLB)	100	92	IG	100	91	IG
CIC	Crédit Fécampois	80	74	IG	70	64	IG
CIC	Crédit Industriel d'Alsace Lorraine (CIAL)	100	92	IG	100	91	IG
CIC	Crédit Industriel de Normandie (CIN)	100	92	IG	100	91	IG
CIC	Crédit Industriel de l'Ouest (CIO)	100	92	IG	100	91	IG
CIC	Lyonnaise de Banque (LB)	100	92	IG	100	91	IG
CIC	Mutuel Bank Luxembourg	90	85	IG	90	85	IG
CIC	Société Bordelaise de CIC (SBCIC)	100	92	IG	100	91	IG
CIC	Société Nancéienne Varin-Bernier (SNVB)	100	92	IG	100	91	IG
CIC	Union de Banques Régionales (UBR)	100	92	IG	100	91	IG
B Specialist credit companies							
	Société Fédérative de Crédit-Bail Immobilier – SOFEBAIL	85	85	IG	85	85	IG
	Société Fédérative de Crédit-Bail Mobilier – FEDEBAIL			NC	92	92	IG
	Financement – SOFEMO	100	98	IG	100	97	IG
CIC	Bail Ouest	100	92	IG	100	91	IG
CIC	Baticentre	fusion	fusion	NC	100	91	IG
CIC	CIAL Equipement	100	92	IG	100	91	IG
CIC	CIAL Finance	100	92	IG	100	91	IG
CIC	CM-CIC Bail (ex Bail Equipement)	98	91	IG	100	91	IG
CIC	CM-CIC Lease	100	92	IG	100	91	IG
CIC	Factocic	51	47	IG	51	46	IG
CIC	Laviolette Financement	100	92	IG	100	91	IG

		<u>31 December 2003</u>			<u>31 December 2002</u>		
		<u>Interest</u>		<u>method</u>	<u>Percentage</u>		<u>method</u>
CIC	Lorbail	100	93	IG	100	91	IG
CIC	SNVB Financements	100	92	IG	100	91	IG
CIC	Solybail	100	92	IG	100	91	IG

	31 December 2003			31 December 2002			
	Interest		method	percentage		method	
	ownership	voting		ownership	voting		
C Others							
	Crédit Mutuel Cartes de Paiement (ex CMPE)	45	46	MEE	45	46	MEE
	Crédit Mutuel Finance – CMF	50	50	IG	50	50	IG
	Euro-Information	16	16	MEE	16	16	MEE
	SCI La Tréflière	46	46	MEE	46	46	MEE
	Société d'Aménagement de la Région Est – SAREST	100	100	MEE	100	100	MEE
	Société Civile de Gestion des Parts du Crédit Mutuel dans l'Alsace	50	50	IG	50	50	IG
	Ventadour Investissement	100	100	IG	100	100	IG
GACM	GIE ACM	100	75	IG	100	75	IG
GACM	ACM Services	100	75	IG	100	75	IG
SFEJIC	Société Française d'Édition de Journaux et d'Imprimés Commerciaux "l'Alsace" - SFEJIC	78	51	MEE	78	51	MEE
SFEJIC	S.A.P. L'Alsace	100	51	MEE	100	51	MEE
SFEJIC	L'Alsace Publicité	100	51	MEE	100	51	MEE
SFEJIC	SCI L'Alsace	90	46	MEE	90	46	MEE
SFEJIC	Bollwerk Communication	54	27	MEE	54	27	MEE
SFEJIC	Agora Communication	51	26	MEE	51	26	MEE
SFEJIC	SCI Ecriture	65	33	MEE	65	33	MEE
SFEJIC	L'ALSACE IMMOBILIER	100	50	MEE	100	50	MEE
SFEJIC	Cime	65	33	MEE	65	33	MEE
SFEJIC	Europe Régie	66	33	MEE	66	33	MEE
SFEJIC	Promédia	66	33	MEE	66	33	MEE
SFEJIC	Média Portage	100	51	MEE			NC
SFEJIC	SNPT	100	51	MEE	100	51	MEE
SFEJIC	L'AMI	100	51	MEE	100	51	MEE
SFEJIC	L'AME	80	40	MEE	80	40	MEE
SFEJIC	COMEDIT	75	30	MEE	66	27	MEE
SFEJIC	COMEMAG	100	30	MEE	100	27	MEE
SFEJIC	REGICOM	100	30	MEE	100	27	MEE
CIC	Adepi	100	92	IG	100	91	IG
CIC	BLC gestion	100	92	IG	100	91	IG
CIC	BRO Gestion			NC	100	91	IG
CIC	BSD Gestion	fusion	fusion	NC	100	91	IG
CIC	CIAL Participations			NC	100	91	IG
CIC	CIC Asset Management	100	92	IG	100	91	IG
CIC	CIC Associés	100	92	IG	100	91	IG
CIC	CIC Capital Développement	100	92	IG	100	91	IG
CIC	CIC Développements	100	60	IG	100	59	IG
CIC	CIC Epargne salariale	100	92	IG	100	91	IG
CIC	CIC Finance	100	92	IG	100	91	IG
CIC	CIC Information	57	60	IG	57	59	IG
CIC	CIC Nord ouest gestion (ex Bourgtheroulde patrimoine)	100	92	IG	100	91	IG

		31 December 2003			31 December 2002		
		Interest	method		percentage		method
CIC	CIC Participations	100	92	IG	100	91	IG
CIC	CIC Production GIE	100	92	IG	100	91	IG
CIC	CIC Securities	100	92	IG	100	91	IG

		31 December 2003		method	31 December 2002		method
		Interest	voting		percentage		
		ownership			ownership	voting	
CIC	Cicotitres	100	92	IG	100	91	IG
CIC	Compagnie de Finance pour Industrie	94	87	IG	93	84	IG
CIC	Compagnie Immobilière et Commerciale de Provence	100	92	IG	100	91	IG
CIC	Cinindv	fusion	fusion	NC	100	91	IG
CIC	Dubly-Doulhet	64	59	IG	65	59	IG
CIC	Est gestion (ex SNVB gestion)			NC	100	91	IG
CIC	Finances et Stratégies	100	92	IG	100		IG
CIC	Financière Ar men	100	92	IG			NC
CIC	Financière Voltaire	100	92	IG	100	91	IG
CIC	Foncic	100	92	IG	100	91	IG
CIC	Gesteurop	100	92	IG	100	91	IG
CIC	Imofinance	100	92	IG	100	91	IG
CIC	Institut de participations de l'Ouest (IPO)	25	23	MEE	24	22	MEE
CIC	Ofimpar SA	100	92	IG	100	91	IG
CIC	Régions Expansion	100	92	IG	100	91	IG
CIC	Saint Pierre SNC	100	92	IG	100	91	IG
CIC	SCI 28 avenue de l'Opéra	100	92	IG	100	91	IG
CIC	SCI Champs de Mars	100	92	IG	100	91	IG
CIC	SCI Succursales	100	92	IG	100	91	IG
CIC	SNVB Participations	100	92	IG	100	91	IG
CIC	Sofim	100	92	IG	100	91	IG
CIC	Solydice	fusion	fusion	NC	100	91	IG
CIC	Solyrep SNC	fusion	fusion	NC	100	91	IG
CIC	S.R.P.	fusion	fusion	NC	100	87	IG
CIC	Sud Est Gestion (ex Lyonnaise de Gestion et de Patrimoine)	100	92	IG	100	91	IG
CIC	Sudinnova	49	45	IG	49	43	IG
CIC	Transatlantique Finance	100	92	IG	100	91	IG
CIC	Vizille (banque de)	97	90	IG	95	87	IG
CIC	Vizille Capital Finance	100	90	IG	100	87	IG
CIC	Vizille Capital Innovation	100	90	IG			NC

D Insurance companies

GACM	Groupe des Assurances du Crédit Mutuel – GACM	76	75	IG	76	75	IG
GACM	ACM IARD	96	72	IG	95	71	IG
GACM	ACM Nord IARD	49	37	MEE	49	37	MEE
GACM	ACM Retraite	100	75	IG	100	75	IG
GACM	ACM VIE	100	75	IG	100	75	IG
GACM	Assurances du Sud	98	73	IG	98	73	IG
GACM	Euro Protection Services	100	75	IG	100	75	IG
GACM	ICM Life	100	75	IG	100	74	IG
GACM	ICM Ré	100	72	IG	100	71	IG
GACM	Procourtage	100	75	IG	100	75	IG
GACM	Sérénis	100	75	IG	100	75	IG
GACM	Socapi	100	75	IG	100	75	IG
GACM	Survavenir Assurances	34	25	MEE	34	25	MEE
GACM	Télévie	100	75	IG	100	75	IG

La Pérennité	31 December 2003		method	31 December 2002		method
	Interest			percentage		
	21	21	MEE	21	21	MEE

CIC	= Companies belonging to the Compagnie Financière CIC sub-group
GACM	= Companies belonging to the Insurance group of Crédit Mutuel
SFEJIC	= Companies belonging to the Société Française d'Éditions de Journaux et d'Imprimés Commerciaux "l'Alsace" sub-group
HE	= Companies belonging to the Holding Eurocard

*Consolidation method:

IG	= Full method
IP	= Proportional method
MEE	= Equity method
NC	= Non consolidated

3. Accounting policies

The consolidated accounts are prepared in accordance with generally accepted accounting principles and regulations issued by the French Accounting Regulation Committee (*Comité de la Réglementation Comptable – CRC*), and comply with accounting regulations applicable to credit institutions and insurance companies, as appropriate to the sector of activity.

Note 3.1 Securities portfolio

SECURITIES TRANSACTIONS

Securities are reported on the balance sheet according to the type of security:

- Treasury bills and other bills eligible for refinancing with central banks,
- Bonds and other fixed-income securities,
- Shares and other variable yield securities

and in the notes are classified by reference to the purpose for which they were acquired: trading, available-for-sale or held-to-maturity securities. This results from the application of Regulation 90-01 issued by the French Banking and Financial Regulation Committee (*Comité de la Réglementation Bancaire et Financière - CRBF*), as amended by CRB Regulation 95-04, CRC Regulation 2000-02 and Instruction 94-07 issued by the Banking Commission (Commission Bancaire), itself amended by instruction 2000-12, requiring securities to be analysed by destination. Shares and other variable yield securities also include portfolio activity securities.

Trading securities

Trading securities are securities purchased or sold for the purpose of being sold or repurchased in the near term, normally less than six months, and which are traded on a liquid market. They are recorded at acquisition cost, including when appropriate related expenses and any accrued coupon. At the year-end, trading securities are marked to market. Net unrealised gains or losses arising from fluctuations in market value are included in the profit and loss account.

Investment securities

Investment securities are all those securities intended to be held for more than six months, with a view to earnings revenues or generating a profit on disposal. In the case of fixed-income securities, this does not imply that they are to be held to maturity. Premiums or discounts arising on the acquisition of fixed-income securities are amortised over the life of the securities in accordance with the option available under Regulation CRBF 90-01. At the year-end, unrealised losses, adjusted for the accretion and amortisation of premiums and discounts, give rise to provisions determined for each line in turn. Unrealised gains are not recognised.

Held-to-maturity securities

Held-to-maturity securities are debt securities that the company has the positive intent to hold long term - normally to maturity - and for which financing resources with the same maturity have been earmarked, or for which there exists a global hedge against the interest rate risk. The positive or negative difference between cost and redemption value is accreted or amortised over the remaining life of the security. Unrealised losses do not give rise to a provision.

Portfolio activity securities

Portfolio activity securities arise from investments made on a regular basis for the sole purpose of generating a capital gain over the medium term, without the intention of investing lastingly in the development of the issuer's business or taking an active role in day-to-day management. These investments are made via ad-hoc entities. They represent significant as well as permanent investments generating recurring revenues in the form of profits on disposal. These securities are recorded at cost. At the end of the period, each line is valued separately. If book value is considered to exceed fair market value, a provision is recorded representing the unrealised loss. Unrealised gains are not recorded. Fair market value is determined by reference to the issuer's general prospects and the expected period of ownership. For listed securities, the average share price may be used when it relates to a sufficiently long period.

Transfers between portfolios are permitted only when the purpose for which the securities are held has changed since their acquisition.

Treasury bills, negotiable debt instruments and interbank instruments classified as investment or held-to-maturity securities are recorded at cost, including any accrued coupon on the acquisition date. Interest income is calculated by applying the negotiated rate, any premium or discount being accreted or amortised on an actuarial basis.

Bonds classified as investment or held-to-maturity securities are recorded at cost, excluding any accrued coupon. Interest income is calculated at the securities' nominal rate. When cost differs from redemption value, the difference is recognised on a straight-line basis and recorded as income or charges as appropriate.

Securities denominated in foreign currencies are converted at the rate ruling on the year-end, or on the date nearest the year-end, in accordance with Article 5 of CRBF Regulation 89-01. Unrealised foreign exchange gains and losses are included under gains or losses arising from financial transactions.

OTHER STOCK INVESTMENTS

Other stock investments represent investments made for the purpose of promoting the development of lasting business relationships with the issuer, but without taking an active part in the management of the issuing company.

Shares in subsidiary and associated undertakings represent investments whose lasting ownership is considered useful to the activities of Crédit Mutuel, notably because they enable the Company to exercise control or significant influence over the issuing company.

Other stock investments are recorded at cost. Individual provisions are recorded against participating interests when their carrying value – determined notably by reference to the company's net assets and prospects – is lower than cost.

Stocks denominated in foreign currencies and acquired in euro continue to be reported at their initial cost. When an investment is financed in a foreign currency, the conversion difference is accounted for symmetrically in relation to the conversion difference arising on the financing.

TEMPORARY SECURITIES SALES

Temporary sales of securities are intended as collateral to guarantee short-term loans. These sales take two distinct forms according to the legal mechanism used:

- Repurchase and reverse repurchase agreements;
- Securities borrowing and lending.

Under a repurchase agreement, legal title to the securities is transferred, the buyer agreeing irrevocably to resell the securities and the seller to repurchase them at a price and date stipulated in the contract. As regards the accounting treatment, securities sold under repurchase agreements are maintained on the same balance sheet line as before, and continue to be valued in accordance with the rules applicable to the portfolio to which they belong. Concurrently, the debt representing the cash received from the buyer is recorded as a liability in the balance sheet. Amounts receivable in connection with a reverse repurchase agreement are reported as an asset in the balance sheet.

Securities lending is classified as consumer credits as defined in the French Civil Code. An irrevocable undertaking is given by the borrower to return the borrowed securities on maturity. As a rule, securities lending is generally guaranteed by cash advances, which are kept by the lender if the borrower defaults. In this case, the transaction is accounted for as a repurchase agreement and recorded as such.

INCOME ARISING ON SECURITIES

Revenues arising on shares and units in mutual funds are recognised as dividends as distributions are made. By contrast, revenues on bonds correspond to the interest calculated on the basis of the actual period during the year for which the bonds were held. Realised gains and losses on the disposal of investment securities are reported as gains or losses on financial transactions.

Note 3.2 Investments of insurance companies

Investments of insurance companies are valued in accordance with rules applicable in that industry.

Property investments are recorded at cost. A provision for depreciation is recorded if there is a lasting and significant diminution in the value of the properties.

Bonds and other fixed income securities are recorded at cost. The difference between the cost of such securities and their redemption value is spread over the remaining life of the securities on an actuarial basis. A provision is recorded when a deterioration in the issuer's financial situation jeopardises redemption at maturity.

Shares and other variable yield securities are recorded at cost. At the end of the period, listed securities are revalued by reference to listed share prices and unlisted securities by reference to their fair market value. When this indicates that the securities' value is lower than cost, a provision is recorded for the difference.

Investments representing unit-linked policies are reported at their realisable value.

Note 3.3 Valuation of monetary assets and liabilities by credit institutions

For the banking activities, amounts due to and by customers and credit institutions are reported in the balance sheet at their nominal value or at cost, if this is different to nominal value.

Monetary assets and liabilities such as accrued interest receivable or payable are included under the balance sheet headings to which they are related.

Amounts due by third parties are reclassified as doubtful debts in the following instances:

- When an amount has been overdue for more than nine months and the borrower is a local authority, when it has been overdue for more than six months and it concerns a home buyer, and when it has been overdue for more than three months in other cases;
- When it is likely that legal action will have to be taken to recover the amount due (warning procedure, company placed in receivership, etc.);
- When there is a risk that all or part of the amount due will not be recovered.

If an amount due by a third party (person or company) is transferred to doubtful debts, this results in all other amounts due by the same third party being reclassified as doubtful.

Doubtful debts give rise to specific provisions determined individually.

Full provision is made against any outstanding interest income on doubtful debts credited to the profit and loss account. Provisions for loan losses set aside or written back, the write-off of bad loans and recovery of amounts written off that related to interest income on doubtful debts are reported on the line "Interest receivable and similar income" in the profit and loss account.

The amount of the provision against the outstanding principal represents the estimated impairment in the loan's value, determined in accordance with the concept of prudence. The provision takes into account the value of any personal guarantee or sureties provided by the borrower.

With regards to doubtful loans extended to property dealers and developers, the application of the above rules means that the market value of the property financed by loans to property dealers is taken into account. In the same way, provisions in respect of property development programmes take into account any additional financial charges incurred because of delays in completing the sale of the property.

Pursuant to CRC regulation no. 2002/03, doubtful loans that are in default or have been classified as doubtful debts for more than a year have been specifically identified as "impaired doubtful loans". This process has been automated and no use is made of the exemption facility introduced by notice no. 2003/G issued by the Urgent Issues Committee of the CNC on 18 December 2003. Interest on a debt ceases to be recorded in the financial statements when it is classified as an "impaired doubtful loan".

CRC regulation no. 2002/03 also provides for specific treatment of certain restructured loans. If material, doubtful loans that have been reclassified as performing loans further to restructuring at off-market conditions are segregated into a specific category. In this case, principal and interest amounts (due or accrued, as well as future interest variances) that have been written off are immediately recorded as losses and then written back as the loan is amortised. The number of such loans is small and calculating a discount would not have a material effect on the financial statements at 31 December 2003.

Note 3.4 Fixed assets

TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at cost.

Tangible fixed assets are depreciated over their estimated useful life, as a rule using the straight-line method, except for computer equipment that is depreciated using the declining balance method.

Use of the declining balance method does not lead to excess depreciation over plan for taxation purposes.

Depreciation methods applied in the company accounts comply with group accounting policies and, accordingly, no restatement is required on consolidation.

The section of CRC regulation no. 2002/10 relating to the loss in value of assets that deals with provisions for major repairs, as amended by CRC regulation no. 2003/07, has been in force since 1 January 2003. With respect to this regulation, the group was not required to set aside any provisions for major maintenance or repair work. This regulation therefore had no impact on the financial statements at 31 December 2003.

INTANGIBLE FIXED ASSETS

Preliminary expenses are restated on consolidation and written off in the year when incurred.

Goodwill purchased for valuable consideration is written off in the year when the transaction was completed.

Note 3.5 Conversion of foreign currency transactions

Amounts receivable and payable, as well of off balance sheet commitments, which are denominated in a foreign currency are converted into euro at the exchange rate ruling at the year-end. This does not apply to items denominated in the currencies of Participating States (i.e. Member States having adopted the euro as the single currency), which are converted applying the fixed conversion rates.

Conversion differences arising on long-term investments (i.e. equity securities held for investment purposes, portfolio activity securities and held-to-maturity securities) denominated in the currencies of Participating States and financed in French francs became definitive on 1 January 1999. These conversion differences are reported on the balance sheet, and recognised in the profit and loss account only on the disposal of the assets concerned.

Realised as well as unrealised gains and losses are recognised in the profit and loss account as a period item.

Note 3.6 Fund for general banking risks

In accordance with Regulation CRBF 90-02, a fund for general banking risks was created in 1991 to cover various risks inherent to the banking industry, in particular global exposure to interest rate and counterparty risks.

Amounts set aside in the company accounts may be modified on consolidation to comply with the policy defined by the Group.

Note 3.7 Provisions and disputes

Provisions relating to assets are deducted from the corresponding receivables, which are therefore reported at their net book value. Provisions relating to off balance sheet items are recorded as provisions for risks.

Provisions set aside to cover sovereign risks as well risks related to emerging countries are determined by reference to the economic situation of the borrowing country. That part of the provisions relating to a specific risk is deducted from the corresponding assets.

In 2000, CIC undertook to constitute general provisions for credit risks . These provisions are intended to cover existing but as yet unknown risks on sound loans. There are determined as below:

- For credit activities other than specialised financing, the average annual costs over the long term, namely 0.5% of sound loans;
- For specialised financing and foreign branches, the cost as determined from loan ratings to which are associated an average cost of default. This method takes into account less risk dispersion, the more important unitary amounts and therefore the greater volatility.

Once these general provisions for credit risks have been constituted, write-backs may be made if the contingencies that they are designed to cover actually crystallise.

In 2003 CIC has constituted 80 millions euros for general provision for high risk of the Group.

Note that, on 15 January 2002, the European Commission upheld the complaint filed in 1991 regarding the Livret Bleu passbook deposit distributed by Crédit Mutuel. The BFCM Group is not directly concerned by this procedure that involves its parent company, Crédit Mutuel Centre Est Europe.

Note 3.8 Capitalisation reserves and technical provisions of insurance companies

Capitalisation reserves are intended to cover any impairment in the value of the assets carried by insurance companies or any reduction in their revenues.

In accordance with CRC regulation 2000-05, transfers to and from the capitalisation reserve are eliminated on consolidation. This regulation was applied for the first time on 1 January 2001, leading to the reclassification of the capitalisation reserve under shareholders' equity as at that date.

Technical provisions reflect obligations towards the policyholders. They are determined in accordance with regulations and generally accepted accounting principles. Technical provisions relating to unit-linked policies are determined by reference to the realisable value of the assets underlying the policies.

The method recommended by CRC Regulation 2000-05 in preference to other acceptable methods, which consists in calculating life insurance technical provisions applying a discount rate equal to or lower than the cautiously estimated rate of the return expected from admissible assets, was not applied by the Group's insurance companies, as it was estimated this would not increase the amount of such provisions. At the same time, provisions for financial contingencies and general provisions for management expenses were eliminated on consolidation. Provisions for equalisation are considered to accrue to the policyholders.

Note 3.9 Net banking income

Interest and bank charges, as well as revenues on bonds and other fixed-income securities are recognised on a prorata temporis basis.

Fees are recognised in the year when they were generated.

Revenues from shares and other variable-yield securities are recognised as and when received.

Note 3.10 Operations involving forward financial instruments

INTEREST RATE SWAPS

In accordance with Article 2 of CRBF Regulation 90-15, interest rate swaps are classified in distinct portfolios according to their purpose: (a) isolated open positions; (b) designated as a hedge for an identifiable item or group of homogeneous items; (c) used to hedge the global interest rate risk; and (d) specialist management of a trading portfolio.

Movements between portfolios are restricted to:

Transfers from portfolio "a" to portfolio "b";

Transfers from portfolio "b" to portfolios "a" or "d";

Transfers from portfolio "d" to portfolios "c" or "b".

Market value for swaps entered into for trading purposes are determined using the discounted cash flow method with a zero coupon curve. The fixed interest component is estimated from the various maturities discounted according to the yield curve, whereas the present value of the variable interest component is estimated from the coupon amount

augmented by the nominal value. Market value is obtained by comparing the two discounted amounts, adjusted to reflect the counterparty risk and future management expenses, as required by the regulations.

Balancing cash adjustments received or paid on negotiation of the swaps are recognised prorata temporis over the life of the contract. If the contract is unwound before maturity, the balancing cash adjustment is recognised immediately, except when the contract was entered into for hedging purposes. In the latter case, balancing cash adjustments are recognised over the life of the hedged item.

OTHER FORWARD FINANCIAL INSTRUMENTS

Accounting and valuation methods for these instruments are fairly similar:

Recognition of commitments

Although transactions involving these instruments constitute only potential commitments, they are recorded on inception as off balance sheet items for the nominal amount of the underlying instruments. On maturity, or when unwound, these entries are reversed.

Recognition of income and charges

A distinction is drawn between:

- Operations designated as a hedge for assets or liabilities (loans or securities), for which differences resulting from fluctuations in the value of the financial instruments are recorded in a symmetrical manner to the income or charges arising on the hedged item;
- Operations designated as market or arbitraging operations, for which differences in the value of financial instruments traded on organised or similar markets are recognised in the profit and loss account when settling daily margins or when determined by reference to their market value (notably in the case of premiums arising on interest rate options).

Gains and losses arising on over-the-counter transactions are recognised in the profit and loss account when the transactions are unwound, with provisions for losses and charges being recorded to cover any known net risk.

Note 3.11 Employee profit sharing and incentive schemes

Charges relating to employee profit-sharing and incentive schemes are included on the line "Staff costs" in the profit and loss account for the year in which incurred.

Note 3.12 Pension and other similar obligations

PENSION PLANS

Obligations resulting from the various contractual plans involving financial institutions are carried by specialist external organisations.

The assumptions for the computation of pension and similar obligations used were a rate of discount of 3 per cent. per annum (4.5 per cent. in CIC Group) and a rate of increase of wages of 3 per cent. (2.5 per cent. in CIC Group).

Following the professional agreement signed on 13 September 1993, employees of banks affiliated with the French Bankers' Association joined the national multi-employer retirement plans operated by ARRCO and AGIRC. Under this agreement, the bank remains liable for benefits in excess of those provided by ARRCO and AGIRC. This liability represents the vested rights of retired and serving employees as at 31 December 1993. Full provision is made for the bank's actuarial commitments towards these organisations.

The obligations of the CIC banks' own retirement plans are subject to a complete assessment by an actuary every two years. The assumptions used were a 0.8% increase in Social Security and Arrco Agirc pension benefits and an expected return on assets of 4.5%. Some of these retirement plans have set up reserves in order to be able to meet their obligations. However, these reserves may be insufficient and several plans will be unable to meet their obligations alone. The CIC banks set aside provisions to cover this shortfall in retirement reserves. Changes in the retirement plans' reserve shortfall are recorded in the banks' profit and loss accounts as provisions when this change exceeds 10% of obligations.

The Law of 21 August 2003 relating to retirement changed the conditions for taking retirement. Since 1 January 2004, it has no longer been possible for companies to require employees to retire before the age of 65. Estimates of retirement obligations have been reviewed at the CIC group level to take this change into account. Provisions have been set aside for all obligations and changes were recorded in the profit and loss account for the year. At its level, Crédit Mutuel has deemed that these changes did not have a material impact on its financial statements

EARLY RETIREMENT

A master agreement on the application in the CIC group of the early retirement measures for the banking industry was signed on 27 June 2001.

CIC and the regional banks within the CIC group have implemented this agreement, which enables beneficiaries to stop working two to three years prior to their retirement, while being paid an allocation between 57.5% and 65% of their salary. It is possible to enter this programme until 31 March 2006.

The total future cost has been estimated for the entire period covered by this obligation. This cost is provisioned on a straight-line basis from the date the agreement took effect (approval by the Minister of Employment) to the date the employee can choose to benefit from the agreement. Given the agreement's limited duration, no attempt has been made to discount future flows to their present value, or to take into account future salary increases. The percentage of potential beneficiaries who will choose to take advantage of this system has been estimated entity by entity..

Retirement benefits and long-service medals

These future charges:

- Are totally or partly covered by insurance policies. Premiums paid each year are based on vested rights to 31 December of each year, adjusted to reflect staff turnover rates as well as projected mortality rates;
- Or, in the case of commitments not covered by insurance policies, are provisioned, this amount being reported on the line "Provisions for risks and charges".

Note 3.13 Securitisation

On 30 April 2001, two banks in the group - Lyonnaise de Banque and Banque Scalbert Dupont - assigned a portfolio of consumer credits totalling €317.5m to the first sub-fund of the CIC Conso mutual loan fund. The transaction was carried out on the basis of the residual book value of the debts assigned.

The mutual loan fund issued two types of shares:

- So-called ordinary "A" shares for €300m, rated Aaa by Moody's and AAA by Fitch, and bearing interest at a nominal rate of 5.125% a year;
- So-called subordinated "B" shares, rated A2 by Moody's and A by Fitch, and bearing interest at a nominal interest rate of 5.500% a year, which will bear the risk of default in priority.

The two banks have transferred to a reserve fund an amount represented 2.35% of the value of the shares issued to act as a guarantee against the risk of default. An "interest rate guarantee" mechanism has been put into place to ensure that,

on a timely basis and within defined limits, an adequate remuneration is earned on the shares if ever the debts assigned experienced a decrease in their average return.

The first sub-fund - CONSO 1 - of the CIC Conso mutual loan fund has an estimated duration of 6 years for an average duration of 4.2 years. Reloads will be made to maintain the fund's capital at its initial level over the next three years. Until November 2003, additional amounts were injected into the fund to maintain its capital at its initial level. Since then, the fund has gone into an accelerated amortisation phase involving the early redemption of shares. At 31 December 2003, outstanding "A" shares amounted to €216 million and outstanding "B" shares amounted to €17.5 million.

The Group does not consolidate this fund, nor does it own shares in this fund.

4. Basis and methods of consolidation

The consolidated accounts of the BFCM Group were prepared in accordance with Regulation CRC 99-07 on the preparation of consolidated financial statements by companies coming under the French Banking and Financial Regulation Committee (*Comité de la Réglementation Bancaire et Financière - CRBF*) as modified by Regulation CRC 2000-04.

Note 4.1 Consolidation methods

The following consolidation methods are applied:

Full method

Under this method, the investment in the subsidiary is replaced by the latter's assets and liabilities, with minority interests in the company's reserves and net profit for the year being separately identified. It is used for companies that are controlled exclusively, and whose activities represent an extension of the consolidating entity's own activities, including banking, insurance, data processing services, etc.

Equity method

Under this method, the investment in the company is replaced by the Group's share of its capital and reserves, including the net profit for the year ended. This method is applied in respect of companies over which significant influence is exercised, or those which are controlled exclusively or jointly but which apply a different chart of accounts and whose activities do not constitute an extension of the consolidating entity's own activities.

Note 4.2 Consolidation of non-banking activities

When a company does not operate in the banking sector, accounting policies specific to its industry are included in the consolidated accounts. The assets and liabilities of non-banking subsidiaries consolidated under the full or proportional method are reported on the corresponding lines of the consolidated accounts, except as detailed below.

In order to report the activities of fully or proportionally consolidated insurance companies, the following lines have been added to the summary consolidated accounts.

BALANCE SHEET:

ASSETS

Investments of insurance companies:

LIABILITIES

Technical provisions of insurance companies

PROFIT AND LOSS ACCOUNT

A line “*Gross profit of insurance companies*” has been added to the consolidated profit and loss account to highlight the weight of the insurance activities. This includes:

- Technical income and charges (life and non-life insurance)
 - Earned premiums;
 - Claims expenses (including variations in provisions);
 - Net investment income;
 - Other underwriting income and charges.

- Non-technical income (net of related charges)

The banking sector favours classification by nature, whereas classification by function is preferred in the insurance industry. Therefore income and charges reported on the line “Gross profit of insurance companies” does not include items that, given their nature, can be reported on another profit and loss account line. However, when they relate to the investments of insurance companies, depreciation and provisions set aside or written back are dealt with on the line “Underwriting results and net investment income of insurance companies.

OFF BALANCE SHEET ITEMS

Commitments given by insurance companies are reported on a separate line.

Note 4.3 Financial year-end

All companies included in the consolidation scope have a 31 December year-end.

Note 4.4 Goodwill on acquisition

When a company is consolidated for the first time, separately identifiable assets and liabilities (including off balance sheet items) are restated at their fair value in the case of operating items and at market value for non-operating items. When the purchase consideration exceeds the share of the company’s net assets as determined above, the residual goodwill is amortised over a period of between five and fifteen years.

Acquisitions and disposals completed before 1 January 2000, which is the date when Regulation CRC 99-07 took effect, were not restated in accordance with the new method laid down in this regulation, the Group having availed itself of the derogation contained in the regulation. Goodwill on acquisitions completed before 1 January 2000 is determined by comparing the purchase consideration and the Group’s share of the net assets of the company concerned.

Note 4.5 Restatements and eliminations

All material transactions between fully consolidated companies are eliminated, as well as any unrealised gains or losses arising on these transactions.

Provisions in the nature of reserves are written back to reserves and to the profit and loss account, when appropriate after having given rise to the calculation of deferred tax.

When the amounts are material, the company accounts prepared by consolidated companies are restated in order to comply with group accounting policies. These restatements may concern banking and/or insurance companies.

The impact of transactions between group companies on the balance sheet and profit and loss account is eliminated, and gains and losses arising therefrom are reversed.

Note 4.6 Translation of the financial statements of foreign subsidiaries

The balance sheets of foreign subsidiaries are translated using the official exchange rates ruling at the year-end. Translation differences on the capital, reserves and retained earnings of these companies are reported under capital and reserves on the line "Translation adjustments". The profit and loss accounts of these companies are translated using the average exchange rate for the period.

Note 4.7 Tax

The tax charge for the year includes all taxes, both current and deferred, chargeable in respect of the income for the year ended.

Current taxes are determined in accordance with applicable tax regulations. Banque Fédérative du Crédit Mutuel (BFCM) has formed a tax group with three of its subsidiaries (including Ventadour Investissement). Another tax group has been formed by CIC with its regional banks and its subsidiaries.

Deferred taxes are calculated on a full provision basis, whereby taxes are recognised not only in respect of timing differences between profits and losses as computed for taxation purposes and as stated in the financial statements, but also when there is a difference between an asset's or liability's book value and its tax value.

Deferred tax liabilities are systematically recognised except when they arise from the amortisation of goodwill. Deferred tax assets are recorded only when their recovery is certain or probable.

Note 4.8 Leases

Where the lessor is a group company, property and equipment finance leases appearing on the balance sheet are restated at the amount of the net investment in the lease.

In the case of finance leases where the lessee is a fully consolidated company, assets are reclassified under fixed assets in the consolidated balance sheet. Equipment leases entered into with group companies are not restated, as transactions with other group companies do not involve material amounts.

Finance leases entered into with non-group lessors are also restated on consolidation, and the assets made available are reclassified as fixed assets in the consolidated balance sheet. The difference between the net book value of the asset and the net residual value of the lease is dealt with as exceptional income or charges in the consolidated profit and loss accounts

NOTES ANNEXED TO BFCM CONSOLIDATED FINANCIAL STATEMENTS

Unless indicated otherwise, all amounts in these notes are expressed in millions of euro

NOTE 1 - Loans and advances to credit institutions

	31 December 2003		31 December 2002	
	Repayable on demand	Repayable at maturity	Repayable on demand	Repayable at maturity
Cash in hand, balances with central banks and post office banks	4,269		2,517	
Ordinary accounts	3,424		3,282	
Loans and bills purchased under resale agreements	2,420	39,362	2,958	36,520
Securities purchased and delivered under resale agreements	279	14,948	2	23,383
Accrued interest	2	130	5	601
Doubtful debts	3	21	3	40
Provisions for depreciation	(2)	(19)	(2)	(26)
Total	10,395	54,442	8,764	60,518
Total loans and advances to credit institutions		64,837		69,282
Of which participating loans		181		146
Of which subordinated loans		4		2

Among the non performing loans, non performing compromised loans amounts €17 million;

-€14 million are considered as provisions

Among good loans restructured credits at non markets conditions represents €4 million

Analysis of credit institution excluding repo	Gross loans	Doubtful loans and advances	Doubtful loans and advances compromised	Provisions
Analysis by geographics sectors				
- France	44,259	1	3	(3)
- Europe excluded France	3,339	0	0	(0)
- Others	1,138	1	19	(18)
Total	48,736	2	22	(21)

Real estate professional refinancing and emerging countries pictures

Total loans (including non-performing loans) to property dealers and developers amounted to €2,209 million.

Credits and equity financing provided to property dealers and developers amounted to €32 million.

Off balance sheet commitments in favour of property dealers and developers amounted to €1,867 million.

2003			2002		
Doubtful debts	Provisions	Provisioning rate	Doubtful debts	Provisions	Provisioning rate
79	65	82%	127	102	80%

Outstanding loans and advances to property dealers and developers are analysed below:

Analysis by market

Office and commercial property	<u>23%</u>
Residential property	<u>61%</u>
Listed property investment companies	<u>17%</u>

Analysis by beneficiary

Property dealers	<u>10%</u>
Property developers	<u>44%</u>
Other	<u>47%</u>

Analysis by geographical areas

Ile de France	<u>58%</u>
Rest of Metropolitan France	<u>39%</u>
Other	<u>3%</u>

Risks on emerging countries

Year ended 31 December

	2003			2002		
	<u>outstandings</u> (M€)	<u>provisions</u> (M€)	<u>%</u> <u>Hedging</u>	<u>outstandings</u> (M€)	<u>provisions</u> (M€)	<u>%</u> <u>Hedging</u>
<u>South East Asia (1)</u>						
Indonesia	14	4	29%	19	8	42%
Thailand	13	2	15%	19	4	21%
Malaysia	61	2	3%	63	4	6%
South Korea	124	1	1%	95	2	2%
Philippines	20	4	20%	32	3	9%
Total - South East Asia	232	13	6%	228	21	9%
<u>Russia</u>						
Total - Russia	32	4	13%	13	8	62%

(1) Corporate and interbank risks except for loans to subsidiaries of OECD companies located in South East Asia.

NOTE 2 - Treasury bills and other bills eligible for refinancing with central banks

Year ended 31 December

	2003				2002			
	<u>Trading securities</u>	<u>Investment securities</u>	<u>Held to maturity securities</u>	<u>Total</u>	<u>Trading securities</u>	<u>Investment securities</u>	<u>Held to maturity securities</u>	<u>Total</u>
Securities held	13,987	6,766	1,156	21,909	22,536	457	752	23,745
Securities loaned								
Translation adjustment								
Accrued interest	0	8	15	23		4	10	14
Gross value	13,987	6,774	1,171	21,932	22,536	461	762	23,759
Provisions		(1)		(1)				
Net value	13,987	6,774	1,171	21,931	22,536	461	762	23,759
Unrealised gains		47				10		

In 2003, trading securities amounted to €2000 million were transferred to investment securities. Held to maturity securities amounting to €103 million were sold before maturity. No significant result has been registered.

Positive or negative differences between the redemption value and the cost of held-to-maturity securities amounted to €8 million; to Investment securities: €(353) million

NOTE 3 - Loans and advances to customers

	31 December 2003	31 December 2002
Commercial loans	4,350	4,774
Accrued interest	0	3
Other advances to customers		
- Loans and credits	51,578	50,943
- Accrued interest	170	204
Ordinary overdrafts	5,348	5,655
Accrued interest	42	86
Doubtful loans and advances	3,677	3,707
Accrued interest	83	102
Provisions	(2,336)	(2,273)
Total	62,913	63,201
Of which participating loans	0	6
Of which subordinated loans	96	87

Among doubtful loans, doubtful compromised amounts to € 2,439 million and €(1818) million are booked provision
Among loans, restructured credit at non market conditions amounts € 9 million

Analysis of loans and advances to customers included lease, excluding repo	Gross loans	Doubtful loans and advances	Doubtful loans and advances compromised	Provisions
By counterparts				
- Public	26,777	320	1,067	(838)
- Companies	22,118	552	721	(1,188)
- Big size companies	11,465	209	182	(290)
- Specialized financing	2,697	162	138	(126)
- Others	2,102	158	391	(122)
Total	65,159	1,403	2,500	(2,564)
By activities sectors				
- Agriculture and mining industries	685	14	39	(27)
- Industries	10,639	297	565	(599)
- Companies and holdings services	10,395	230	529	(521)
- Private services	28,811	403	967	(850)
- Financial services	1,989	66	54	(90)
- Real estate services	8,032	120	263	(269)
- Transportation and communication	2,637	166	52	(118)
- Others	1,973	105	30	(89)
Total	65,159	1,403	2,500	(2,564)
By geographical sectors				
- France	58,852	1,228	2,448	(2,450)
- Europe excluding France	3,738	98	30	(67)
- Others	2,569	77	22	(47)
Total	65,159	1,403	2,500	(2,564)

NOTE 4 - Lease Financing

	31 December 2002	Acquisitions Charge	Disposals Written back	Other movements	31 December 2003
Finance leases and lease purchase agreements					
Gross value	6,556	1,257	(774)	63	7,102
<i>Of which doubtful debts</i>	137	16	(17)	(11)	125
Depreciation	(2,308)	(1,077)	603	36	(2,745)
Provision for doubtful debts	(197)	(65)	53	(5)	(214)
	(2,505)	(1,142)	656	31	(2,959)
Net value	4,051	115	(118)	94	4,142
Straight rental agreements					
Gross value	1,862	249	(214)	(44)	1,853
<i>Of which doubtful debts</i>	22	9	(9)	(4)	18
Depreciation	(693)	(355)	159	109	(780)
Provision for doubtful debts	(17)	(7)	18	(7)	(13)
	(710)	(362)	177	102	(792)
Net value	1,152	(113)	(37)	59	1,061
Total	5,203	2	(155)	153	5,203

among doubtful loans, doubtful compromised amounts 53 M€ and (38M€) are booked provision

NOTE 5 - Bonds and other fixed-income securities

	31 December 2003				31 December 2002			
	Trading securities	Investment securities	Held to maturity securities	Total	Trading securities	Investment securities	Held to maturity securities	Total
Listed securities held	4,560	8,771	8,229	21,561	3,917	8,853	8,898	21,668
Unlisted securities held		360	1,085	1,445		923	1,524	2,447
Securities loaned								
Accrued interest	4	264	206	473	5	142	233	380
Doubtful debts		23		23		30		30
Gross value	4,564	9,418	9,519	23,502	3,922	9,948	10,655	24,525
Provisions								
. for impairment		(38)		(38)		(87)		(87)
. for risks		(7)	(2)	(10)		(13)		(13)
Net value	4,564	9,373	9,517	23,454	3,922	9,848	10,655	24,425
Unrealised gains		147				16		
Of which subordinated bonds	0	15	103	118	2	12	176	191

Among doubtful debts, compromised doubtful debts amounted to € 10 million

In 2003, held-to-maturity securities amounting to €89 m and trading securities amounting to €500m were transferred to investment securities.

Held-to-maturity securities amounting to €922m were sold before maturity, generating a profit of €5m.

Negative differences between the redemption value and the cost of investment securities and held-to-maturity securities amounted to respectively €(23)m and €(22)m.

Analysis of fixed income securities (bonds, government stocks)	Account receivable
By rating of Investments and held to maturity securities portfolio excluding attached credit	
- AAA, AA, A	16,015
- BBB	2,105
- Below BBB	442
- Doubtful loans and advances	207
- Non rated	7,620
Total	26,390

NOTE 6 - Analysis of monetary assets and liabilities by remaining maturity

<u>ASSETS</u>	Less than or equal to three months	Three months to one year	One to five years	Over five years and indeterminate maturity	Accrued interest	TOTAL
Loans and advances to credit institutions *	26,339	1,466	34,007	2,890	132	64,834
Loans and advances to customers **	18,942	6,100	19,301	16,863	213	61,419
Bonds and other fixed-income securities ***	1,024	2,245	9,809	5,333	504	18,915
TOTAL	46,305	9,811	63,117	25,086	849	145,168

* Excluding doubtful debts and related provisions for impairment

** Excluding non-allocated profits on property development, doubtful debts and related provisions for impairment

*** Limited to investment and held-to-maturity securities, excluding doubtful debts

<u>LIABILITIES</u>	Less than or equal to three months	Three months to one year	One to five years	Over five years and indeterminate maturity	Accrued interest	TOTAL
AMOUNTS OWED TO CREDIT INSTITUTIONS	38,618	9,298	31,323	1,674	292	81,205
CUSTOMER DEPOSITS	45,541	2,022	3,018	833	229	51,643
DEBTS EVIDENCED BY CERTIFICATES						
Cash certificates	36	18	14		2	70
Interbank certificates and negotiable debt instruments	22,641	3,486	1,867	1,584	410	29,988
Bonds	100	1,958	3,952	413	42	6,465
Other debts evidenced by certificates	258	18	434	149		859
TOTAL	107,194	16,800	40,608	4,653	975	170,230

NOTE 7 - Shares and other variable-yield securities

	31 December 2003				31 December 2002			
	Trading securities	Investment securities	Portfolio securities	Total	Trading securities	Investment securities	Portfolio securities	Total
Listed securities held	8,018	1,792	96	9,906	5,691	1,536	83	7,310
Unlisted securities held		178	517	695		279	466	745
Securities loaned		0		0	6			6
Accrued interest			13	13			13	13
Gross value	8,018	1,970	626	10,614	5,697	1,815	562	8,074
Provisions		(36)	(114)	(149)		(39)	(99)	(138)
Total	8,018	1,934	512	10,465	5,697	1,776	463	7,936
Unrealised gains		100	131	231		138	125	263

In 2003, trading securities amounting to €616m were transferred to investment securities,

NOTE 8 - Investments of insurance companies

	31 December 2003	31 December 2002
Property, net of provisions and depreciation	267	224
Variable-income securities and UCITS	3,176	2,414
bonds, other investments and loans	21,651	19,700
Deposits, sureties, other investments and loans	248	281
Accrued interest (including provisions for impairment)	425	364
Assets representing unit-linked policies	3,358	3,146
Total	29,124	26,129

Note 9 - Reinsurers' share of technical provisions

	31 December 2003	31 December 2002
Life insurance	13	59
Non-life insurance	192	162
Unit-linked policies		
Total	205	221

NOTE 10 - Participating interests, shares in related undertakings and other long-term securities

	31					31
	December	Acquisitions	Disposals	Transfers	Other	December
	2002	Charge	Written back		movements	2003
Other long-term securities						
- Listed	86	0	(9)		(0)	76
- Unlisted	91	13	(3)		(0)	102
Participating interests						
- Listed	11	18			2	31
- Unlisted	182	24	(13)		(28)	166
Shares in related undertakings						
- Listed	60			(0)		60
- Unlisted	70	49	(51)	(2,500)	2,459	28
Shares in companies accounted for by the equity method	106	6	(0)		14	126
Sub-total	606	110	(76)	(2,500)	2,448	588
Translation adjustment	(1)					0
Securities loaned						0
Accrued interest	3					3
Equity investments in and current account advances to property investment companies	18					19
Gross value	627					611
Provisions						
- Listed securities	(51)	(5)	1		(1)	(57)
- Unlisted securities	(69)	(30)	27		29	(42)
Sub-total	(120)	(35)	28		28	(99)
Net value	507					512

Shares in companies accounted for by the equity method

	2003	2002
CMCP	4	4
EURO INFORMATION	29	26
SCI TREFLIERE	9	8
LA PERENNITE	7	3
SAREST	8	7
SFEJIC L'ALSACE	4	7
Subsidiaries of GACM	22	20
Subsidiaries of CIC	42	31
Total	125	106

NOTE 11 - Tangible and intangible fixed assets

	31 December 2002	Acquisitions Charge	Disposals Written back	Other movements	31 December 2003
Tangible fixed assets					
Gross value					
. Land used in the operations	299	1	(2)	(7)	291
. Land not used in the operations	4	0	(0)	(0)	4
. Buildings used in the operations	975	74	(32)	76	1,094
. Buildings not used in the operations	32	0	(2)	(9)	22
. Other tangible fixed assets	1,182	161	(121)	(53)	1,170
Gross value	2,492	237	(156)	7	2,580
Depreciation					
. Land used in the operations	(11)	(0)		11	0
. Land not used in the operations	(1)			0	(1)
. Buildings used in the operations	(389)	(50)	12	(33)	(459)
. Buildings not used in the operations	(15)	(1)	1	6	(9)
. Other tangible fixed assets	(763)	(114)	115	14	(748)
Total depreciation	(1,179)	(164)	128	(1)	(1,216)
Net value	1,313	73	(28)	6	1,364

	31 December 2002	Acquisitions Charge	Disposals Written back	Other movements	31 December 2003
Intangible fixed assets					
Gross value					
. Business goodwill	21	9		(11)	19
. Research and development costs	2	0	(1)	(0)	1
. Other intangible fixed assets	225	20	(51)	7	200
Gross value	248	28	(52)	(4)	220
Amortisation					
. Business goodwill	(15)	(1)		2	(15)
. Research and development costs	(2)	(0)	1	0	(1)
. Other intangible fixed assets	(178)	(5)	48	(1)	(138)
Total amortisation	(195)	(6)	49	1	(154)
Net value	53				65

NOTE 12 - Goodwill

	31 December 2003		31 December 2002	
	Positive goodwill	Negative goodwill	Positive goodwill	Negative goodwill
Gross value	855	12	849	16
Amortisation, net	(282)	(4)	(226)	(7)
Net value	572	7	623	9

NOTE 13 - Other assets and liabilities

Other assets	31 December 2003	31 December 2002
Conditional instruments acquired	998	1119
Securities transactions pending	463	769
Other debtors	3,143	5,514
Gold and other precious metals		
Other stocks and equivalents		
Miscellaneous debtors	242	241
Total	4,846	7,643
Other liabilities		
Conditional instruments sold	1,165	1,042
Debts in respect of securities transactions	12,129	15,234
<i>Of which relating to borrowed securities</i>	874	595
Securities transactions pending	779	1,572
Payments due in respect of unpaid capital	195	184
Miscellaneous creditors	2,681	4,349
Total	16,950	22,380

NOTE 14 - Other insurance assets and insurance liabilities

Other assets	31 December 2003	31 December 2002
Debtors arising from insurance and reinsurance operations	275	263
Amounts due by credit institutions	149	47
Others		5
Total	424	315
Other liabilities		
	31 December 2003	31 December 2002
Creditors arising from insurance and reinsurance operations and guarantee deposits received	78	78
Amounts owed to credit institutions	38	74
Miscellaneous creditors	0	10
Others	0	
Total	116	162

NOTE 15 - Adjustment accounts

<u>Assets</u>	31 December 2003	31 December 2002
-		
- Collection accounts	4,676	3,663
- Adjustment accounts	597	401
- Unrealised losses arising on hedging of forward financial instruments (not unwound)		1
- Losses to be spread arising on hedging of forward financial instruments (unwound)	2	4
- Deferred charges	65	38
- Prepayments and accrued income	70	86
- Income to be received	809	799
- Other	2,498	2,770
Total	8,716	7,761
<u>Liabilities</u>		
- Head office and branches/network		
- Unavailable amounts on collection accounts	4,329	2,863
- Adjustment accounts	844	568
- Unrealised gains arising on hedging of forward financial instruments (not unwound)	1	1
- Gains to be spread arising on hedging of forward financial instruments (unwound)	126	18
- Deferred income	226	245
- Accruals	893	789
- Other	2,130	2,135
Total	8,550	6,620

NOTE 16 - Provisions for doubtful loan

	31 December 2002	Charge	Written back	Others movements	31 December 2003
Assets					
Provisions in respect of financing obligations	28	2	(6)	(3)	21
Provisions on customers debts	2,273	749	(663)	(22)	2,337
Provisions on lease financing and similar agreements	214	72	(71)	12	227
Provisions on bonds and others fixed income	13	3	(2)	(5)	10
Liabilities					
Provisions in respect of financing obligations	87	39	(36)	(5)	85
General provision for credit risk	300	94	0	(12)	382
Provisions on debts	83	51	(44)	(10)	80
Total	2,998	1,010	(821)	(46)	3,141
country risks					
assets	30	2	(22)	6	16
liabilities	5		2	(2)	5

NOTE 17 - Advances to credit institutions

	31 December 2003		31 December 2002	
	Repayable on demand	Repayable on maturity	Repayable on demand	Repayable on maturity
Central Banks	75		15	
Ordinary accounts	3,293		3,548	
Loan and repo	0	44,894		44,922
Securities in repo	433	32,294	293	37,273
Advances and Loans	12	280	19	762
Total	3,813	77,467	3,876	82,957
Total advances to credit institutions		81,280		86,833

NOTE 18 - Customer deposits

	31 December 2003		31 December 2002	
	Repayable on demand	Repayable on maturity	Repayable on demand	Repayable on maturity
Regulated savings accounts	9,782	8,512	8,107	8,146
Accrued interest	53	131	99	194
Sub-total	9,835	8,643	8,205	8,340
Other deposits	21,451	10,571	19,465	11,438
Securities sold and delivered under repurchase agreements	86	1,012	116	1,274
Accrued interest	2	43	3	64
Sub-total	21,539	11,626	19,584	12,776
Total customer deposits		51,643		48,905

NOTE 19 - Debts evidenced by certificates

	31 December 2003	31 December 2002
Cash certificates	69	88
Interbank certificates and negotiable debt instruments	29,578	31,457
Bonds	6,423	5,608
Other debts evidenced by certificates	859	307
Accrued interest	454	526
Total	37,383	37,986

NOTE 20 - Technical provisions of insurance companies

	31 December 2003	31 December 2002
Life insurance technical provisions	22,512	20,604
Provisions for claims outstanding	1,257	1,098
Provisions for policyholder bonuses and rebates	668	571
Provisions for unearned premiums	293	284
Other provisions (including management provision and equalisation provision)	309	321
Provisions in respect of unit-linked policies	3,356	3,138
Total of technical provisions	28,395	26,016

NOTE 21 - Provisions for risks and charges

	31 December 2002	Charge	Written back	Other movements	31 December 2003
Provisions for counterparty risk					
- Provisions in respect of financing obligations	52	25	(22)	(2)	53
- Provisions in respect of off balance sheet commitments	35	14	(14)	(4)	31
- Provisions for country risks	4		(2)	2	4
- General provisions for credit risk	300	94	(0)	(12)	382
- Other provisions for counterparty risks	78	51	(42)	(12)	75
Provisions for losses on forward financial instruments	50	8	(10)	(3)	45
Provisions on investments in subsidiary undertakings and participating interests	13	0	(9)	(0)	4
Provisions for risks and charges (other than counterparty risk)					
- Provisions for retirement indemnities	301	34	(41)	(35)	259
- Provisions for disputes (1)	41	3	(2)	(19)	24
- Other provisions for risks and charges	94	35	(32)	64	161
Total	968	264	(173)	(21)	1,038

(1) Excluding disputes with customers relating to loans and advances

NOTE 22 - Subordinated debts

	31 December 2002	Issued	Redeemed	Other movements	31 December 2003
Subordinated debts	2,677	1,041	(147)	(424)	3,147
Participating loans	129			2	131
Perpetual subordinated debt	628		(305)	0	323
Accrued interest	82			4	86
Total	3,516	1,041	(452)	(419)	3,687

Main subordinated debt issues

	Type	Date of issue	Amount	Outstanding at year-end	Interest rate	Maturity
Banque Fédérative du Crédit Mutuel	TSR		85 M€	85 M€	5.75	17.11.2007
Banque Fédérative du Crédit Mutuel	TSR		50 M€	50 M€	5.40	29.06.2011
Banque Fédérative du Crédit Mutuel	TSR		700 M€	700M€	6.50	19.07.2013
Banque de l'Economie, du Commerce et de la Monétique	Participatif		122 M€	122 M€		29.11.2013
Banque de l'Economie, du Commerce et de la Monétique	Participatif		123 M€	123 M€		undetermined
CIC	TSR		300 M€	300 M€	*	19.07.2013
CIC	TSR		350 M\$	350 M\$		30.09.2015
CIC	Participatif	28.05.85	137 M€	137 M€	*****	
CIC	TSDI	11.06.97	191 M€	191 M€	****	

* 3-month Euribor + 89.5bp

** Minimum: 85% (TAM+TMO)/2; Maximum: 130% (TAM+TMO)/2

*** Not redeemable but repayable at the borrower's initiative as from 28 May 1997 at 130% of the nominal value increased by 1.5% p.a. in subsequent years.

**** Fixed rate of 6.60 % until 2007, then 3-month Euribor + 225bp

NOTE 23 - Statement of changes in capital and reserves

	Group share	Minority interests	Total
Capital and reserves at December 2002	3,179	726	3,905
Appropriation of 2002 consolidated profit	415	103	518
Dividends paid	-80	-14	-94
increase of capital	19		19
Changes in consolidation scope and controlling interests	-14	-64	-78
Translation adjustment	-30	-2	-32
Capital and reserves at December 2003	3,490	749	4,238

Group share

	2003	2002
CAPITAL	1,302	1,296
Legal reserves	47	28
Statutory and contractual reserves	470	403
Regulated reserves	10	10
Share premium account	578	564
Consolidated reserves (including adjustments in respect of companies accounted for by the equity method and cumulative translation adjustments)	1,082	876
TOTAL	3,490	3,179

Differences arising on companies accounted for by the equity method

The table below provides an analysis of the difference between the group's share of the net assets of companies accounted for by the equity method and the net book value of the investment in those companies.

	2003	2002
CMPE	2	3
EURO INFORMATION	23	19
SCI TREFLIERE	3	3
SAREST	4	4
SFEJIC L'ALSACE	0	4
LA PERENNITE	0	3
Subsidiaries of GACM	1	
Subsidiaries of CIC	6	6
TOTAL	40	40

NOTE 24 - Commitments in respect of forward financial instruments

Transactions involving forward financial instruments (analysed by reference to the concept of micro/macro hedging and management of open positions/specialist management involving firm and conditional transactions).

	31 December 2003			31 December 2002		
	Hedging transactions	Management transactions	Total	Hedging transactions	Management transactions	Total
Firm transactions						
<i>Organised markets</i>						
Interest rate instruments	251	47,548	47,798	383	30,434	30,817
Foreign exchange instruments	2		2	2		2
Other instruments	198	17,193	17,391	33	15,985	16,018
<i>Over-the-counter</i>						
Forward rate agreements	5,396	20,829	26,226	1,512	3,841	5,353
Interest rate swaps	175,858	464,782	640,640	149,813	329,983	479,796
Financial swaps	394	3,894	4,287	766	2,846	3,612
Other transactions	708	161	869	60	218	278
Other swaps						
Conditional transactions						
<i>Organised markets</i>						
Interest-rate options						
Bought		18,468	18,468		6,087	6,087
Sold		16,066	16,066		5,873	5,873
Currency options						
Bought		18	18	12	37	49
Sold		9	9	12	15	27
Share and other options						
Bought	157	5,420	5,577	34	4,128	4,162
Sold	157	6,184	6,341	33	4,355	4,388
<i>Over-the-counter</i>						
Interest rate caps and floors						
Bought	3,714	16,935	20,649	3,661	15,129	18,790
Sold	2,784	19,056	21,840	2,735	17,517	20,252
Interest-rate, currency, share and other options						
Bought	918	4,225	5,143	886	3,973	4,859
Sold	1,106	7,851	8,957	880	5,399	6,279
Total	191,642	648,638	840,280	160,822	445,820	606,642

Breakdown of over-the-counter interest-rate agreements by type of portfolio

31 December 2003	Isolated	Micro	Global	Specialised	Total
	open positions	hedging	interest rate risk	management	
Firm transactions					
Purchases	356	781		8,255	9,393
Sales	305	4,615		11,913	16,833
Swaps	30,213	171,009	4,849	434,569	640,640
Conditional transactions					
Purchases	2,472	2,918	796	14,463	20,649
Sales	3,163	2,723	61	15,893	21,840

Breakdown of over-the-counter interest-rate agreements by type of portfolio

31 December 2002	Isolated open positions	Micro hedging	Global interest rate risk	Specialised management	Total
Firm transactions					
Purchases	99	262		577	938
Sales	45	1,251		3,120	4,416
Swaps	33,266	143,705	6,108	296,717	479,796
Conditional transactions					
Purchases	3,472	2,933	728	11,657	18,790
Sales	3,879	2,652	83	13,638	20,252

Note 25 - Forward financial instruments - Counterparty risks

The counterparty risk arising on forward financial instruments is estimated applying the methodology used for calculating prudential ratios. It therefore takes into account netting agreements in force at the year-end.

Credit risks on forward financial instruments at 31 December 2003	Net replacement cost		Equivalent weighted risks	
	Contracts not benefiting from netting effect	Contracts benefiting from netting effect	Contracts not benefiting from netting effect	Contracts benefiting from netting effect
Risks on central government and similar agencies		300	1	
Risks on credit institutions located in the A zone		1,533	1,815	669
Risks on credit institutions located in the B zone and on customers		367	61	324
Total before effect of netting agreements		2,200	1,877	993
				708

Credit risks on forward financial instruments at 31 December 2002	Net replacement cost		Equivalent weighted risks	
	Contracts not benefiting from netting effect	Contracts benefiting from netting effect	Contracts not benefiting from netting effect	Contracts benefiting from netting effect
Risks on central government and similar agencies		114		
Risks on credit institutions located in the A zone		1,436	1,383	560
Risks on credit institutions located in the B zone and on customers		261	135	316
Total before effect of netting agreements		1,811	1,518	876
				656

NOTE 26 - Other off balance sheet commitments

Year ended 31 December	2003	2002
Currency transactions		
- To be received	7,139	3,468
- To be delivered	7,065	3,642
Commitments involving forward financial instruments		
Transactions on organised and similar markets		
- Forward currency transactions		
. Hedging	177,940	175,775
. Other transactions	144,740	144,576
- Financial currency swaps		
. Isolated open positions	2,235	8
. Micro hedging	394	766
. Global interest rate risk		
. Specialised management	1,658	2,837
Lease obligations		
- Lease payments due in respect of property finance leases (1)		
- Lease payments due in respect of equipment finance leases	2	7

(1) Property made available under finance leases is recorded as an asset and the lease obligations shown as a liability in the consolidated balance sheet.

Commitments of insurance companies	2003		2002	
	Life	Non life	Life	Non life
Commitments received				
- Bank guarantees in respect of loans				
- Commitments received on assets (caps, floors)	3,103,837		1,667,343	
- Other commitments received (interest rate swaps)				
Commitments given				
- Commitments on assets or revenues	33,000	70,257	1,104	48,546
- Other commitments	15,286	20,240	12,131	1
Securities received as collateral from ceding and retroceding undertakings	8,927	218,871	20,215	192,883

NOTE 27 - Interest income and charges

Year ended 31 December	2003		2002	
	Income	Charges	Income	Charges
Credit institutions	5,507	6,368	6,267	7,549
Customers	3,304	1,167	3,779	1,327
Lease financing and similar agreements	1,788	1,526	1,671	1,398
Bonds and other fixed-income securities	1,163	1,494	1,317	1,702
Other	32	62	11	5
<i>Of which charges on subordinated debts</i>		153		177
Total	11,794	10,617	13,045	11,981

NOTE 28 - Income from shares and other variable-yield securities

Year ended 31 December	2003	2002
Revenues from investment securities	4	6
Revenues from portfolio securities	9	18
Revenues from participating interests and other long-term securities	13	10
Revenues from shares in related undertakings	4	5
Revenues from shares in property investment companies	0	
Total	30	39

NOTE 29 - Fees

Year ended 31 December	2003		2002	
	Income	Charges	Income	Charges
Transactions with credit institutions	7	10	16	12
Transactions with customers	555	3	505	4
Securities transactions	4	43	5	47
Foreign exchange transactions	26	9	25	7
Off balance sheet transactions				
. Commitments on securities	9		9	
. Forward financial commitments	7	17	8	19
. Loan commitments and guarantee obligations	21	11	16	21
Financial services	1,075	51	1,109	57
Fees on payment instruments		377		343
Other	18	4		2
Total	1,722	524	1,693	512

NOTE 30 - Charges relating to subordinated debts

Year ended 31 December	2003	2002
Charges on dated subordinated debts	(125)	(147)
Charges on perpetual subordinated debt	(27)	(31)
Other charges on subordinated debt	(0)	
Total	(153)	(178)

NOTE 31 - Gains and losses on trading portfolio

Year ended 31 December	2003	2002
- Trading securities	1,108	1,051
- Foreign exchange transactions	45	13
- Forward financial instruments		
* Interest rate	254	10
* Exchange rate	(1)	2
* Other financial instruments (including shares)	(260)	176
Sub-total	1,147	1,252
- Provisions against financial instruments	(8)	(17)
- Provisions against financial instruments written back	10	20
Total	1,149	1,255

NOTE 32 - Gains and losses on investment portfolio

Year ended 31 December	2003	2002
Investment securities		
- Profits on disposal	519	75
- Losses on disposal	(293)	(30)
- Provisions for depreciation	(15)	(80)
- Provisions for depreciation written back	73	26
Portfolio securities		
- Profits on disposal	60	60
- Losses on disposal	(10)	(25)
- Provisions for depreciation	(33)	(40)
- Provisions for depreciation written back	19	28
Other	(0)	
Total	321	15

NOTE 33- Other operating income and charges - Banking

Year ended 31 December	2003		2002	
	Income Charges		Income Charges	
Ancillary income	29		37	
Charges transferred	0		1	
Provisions for risks and charges written back		(9)		4
Miscellaneous income and charges from banking	43	33	57	42
Total	72	24	95	46

NOTE 34 - Gross profit from insurance activities

Year ended 31 December	2003	2002
<i>Life insurance</i>		
Premiums earned	4,331	4,208
Claim expenses	(2,546)	(2,353)
Changes in provisions	(2,454)	(1,668)
Other technical and non-technical income and charges	60	63
Net investment income	1,140	178
Total	532	428

NOTE 35 - Staff costs

Year ended 31 December	2003	2002
Wages and salaries	1,006	978
Social security costs	464	418
Employee profit-sharing and incentives	87	77
Payroll and similar taxes	89	81
Net provision for retirement indemnities	(7)	(17)
Net provisions for other risks and charges	1	3
Total	1,640	1,539

Global compensations granted to the 23 members of the board amounts 4 840 008 euros in 2003 (2002: 4 357 402 €)

No director's fees has been allocated

NOTE 36 - Cost of risk

Year ended 31 December	2003	2002
Provisions for doubtful debts	759	839
Provisions for doubtful debts written back	(678)	(715)
Losses on bad debts covered by provisions	245	232
Losses on bad debts not covered by provisions	27	23
Recoveries on bad debts written off	(22)	(14)
Sub-total	332	365
Provisions for risks and charges	185	105
Provisions for risks and charges written back	(80)	(82)
Sub-total	105	23
Total	437	388

NOTE 37 - Gains and losses on fixed assets

	Treasury bills and other bills eligible for refinancing with central banks	Bonds and other fixed income securities	Participating interests and other long-term securities	Shares in related undertakings	2003	2002
Fixed asset investments						
- Gains on disposal	0	5	16	6	27	46
- Losses on disposal	(0)	(0)	(8)	(12)	(20)	(91)
- Provisions	(2)		(15)	(20)	(38)	(38)
- Provisions written back			4	34	38	116
Sub-total	(2)	5	(4)	8	7	33
Tangible and intangible assets						
- Gains on disposal					9	7
- Losses on disposal					(7)	(10)
Sub-total					2	(3)
Total					9	30

NOTE 38 - Exceptional items

	2003		2002	
	Income	Charges	Income	Charges
Exceptional items	9.80	9.50	4.20	3.70
TOTAL				0.3

NOTE 39 - Tax charge

	2003	2002
Current taxes	-401	-322
Deferred taxes	-25	10
TOTAL	-426	-312

	2003	2002
Profit before tax	1,136	830
Applicable tax rate for the consolidating entity	35.4%	35.4%
Theoretical tax charge	-403	-294
Impact of transfer to fund for general banking risks (not tax deductible)	-32	-32
Other items	8	14
Actual tax charge	-426	-312

CIC and all its main subsidiaries that are at least 95% controlled directly or indirectly have formed a tax group. Each regional bank of CIC that is a member of the tax group has constituted a tax sub-group comprising its own subsidiaries. The creation by CIC of this tax group generated savings of €75 million in 2003.

NOTE 40 - Average staff numbers

Year ended 31 December	2003	2002
Staff	17,444	16,506
Management	9,556	8,786
Total	27,000	25,292

NOTE 41 - Analysis of results by activity and geographical area

The main criterion when analysing results by activity is the type of customer, the type of business being of minor importance and integrated into this first criterion. This approach is adapted to the group's strategy, which is positioned as a distribution network for which various products are designed and managed by specialised entities. Consolidated companies are allocated in their entity by reference to their main activity.

In this case, the company accounts are allocated on an analytical basis. Companies are allocated directly to their main activity on the basis of their contribution to the group's results. The analysis is performed by reference to the net profit before transfer to or from the fund for general banking risks (FGBR) and minority interests.

Analysis of 2003 results by activity

	Retail banking	Insurance	Investment banking	Private banking and Holding	Structure and Holding	Total
Net Banking Income	222	226	301	69	(17)	801
Net transfer to the FGBR and Minority interests						(189)
Operating Profit						612

Consolidated profits & loss accounts 2002 by geographical areas

M€	France	Luxembourg	Switzerland	US	Germany	UK	Singapore	Total
Net Profit before transfer to FGBR	707	49	14	22	(2)	9	2	801
Net transfer to the FGBR and Minority interests								(189)
Net Profit								612

2002 Income Statement by activities

	Retail banking	Insurance	Investment banking	Private banking and Holding	Structure and Holding	Total
Net Profit before transfer to FGBR	233	171	187	47	(30)	608
Net transfer to the FGBR and Minority interests						(193)
Net profit after FGBR						415

2002 Income Statement by geographical areas

en M€	France	Luxembourg	Switzerland	US	Germany	UK	Singapore	Total
Net Profit before FGBR	498	66	12	26	2	4		608
Net transfer to the FGBR and Minority interests								(193)
Net Profit								415

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 18 July 2003 as amended and supplemented by a first supplemental dealer agreement dated 5 July 2004 (the “**Dealer Agreement**”) between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agent of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the “**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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.

United Kingdom

Each Dealer has represented, warranted and agreed that:

1. **No offer to public:** in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of a period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

2. **Accepting Deposits in the United Kingdom:** in relation to any Notes which have a maturity of less than one year (a) 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 (b) 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 *;
3. **Investment Advertisement:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by 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
4. **General Compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

France

Each of the Dealers and the Issuer has acknowledged that the Notes are being issued outside the Republic of France.

1. In respect of syndicated issues of Notes constituting *obligations* (except issues of Notes denominated in Euro), each of the Dealers and the Issuer has represented and agreed that, in connection with their initial distribution, (i) it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France and (ii) offers and sales of Notes will be made in the Republic of France only to qualified investors in accordance with Article L.411-1 *et seq.* of the French *Code monétaire et financier* (the “**Code**”) and Decree no. 98-880 dated 1 October 1998 (the “**Decree**”).
2. In respect of non-syndicated issues (except issues of Notes constituting *obligations* denominated in Euro), each of the Dealers and the Issuer has represented and agreed that in connection with their initial distribution, (i) it has not offered or sold and will not offer or sell, directly or indirectly, Notes in the Republic of France and (ii) each subscriber will be domiciled or resident for tax purposes outside the Republic of France.
3. In respect of issues (whether syndicated or non-syndicated) of Notes constituting *obligations* and which are denominated in Euro, each of the Dealers and the Issuer has represented and agreed that in connection with their initial distribution, (i) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and (ii) offers and sales of Notes in the Republic of France will be made in accordance with the Code and the Decree relating to offers to qualified investors.

In addition, and in each case, each of the Dealers and the Issuer has represented and agreed that, in connection with their initial distribution, it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, the Offering Circular, the Pricing Supplement or any other offering material relating to the Notes other than to those investors (if any) to whom offers and sales of the Notes in the Republic of France may be made as described above.

If necessary these selling restrictions will be supplemented in the relevant Pricing Supplement.

Germany

Each Dealer has represented and agreed that it has and will only offer Notes in the Federal Republic of Germany in compliance with the provisions of the German Securities Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) of 9 September 1998, as amended, or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities in the Federal Republic of Germany.

Luxembourg

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

The Notes are not offered to the public in Luxembourg and each Dealer has represented and warranted and agreed that it will not offer the Notes or cause the offering of the Notes or contribute to the offering of the Notes to the public in Luxembourg, unless all the relevant legal and regulatory requirements have been complied with. In particular, this offer has not been and will not be announced to the public and offering material will not be made available to the public. A listing of the Notes on the Luxembourg Stock Exchange does not necessarily imply that a public offering in Luxembourg has been authorised.

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 or for the benefit of a resident of Japan or to others for re-offering or resale, directly or indirectly, 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.

General

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

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

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 Offering Circular, any other offering material or any Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefor.

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche of Notes issued under Banque Fédérative du Crédit Mutuel's euro 15,000,000,000 Euro Medium Term Note Programme (which is supplemental to, and should be read in conjunction with, this Offering Circular dated 5 July 2004), subject only to the addition of non-applicable provisions, is set out below:

PRICING SUPPLEMENT

[LOGO, if document is printed]

BANQUE FEDERATIVE DU CREDIT MUTUEL

Euro 15,000,000,000

Euro Medium Term Notes

Due from 7 days from the original date of issue

Series No: []

Tranche No: []

[Brief Description and Amount of Notes]

Issue Price [] per cent.

[Publicity Name(s) of Dealer(s)]

The date of this Pricing Supplement is [] June.

This Pricing Supplement, under which the Notes described herein (the “Notes”) are issued, is supplemental to, and should be read in conjunction with, the offering circular (the “Offering Circular”) dated 5 July 2004 issued in relation to the euro 15,000,000,000 Euro Medium Term Note Programme of Banque Fédérative du Crédit Mutuel. Terms defined in the Offering Circular have the same meaning in this Pricing Supplement. The Notes will be issued on the terms of this Pricing Supplement read together with the Offering Circular. The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular, contains all information that is material in the context of the issue of the Notes.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer of or invitation by or on behalf of anyone to subscribe or purchase any of the Notes.

[Set out any additions or variations to the selling restrictions.]

[Except as disclosed in this document, there/There] has been no significant change¹ in the financial or trading position of the Issuer or of the Group since [date of last audited accounts or interim accounts (if later)] and no material adverse change in the financial position or prospects of the Issuer or of the Group since [date of last published annual accounts].

Signed: []

Director/Duly Authorised Signatory

[In connection with this issue, [name of Stabilising Agent] (the “Stabilising Agent”) or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.]² [Any such transaction will be carried out in accordance with all applicable laws and regulations]³

¹ If any such change is disclosed in the Pricing Supplement, it will require approval by the Stock Exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular rather than in a Pricing Supplement.

² Delete if there is no Stabilisation Agent.

³ To be included when Notes are listed on the Paris Stock Exchange.

The terms of the Notes and additional provisions relating to their issue are as follows:

Provisions appearing on the face of the Notes

- | | | |
|---|------------------------------|-----|
| 1 | Series No: | [] |
| 2 | Tranche No: | [] |
| 3 | ISIN: | [] |
| 4 | Currency: | [] |
| 5 | Principal Amount of Tranche: | [] |
| 6 | Issue Date: | [] |

Provisions appearing on the back of the Notes

- | | | |
|----|---|---|
| 7 | Form: | Bearer |
| 8 | Denomination(s) ¹ : | [] |
| 9 | Status: | [Unsubordinated/Subordinated] |
| 10 | Interest Commencement Date (other than Zero Coupon Notes): | [] |
| 11 | Interest Rate (including after Maturity Date): | [[] per cent. per annum/Floating Rate/Zero Coupon/other]] |
| 12 | Interest Payment Date(s) (- other than Zero Coupon Notes): | [], subject to adjustment in accordance with the [Following/Modified Following/Preceding] Business Day Convention for which the Business Day[s][is/are] [specify cities]] OR [] months after the previous Interest Payment Date (or, in the case of the first Interest Payment Date, after the Interest Commencement Date), subject to adjustment in accordance with the Floating Rate Business Day Convention for which the Business Day[s] [is/are] [specify cities]] |
| 13 | Relevant Time (Floating Rate Notes): | [] |
| 14 | Interest Determination Date (Floating Rate Notes): | [[] [TARGET] Business Days in [specify city] for [specify currency] prior to] [the first day in each Interest Period/each Interest Payment Date] |
| 15 | Primary Source for Floating Rate (- Floating Rate Notes): | [specify relevant screen page or "Reference Banks"] |
| 16 | Reference Banks (- Floating Rate Notes - if Primary Source is "Reference Banks"): | [specify four] |
| 17 | Relevant Financial Centre (Floating Rate Notes): | [The financial centre most closely connected to the Benchmark - specify if not London] |
| 18 | Benchmark (- Floating Rate Notes): | [EURIBOR, LIBOR, LIBID, LIMEAN or other benchmark] |
| 19 | Representative Amount (Floating Rate Notes): | [Specify if screen or Reference Bank quotes are to be given in respect of a transaction of a specified notional amount] |
| 20 | Relevant Currency (Floating Rate Notes): | [Specify if not currency of denomination] |

¹ Notes in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year, must have a minimum denomination of £100,000 (or its equivalent in other currencies).

21	Effective Date (Floating Rate Notes):	[Specify if quotes are not to be obtained with effect from commencement of Interest Period]
22	Specified Duration (Floating Rate Notes):	[Specify period for quote, if not duration of Interest Period]
23	Margin (if applicable):	[] per cent. per annum
24	Rate Multiplier (if applicable):	[]
25	Maximum/Minimum Interest Rate (if applicable):	[] per cent. per annum
26	Maximum/Minimum Instalment Amount	[]
27	Maximum/Minimum Redemption Amount	[]
28	Interest Amount (Floating Rate Notes):	[Specify amount of interest due in respect of each Denomination on each Interest Payment Date or, if applicable, a formula for calculating such amounts]
29	Day Count Fraction:	[Day Count Fraction should be Actual/Actual-ISMA for all fixed rate issues other than those denominated in US dollars, unless agreed otherwise]
30	Determination Date(s) (Condition 4(h)):	[insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)] in each year ¹
31	Redemption Amount (including early redemption):	[Principal Amount/ [other]]
32	Maturity Date: []	[, subject to adjustment in accordance with the [Following/Modified Following/Preceding] Business Day Convention for which the Business Day[s] [is/are] [specify cities]] OR [The Interest Payment Date falling in [specify month and year]]
33	Redemption for Taxation Reasons permitted on days other than Interest Payment Dates:	[Yes/No]
34	Amortisation Yield (Zero Coupon Notes):	[] per cent. per annum
35	Terms of redemption at the option of the Issuer or description of any other Issuer's option (if applicable):	[]
36	Issuer's Option Period (if applicable):	[]
37	Terms of redemption at the option of the Noteholders or description of any other Noteholders' option (if applicable):	[]
38	Noteholders' Option Period (if applicable):	[]
39	Instalment Date(s) (if applicable):	[]
40	Instalment Amount(s) (if applicable):	[]
41	Unmatured Coupons to become void upon early redemption:	[Yes/No]
42	Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity of each Talon (if applicable):	[No/Yes, maturing every [] Interest Payment Dates]

¹ Only to be completed for a fixed rate issue where Day Count Fraction is Actual/Actual – ISMA

- 43 Business Day Jurisdictions for Condition 6(g) (jurisdictions required to be open for payment): []
- 44 Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 10(a) (if applicable): []
- 45 Details of any other additions or variations to the Conditions (if applicable): []
- 46 Rating: []
- 47 The Agents appointed in respect of the Notes [List Agents and their specified offices] Provisions applicable to Global Notes
- 48 Notes to be represented on issue by: [temporary Global Note/permanent Global Note]
- 49 Applicable TEFRA exemption (– if “C Rules” or “not applicable”): [C Rules/D Rules/not applicable]
- 50 Temporary Global Note exchangeable for Definitive Notes (– if yes): [specify, if yes]
- 51 Permanent Global Note exchangeable for Definitive Notes at the request of the holder (- if yes): [specify, if yes]

Provisions relating only to the sale and listing of the Notes

- 52 Details of any additions or variations to the selling restrictions: []
- 53 Listing: []
- 54 Issue Price: []
- 55 Dealer’s Commission: []
- 56 Method of issue of Notes: [Individual Dealer/Syndicated Issue]
- 57 The following Dealer(s) [is/are] [subscribing the Notes¹/procuring subscribers for the Notes²]: [Insert legal name(s) of Dealer(s)]
- 58 Common Code: []
- 59 Details of any additions or variation to the Dealer Agreement []
- 60 In the case of Notes listed on the Paris Stock Exchange:
- (a) the number of Notes to be issued in each Denomination []
- (b) Paying Agent in France: []
- (c) (i) address in Paris where documents to be made available for inspection may be inspected: [address]
- (ii) list of such documents available for [list]

¹ In the case of an issue of Notes denominated in euro and/or a syndicated issue where at least one of the dealers is a non-French bank.

² In the case of an issue of Notes denominated in a currency other than euro where the only dealer(s) is/are French banks.

inspection:

(d) Specialist broker: []

Include Responsibility Statement and brief summary in French of (i) the main characteristics of any Notes which are to be listed on Euronext Paris S.A.(ii) the activity of the issue and (iii) the main financial information in respect of the Issuer.

61 The aggregate principal amount of Notes issued has been translated into euro at the rate of [], producing a sum of (for Notes not denominated in euro): euro []

62 [Additional Information] [set out]

GENERAL INFORMATION

1. In connection with the application to list the Notes issued under the Programme on the Luxembourg Stock Exchange a legal notice relating to the issue of the Notes and copies of the statutes of the Issuer will be deposited prior to listing with the Trade Register in Luxembourg (*Registre du commerce et des sociétés à Luxembourg*) where such documents may be examined and copies obtained. The Luxembourg Stock Exchange has allocated to the Programme the number 12109 for listing purposes.
2. In connection with any future application to list the Notes on the Paris Stock Exchange:
 - (a) a legal notice relating to the issue of such Notes will be published in the *Bulletin des Annonces légales obligatoires* prior to such listing;
 - (b) the Pricing Supplement applicable to such issue will be submitted to the approval of the AMF and the relevant approval will be evidenced by the issue of a visa by the AMF which will be disclosed in the relevant Pricing Supplement applicable to the relevant Notes and by publication in the *Bulletin Officiel de Euronext Paris S.A.*; and
 - (c) the Pricing Supplement applicable to such issue will specify the additional places in Paris at which documents required to be made available for inspection may be inspected during normal business hours.
 - (d) Such Pricing Supplement will provide for a responsibility statement and brief summary in French of (i) the main characteristics of any Notes which are to be listed on Euronext Paris S.A. (ii) the activity of the Issuer and (iii) the main financial information in respect of the Issuer.
3. The Issuer has, or on each Issue Date will have, obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the issue and performance of the Notes. The issue of Notes up to a nominal amount of 15 billion euro was authorised by a resolution of the General Meeting of shareholders (*Assemblée Générale Ordinaire*) passed on 11 May 2004 giving authority to the *Conseil d'administration* to issue Notes up to such maximum aggregate amount. The *Conseil d'administration* authorised on the same day its *Directeur Général* Mr. Michel Lucas to issue Notes within the limits set forth by the General Meeting of shareholders. Issues of Notes will be authorised pursuant to the foregoing authorisations or any replacement authorisations, passed in accordance with French law.
4. Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer or of the Group since 31 December 2003 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 December 2003.
5. Neither the Issuer nor any of its subsidiaries is involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes nor so far as the Issuer is aware is any such litigation or arbitration pending or threatened.
6. Each Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
7. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code and the International Securities Identification Number (ISIN) for each Series of Notes will be set out in the relevant Pricing Supplement.
8. The Arranger for issues of euro Notes, the Dealers and the Issuer will, in relation to issues of Notes listed on the Paris Stock Exchange, comply with the guidelines provided by the letter dated 1 October 1998 from the Minister of the Economy, Finance and Industry to the President of the *Association française des établissements de crédit et des entreprises d'investissement*. Each Series of Notes listed on the Paris Stock Exchange must be issued in compliance with the *Principes Généraux* which have been published by the COB and the *Conseil des marchés financiers* (and those that may be published from time to time by the AMF).

9. For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection, and in the case of items (iv), (v), (vi) and (vii) may be obtained, at the office of the Fiscal Agent:
- (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Notes, the Coupons, the Receipts and the Talons)
 - (ii) the Dealer Agreement
 - (iii) the Deed of Covenant
 - (iv) the statutes of the Issuer
 - (v) the published annual report and audited accounts of the Issuer for the two years ended 31 December 2002 and 2003, the audited consolidated annual accounts of the Issuer for the two years ended 31 December 2002 and 2003 and the audited non-consolidated accounts of the Issuer for the two years ended 31 December 2002 and 2003
 - (vi) each Pricing Supplement for Notes that are listed on the Luxembourg Stock Exchange or any other stock exchange
 - (vii) a copy of this Offering Circular together with any Supplement to this Offering Circular or further Offering Circular
 - (viii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Offering Circular.
10. Copies of the latest annual report and consolidated and non-consolidated accounts of the Issuer and the latest six-monthly interim consolidated accounts of the Issuer may be obtained, and copies of the Agency Agreement and the Deed of Covenant will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. The Issuer does not publish six-monthly interim non-consolidated accounts.
11. The European Union has adopted a directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required from a date no earlier than 1 January 2005 to provide to the tax authorities of another Member State details of any payment of interest or other similar income paid by a person to an individual resident in that other Member State, except that Luxembourg, Belgium and Austria will instead operate a withholding system for a transitional period unless during such period they elect otherwise.

The comments above are of a general nature. They do not necessarily apply to all holders of Notes or in all circumstances. Any holder of Notes who is in any doubt as to his own tax position should consult his professional advisers.

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