

Prospectus dated 19 May 2014



**Issue of €1,000,000,000 3 per cent.
Subordinated Tier 2 Notes due 21 May 2024**

**Under the €45,000,000,000
Euro Medium Term Note Programme
Due from 7 days from the date of original issue**

(Series No: 383 / Tranche: 1)

The €1,000,000,000 3 per cent. Subordinated Tier 2 Notes due 21 May 2024 (the "Notes") will be issued by Banque Fédérative du Crédit Mutuel ("BFCM" or the "Issuer") on 21 May 2014 (the "Issue Date") under its €45,000,000,000 Euro Medium Term Note Programme (the "Programme"). The principal of the Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer, as described in Condition 4 (*Status of the Notes*) in "Terms and Conditions of the Notes". The relative Coupons will not be subordinated.

The Notes are subordinated notes of the Issuer issued pursuant to the provisions of Article L. 228-97 of the French *Code de Commerce*.

The Notes shall bear interest at the rate of 3 per cent. *per annum* from (and including) the Issue Date and interest shall be payable annually in arrear on 21 May in each year commencing on 21 May 2015.

This Prospectus constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC of 4 November 2003 as amended by Directive 2010/73/EC (to the extent that such amending Directive has been implemented in the Relevant Member State (as defined below)) (the "Prospectus Directive").

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed on 21 May 2024 (the "Maturity Date") at their principal amount. The Issuer may, subject to the prior approval of the *Secrétariat général de l'Autorité de contrôle prudentiel et de résolution*, redeem the Notes in whole, but not in part, at their principal amount, together with all interest accrued to the date fixed for redemption upon the occurrence of a Capital Event, a Withholding Tax Event, a Tax Deduction Event or a Gross-Up Event (each term as defined in "Terms and Conditions of the Notes").

The Notes are governed by English law except Condition 4 (*Status of the Notes*) which is governed by French law. The Notes will be in bearer form and in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. The Notes will initially be represented by a temporary global note (the "Temporary Global Note"), without interest coupons, which will be deposited on or about the Issue Date with a common depository for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the "Permanent Global Note") and, together with the Temporary Global Note, the "Global Notes", without interest coupons, on or after 30 June 2014 (the "Exchange Date"), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances – see "Overview of Provisions relating to the Notes while represented by the Global Notes".

Application has been made to the Autorité des marchés financiers (the "AMF") in France for approval of this Prospectus in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive on the prospectus to be published when securities are offered to the public or admitted to trading in France.

Application has been made for the Notes to be admitted to trading on Euronext Paris. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC, as amended. Such admission to trading is expected to occur as of the Issue Date or as soon as practicable thereafter.

The Notes have been rated BBB+ by Standard & Poor's Credit Market Services France SAS ("Standard & Poor's"), Baa1 by Moody's Investors Service Ltd. ("Moody's") and A by Fitch France S.A.S. ("Fitch France"). The Issuer's long-term credit ratings are A (Standard & Poor's), Aa3 (Moody's) and A+ (Fitch France). Each of Standard & Poor's, Moody's and Fitch France is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). As such each of Standard & Poor's, Moody's and Fitch France is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time.

Copies of this Prospectus will be available (a) free of charge from the head office of the Issuer at the address given at the end of this Prospectus and (b) on the websites of the AMF (www.amf-france.org) and of the Issuer (www.bfcm.creditmutuel.fr).

An investment in the Notes involves certain risks. Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. For a discussion of these risks see "Risk Factors" below.

Structuring Advisor

BNP PARIBAS

Joint Lead Managers

BNP PARIBAS

HSBC

DEUTSCHE BANK

MORGAN STANLEY

This Prospectus constitutes a prospectus for the purposes of Article 5.3 of the Prospectus Directive in respect of, and for the purpose of giving information with regard to, the Issuer, the Issuer and its consolidated subsidiaries taken as a whole (the "Group") which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference as described in "Documents Incorporated by Reference" below. This Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Prospectus.

The Managers (as defined in "Subscription and Sale" below) have not separately verified the information contained or incorporated by reference herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Managers as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Notes. None of the Managers accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Notes.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any further information supplied in connection with 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 Managers.

Neither this Prospectus nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as recommendations by the Issuer or any of the Managers that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase the Notes. Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Managers to any person to subscribe for or to purchase the Notes.

Neither the delivery of this Prospectus, nor any sale of any Notes made in connection herewith, shall under any circumstances imply that information contained or incorporated by reference herein concerning the Issuer is correct at any time subsequent to the date of this Prospectus or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Managers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes. Each prospective investor contemplating purchasing the Notes should make its own independent investigation of the financial condition, affairs and appraisal and the creditworthiness of the Issuer and any purchase made by any such investor is based only on its own independent investigation. In particular, prospective investors should review, inter alia, the most recently published audited annual consolidated financial statements when deciding whether or not to purchase the Notes.

This Prospectus does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such offer or a solicitation by anyone not authorised so to act.

*The distribution of this Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus or Notes come are required by the Issuer and the Managers to inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of the Notes in the European Economic Area ("**EEA**") (and certain member states thereof) and the United States (see "Subscription and Sale" below).*

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or jurisdiction of the United States, and the Notes 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 Regulation S under the Securities Act ("**Regulation S**") (see "Subscription and Sale" below).*

*This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant***

Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Manager have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

This Prospectus does not constitute, and may not be used in connection with, an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. Neither the Issuer nor any of the Managers represent that this Prospectus may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer and/or any of the Managers which is intended to permit a public offering of Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

IN CONNECTION WITH THE ISSUE OF THE NOTES, BNP PARIBAS AS STABILISING MANAGER (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF THIRTY (30) DAYS AFTER THE ISSUE DATE OF THE NOTES AND SIXTY (60) DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

In this Prospectus, references to "euro", "EURO", "Euro", "EUR" and "€" refer to the single currency which was introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union and as amended by the Treaty of Amsterdam of those members of the European Union which are participating in such union.

FORWARD-LOOKING STATEMENTS

This Prospectus (including the documents incorporated by reference) contains statements that are forward-looking including statements with respect to the Issuer's business strategies, expansion and growth of operations, trends in business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

PRESENTATION OF FINANCIAL INFORMATION

Most of the financial data presented or incorporated by reference in this Prospectus is presented in euros.

BFCM consolidated financial statements for the years ended 31 December 2013 and 31 December 2012 have been prepared in accordance with international financial reporting standards ("**IFRS**") as adopted by the European Union. The Group's fiscal year ends on 31 December and references in the 2013 Annual Financial Report and 2012 Registration Document (both as defined below) to any specific fiscal year are to the twelve-month period ended 31 December of such year.

Due to rounding, the numbers presented or incorporated by reference throughout this Prospectus, the 2013 Annual Financial Report or the 2012 Registration Document may not add up precisely, and percentages may not reflect precisely absolute figures.

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Risk Factors

Prospective purchasers of Notes should carefully consider the following information in conjunction with the other information contained in this Prospectus (including the documents incorporated by reference see "Documents Incorporated by Reference" below) before purchasing Notes.

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in the 2013 Annual Financial Report incorporated by reference herein a number of factors which could materially adversely affect its business and ability to make payments due under the Notes.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Terms used in this section and not otherwise defined have the meanings given to them in the Terms and Conditions of the Notes.

Risks Relating to the Issuer and its Operations

See the "Risks related to the group and to the banking activity" contained on pages 68 to 76 of the 2013 Annual Financial Report which is incorporated by reference in this Prospectus.

A free English translation of the risk factors relating to the Issuer and its operations is available for information purposes only in the free English translation of the 2013 Annual Financial Report which is available on the website of the Issuer.

Risk Factors Relating to the Notes

In addition to the risks relating to the Issuer (including default risk) that may adversely affect the Issuer's ability to fulfil its obligations under the Notes there are certain factors which are material for the purpose of assessing the risks associated with an investment in the Notes.

- *The Notes may not be a suitable investment for all investors.*

Each potential investor of the Notes must make its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment, either alone or with the help of a legal, tax or financial adviser. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (d) understand thoroughly the Terms and Conditions of the Notes and be familiar with the behaviour of financial markets and of any financial variable which might have a negative impact on the return on the Notes; and

- (e) be able to evaluate (either alone or with the help of a legal, tax or financial adviser) possible scenarios for economic, interest rate and other factors that may adversely affect its investment and its ability to bear the applicable risks.

Prospective purchasers should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposal of Notes.

- *Legality of purchase*

Neither the Issuer, the Managers, nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

- *Legal investment considerations may restrict certain investments.*

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

- *Holders of subordinated Notes generally face a higher risk of performance compared to holders of senior notes as well as a higher risk of loss in the event of the Issuer's insolvency.*

The Issuer's obligations under the principal of the Notes are direct, unconditional, unsecured and subordinated and will rank *pari passu* among themselves and *pari passu* with all other present and future direct, unconditional, unsecured and ordinary subordinated indebtedness of the Issuer, as more fully described in the "Terms and Conditions of the Notes." The relative Coupons will not be subordinated.

In the event of the voluntary liquidation of the Issuer, bankruptcy proceedings, or any other similar proceedings affecting the Issuer, the rights of the Noteholders to payment under the principal of the Notes will be subordinated to the full payment of the unsubordinated creditors (including depositors) of the Issuer and, subject to such payment in full, such Noteholders will be paid in priority to *prêts participatifs* granted to the Issuer, *titres participatifs* issued by the Issuer and any deeply subordinated obligations of the Issuer (*obligations dites "super subordonnées" i.e. engagements subordonnés de dernier rang*), if and to the extent that there are still assets or cash available for those payments.

Although the Notes may pay a higher rate of interest than other senior notes of the Issuer, there is a substantial risk that investors in subordinated notes such as the Notes will lose all or some of their investment should the Issuer become insolvent. Thus, Noteholders face a higher risk of performance compared to holders of senior notes.

In the event of incomplete payment of unsubordinated creditors and subordinated creditors ranking senior to the claims of the Noteholders, the obligations of the Issuer in connection with the principal of the Notes will be terminated. The Noteholders shall be responsible for taking all steps necessary for the orderly accomplishment of any collective proceedings or voluntary liquidation in relation to any claims they may have against the Issuer.

- *Redemption at the option of the Issuer.*

The Issuer may, subject to the prior approval of the *Secrétariat général de l'Autorité de contrôle prudentiel et de résolution* ("**ACPR**"), redeem the Notes in whole, but not in part, at their principal amount, together with all interest accrued to the date fixed for redemption upon the occurrence of a Capital Event, a Withholding Tax Event, a Tax Deduction Event or a Gross-Up Event (as defined in "Terms and Conditions of the Notes").

If any such event occurs, this may limit or reduce the market value of the Notes and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

The yield received upon redemption may be lower than expected (in particular if the market interest rates decrease), and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, the Noteholder may not receive the total amount of the capital invested. In addition, investors who choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

Any early redemption of the Notes can only be made with the prior written consent of the ACPR. Further, Article 78 of the CRR (as defined below) provides that any redemption of tier 1 or tier 2 instruments, including the Notes, is subject to the prior consent of the relevant competent authority (in the case of the Issuer, the ACPR) which would be conditional on (i) the replacement of regulatory capital with own funds instruments of equal or higher quality, in the same amount and at terms that are sustainable for the income capacity of the Issuer, or (ii) without a replacement of regulatory capital, on the Issuer demonstrating that its own funds would, following the redemption in question, exceed the minimum regulatory capital requirements.

- *Loss absorption at the point of non-viability of the Issuer and resolution.*

On 20 December 2013, the Council of the European Union published a draft of a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms known as the Recovery and Resolution Directive (the "**RRD**"). The stated aim of the draft RRD is to provide relevant authorities with tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise tax payers' exposures to losses and before any of the insolvency or liquidation procedures referred to above are initiated.

The draft RRD represents the proposed implementation in the European Economic Area of the non-viability requirements set out in the press release dated 13 January 2011 of the Basel Committee on Banking Supervision (the "**Basel Committee**") entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" (the "**Basel III Non-Viability Requirements**"). The Basel III Non-Viability Requirements represent part of the broader package of guidance issued by the Basel Committee on 16 December 2010 and 13 January 2011 in relation to new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions ("**Basel III**").

The powers provided to resolution authorities in the draft RRD include write down powers to ensure relevant capital instruments (including tier 2 capital instruments such as the Notes) fully absorb losses at the point of non-viability of the issuing institution. These powers also include a "bail-in" tool comprising a more general power for resolution authorities to require that issuers write down the claims of unsecured creditors of a failing institution or to convert unsecured debt claims to equity. Accordingly, the draft RRD contemplates that resolution authorities may require the permanent write down in full of such capital instruments or their conversion into common equity tier 1 instruments at the point of non-viability (such resulting common equity tier 1 instruments may also be subject to any application of the bail-in tool) and before any other resolution action is taken (the "**RRD Loss Absorption Requirement**").

For the purposes of the RRD Loss Absorption Requirement, the point of non-viability under the draft RRD is the point at which the relevant authority (in the case of the Issuer, the ACPR) determines that:

- (a) the institution is failing or likely to fail, which includes situations where:
 - (i) the institution has incurred/will incur in a near future losses depleting all or substantially all its own funds;
 - (ii) the assets are/will be in a near future less than its liabilities;
 - (iii) the institution is/will be in a near future unable to pay its obligations; and/or
 - (iv) the institutions requires public financial support (except where the State decides to provide exceptional public support in the form delivered in the draft RRD);
- (b) there is no reasonable prospect that a private action would prevent the failure; or
- (c) a resolution action is necessary in the public interest.

Except for an additional bail-in tool (which comprises a more general power for resolution authorities to require the writing down or conversion into equity of the claims of unsecured creditors of a failing institution, including senior debt, which will apply from January 2016 at the latest), the draft RRD contemplates that its provisions (including the RRD Loss Absorption Requirement with respect to capital instruments) will take effect in Member States as of January 2015.

The Basel Committee contemplated implementation of the Basel III reforms as of 1 January 2013. Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("**CRD IV**") and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms ("**CRR**"), which were published in the Official Journal of the European Union on 27 June, 2013, have been implemented on, and are applicable as of, 1 January 2014. CRR contemplates that the Basel III Non-Viability Requirements will be implemented in the European Economic Area by way of the draft RRD and the RRD Loss Absorption Requirement. If such statutory loss absorption at the point of non-viability is not implemented by 31 December 2015 then CRR indicates that the European Commission shall review and report on whether provision for such a requirement should be contained in CRR and, in light of that review, come forward with appropriate legislative proposals.

It is currently unclear whether the RRD Loss Absorption Requirement will apply on implementation to capital instruments (such as the Notes) that are already in issue or whether certain grandfathering rules will apply. If and to the extent that the draft RRD is implemented retrospectively so as to apply to the Notes, the Notes will be subject to the provisions of the RRD (including the RRD Loss Absorption Requirement).

Subject to such implementation, the Notes may, therefore, be subject to write down or loss absorption at the point of non-viability or otherwise on any bail-in, which may result in Noteholders losing some or all of their investment. The exercise of any such power or any suggestion of such exercise could, therefore, materially adversely affect the value of the Notes.

The RRD is expected to be finalised in the first half of 2014 and implemented from 1 January 2015 (except for the bail-in tool, which under the draft RRD will be implemented from 1 January 2016, previously 1 January 2018).

The draft RRD is not in final form and changes may be made to it in the course of the legislative process. Accordingly, it is not yet possible to assess the full impact of the draft RRD.

On 27 July 2013, a new French banking law was enacted (*Loi de séparation et de régulation des activités bancaires*) that, among other things, sets up a resolution regime applicable to French banks. This law gives resolution powers to a new Resolution Board of the ACPR.

In particular, the ACPR may, at its discretion and when the point of non-viability is considered by the ACPR to have been reached with respect to any bank, implement the bail-in tool, and require that such bank cancel or write-off shareholders' equity and thereafter cancel, write-off or convert into equity subordinated instruments (such as the Notes), but not unsubordinated debt, in accordance with their seniority. The ACPR will also be entitled to (i) transfer all or part of the bank's assets and activities, including to a bridge bank, (ii) force a bank to issue new equity, (iii) temporarily suspend payments to creditors and (iv) terminate the appointment of executives or appoint a temporary administrator (*administrateur provisoire*). Conversion ratios and transfer prices are decided upon by the ACPR on the basis of a "fair and realistic" assessment.

The ACPR must use its powers "in a proportionate manner" to achieve the following objectives: (i) to preserve financial stability, (ii) to ensure the continuity of banking activities, services and transactions of financial institutions, the failure of which would have systemic implications for the French economy, (iii) to protect deposits and (iv) to avoid, or limit to the fullest extent possible, any public bail-out. In using its powers, the ACPR must apply the "creditor worse off" principle according to which no creditor should incur greater losses than it would have incurred if the institution had been wound up under normal insolvency proceedings set out in the French *Code de commerce*.

- *The European Central Bank (“ECB”) is in the process of performing a comprehensive assessment of the Issuer and other European banks, the outcome of which is uncertain.*

The ECB announced in October 2013 that it would commence a comprehensive assessment, including stress tests and an asset quality review, of certain large European banks, including the Issuer. The findings from this assessment, expected to be published in November 2014, may result in recommendations for additional supervisory measures and corrective actions affecting the Issuer and the banking environment generally. It is not yet possible to assess the impact of such measures, if any, on the Issuer or on the treatment of capital instruments (such as the Notes). Furthermore, the disclosure of the ECB’s findings or the implementation of additional supervisory measures that are viewed by the market as unfavorable to the Issuer or the Notes could adversely affect the trading price of the Notes.

- *The Issuer is not required to redeem the Notes in the case of a Gross-Up Event*

There is uncertainty, in the event of any withholding or deduction for tax on any payment obligation, as to whether gross-up obligations in general, including those under the Terms and Conditions of the Notes, are enforceable under French law. If any obligations to pay additional amounts under Condition 8, are held illegal or unenforceable under French law, the Issuer will have the right, but not the obligation, to redeem the Notes. Accordingly, if the Issuer decides not to redeem the Notes upon the occurrence of a Gross-Up Event as described in Condition 6.4 (*Optional Redemption upon the occurrence of a Gross-Up Event*), Noteholders may receive less than the full amount due under the Notes, and the market value of the Notes will be adversely affected.

- *There are no events of default under the Notes.*

The Terms and Conditions of the Notes do not provide for events of default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Notwithstanding the foregoing, the Notes will become immediately due and payable in the event that an order is made or an effective resolution is passed for the liquidation (*liquidation judiciaire or liquidation amiable*) of the Issuer.

- *The trading market for the Notes may be volatile and may be adversely impacted by many events.*

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

- *An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.*

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes. It is not possible to predict the price at which the Notes will trade in the secondary market. A decrease in the liquidity of an issue of the Notes may cause, in turn, an increase in the volatility associated with the price of such issue of the Notes. A lack of liquidity for the Notes may mean that investors are not able to sell their Notes or may not be able to sell their Notes at a price equal to the price which they paid for them, and consequently investors may suffer a partial or total loss of the amount of their investment.

- *A credit rating reduction may result in a reduction in the trading value of the Notes.*

The value of the Notes is expected to be affected, in part, by investors' general appraisal of the creditworthiness of the Issuer and the Group. Such perceptions are generally influenced by the ratings accorded to the outstanding securities of the Issuer by standard statistical rating services, such as Moody's, Standard & Poor's and Fitch France. A reduction in, or a placing on creditwatch of, the rating, if any, for any reason including a change in methodology, accorded to outstanding debt securities of the Issuer or the Group by one of these or other rating agencies could result in a reduction in the trading value of the Notes.

- *The credit rating assigned to the Notes may be reduced or withdrawn.*

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. In particular, such suspension, reduction or withdrawal may result from a change in the rating methodology of the assigning rating agency.

- *Credit ratings assigned to the Issuer or the Notes may not reflect all the risks associated with an investment in the Notes.*

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

- *Taxation.*

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available in relation to the tax treatment of financial instruments such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice or their own taxing authority on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only such adviser is in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

- *Withholding under the EU Savings Directive.*

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (and certain other types of income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain other types of entity or legal arrangement. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

The Luxembourg Government has announced its intention to introduce, as of 1 January 2015, automatic exchange of information with respect to the Savings Directive.

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

On 24 March, 2014, the Council of the European Union adopted a directive amending the Savings Directive (the "**Amending Savings Directive**") which when implemented, will amend and broaden the scope of the requirements described above. In particular, additional steps may be required in certain circumstances to identify the beneficial owner of interest payments (through a look through approach).

The EU Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Savings Directive.

- *Foreign Account Tax Compliance withholding may affect payments on the Notes.*

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. The Issuer is classified as a financial institution for these purposes. If an amount in respect of such withholding tax were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Prospective investors should refer to the section "Taxation – Foreign Account Tax Compliance Act" in the Prospectus.

- *Proposed financial transaction tax.*

The European Commission has published a proposal for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of the Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

- *The value of the Notes could be adversely affected by a change in English law, French law or administrative practice.*

The Conditions of the Notes are governed by English law except Condition 4 (*Status of the Notes*) which is governed by French law. No assurance can be given as to the impact of any possible judicial decision or change to an administrative practice or change to English law or French law, as applicable, after the date of this Prospectus and any such change could materially adversely impact the value of the Notes affected by it.

- *The Notes' purchase price may not reflect its inherent value.*

Prospective investors in the Notes should be aware that the purchase price of the Notes does not necessarily reflect their inherent value. Any difference between a Note's purchase price and its inherent value may be due to a number of different factors including, without limitation, prevailing market conditions and fees, discounts or commissions paid or accorded to the various parties involved in structuring and/or distributing the Notes. For further information, prospective investors should refer to the party from whom they are purchasing the Notes. Prospective investors may also wish to seek an independent valuation of the Notes prior to their purchase.

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

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

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

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

Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The Issuer advises all investors to contact their own tax advisors for advice on the tax impact of an investment in the Notes.

- *The value of the Notes may be adversely affected by movements in market interest rates.*

Investors in the Notes are exposed to the risk that if interest rates subsequently increase above the fixed rate paid on the Notes, this will adversely affect the value of the Notes.

- *Investors who purchase Notes in denominations that are not integral multiples of the specified denomination may be adversely affected if definitive Notes are subsequently required to be issued.*

The Notes have denominations consisting of EUR 100,000 plus one or more higher integral multiples of EUR 1,000. It is possible that such Notes may be traded in amounts that are not integral multiples of EUR 100,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than EUR 100,000 in his account with the relevant clearing system at the relevant time (i) may not be able to transfer such Notes and (ii) may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and in each case would need to purchase a principal amount of Notes such that its holding amounts to a EUR 100,000 denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of EUR 100,000 may be illiquid and difficult to trade.

- *Since the Notes are held by or on behalf of Euroclear and Clearstream, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer.*

The Notes will be deposited with a common depository for Euroclear and Clearstream. Except in the circumstances described in the Global Notes, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream will maintain records of the beneficial interests in the

Global Notes. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, as the case may be.

While the Notes are in global form, the Issuer will discharge its payment obligations under the Notes by making payments to the common depository. A holder of a beneficial interest in the Notes must rely on the procedures of Euroclear and/or Clearstream, as the case may be, to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in such a Global Note.

- *No limitation on issuing or guaranteeing debt ranking senior or pari passu with the Notes.*

There is no restriction in the Terms and Conditions of the Notes 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 *pari passu* or senior to the Notes. The issue of any such securities or the incurrance of any such other liabilities may reduce the amount (if any) recoverable by Noteholders on a winding-up of the Issuer.

- *Meetings of Noteholders.*

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders and Couponholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. Couponholders, as well as Noteholders, will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with Condition 15 (*Notices*).

- *French Insolvency Law.*

Under French insolvency law holders of debt securities are automatically grouped into a single assembly of holders (the “**Assembly**”) in order to defend their common interests if a safeguard procedure (*procédure de sauvegarde*), accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

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

The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), proposed accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or proposed judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- partially or totally reschedule payments which are due and/or write-off debts and/or convert debts into equity (including with respect to amounts owed under the Notes); and/or
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances.

Decisions of the Assembly will be taken by a two-thirds majority (calculated as a proportion of the amount of debt securities held by the holders attending such Assembly or represented there at which have cast a vote at such Assembly). No quorum is required to hold the Assembly.

For the avoidance of doubt, the provisions relating to the Meeting of Noteholders set out in the Conditions will not be applicable in these circumstances.

The ACPR must approve in advance the opening of any safeguard, judicial reorganisation or liquidation procedures.

Please refer to the risk factor entitled “*Loss absorption at the point of non-viability of the Issuer and resolution*” for a description of resolution measures including the bail in, which can be implemented.

- *Exchange rate risks and exchange controls.*

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

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

General Description of the Notes

This overview is a general description of the Notes and is qualified in its entirety by the remainder of this Prospectus. For a more complete description of the Notes, including definitions of capitalised terms used but not defined in this section, please see the “Terms and Conditions of the Notes”.

Issuer:	Banque Fédérative du Crédit Mutuel
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfill its obligations under the Notes. In addition, there are certain factors that are material for the purpose of assessing the market risks associated with investing in the Notes. The risks that the Issuer currently believes to be the most significant are set out under “Risk Factors”.
Notes:	€1,000,000,000 3 per cent. Subordinated Tier 2 Notes due 21 May 2024.
Structuring Advisor:	BNP Paribas.
Joint Lead Managers:	BNP Paribas, , Deutsche Bank AG, London Branch, HSBC Bank plc and Morgan Stanley & Co. International plc.
Principal Paying Agent:	BNP Paribas Securities Services, Luxembourg Branch.
Paris Paying Agent	BNP Paribas Securities Services.
Paying Agent:	Citibank N.A., London Branch.
Issue Date:	21 May 2014.
Maturity Date:	21 May 2024.
Issue Price:	99.143 per cent.
Form of Notes and denomination:	<p>The Notes are in bearer form in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000.</p> <p>The Notes will initially be in the form of the Temporary Global Note, without Coupons, which will be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream Banking, société anonyme, Interests in the Temporary Global Note will be exchangeable for interests in the Permanent Global Note, without Coupons, on or after the Exchange Date, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for Definitive Notes only in certain limited circumstances in accordance with the terms of the Permanent Global Note. See “Overview of Provisions relating to the Notes while in Global Form” below.</p>
Status of the Notes:	<p>The obligations of the Issuer under the Notes in respect of principal of the Notes are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank <i>pari passu</i> among themselves and <i>pari passu</i> with all other present and future direct, unconditional, unsecured and ordinary subordinated indebtedness of the Issuer. Subject to applicable law, in the event of the voluntary liquidation of the Issuer, bankruptcy proceedings, or any other similar proceedings affecting the Issuer, the rights of the Noteholders to payment under the principal of the Notes will be subordinated to the full payment of the unsubordinated creditors (including depositors) of the Issuer and, subject to such payment in full, such Noteholders will be paid in priority to <i>prêts participatifs</i> granted to the Issuer, <i>titres participatifs</i> issued by the Issuer and any deeply subordinated obligations of the Issuer (<i>obligations dites “super subordonnées”</i> i.e. <i>engagements subordonnés de dernier</i></p>

rang). The Coupons relating to the Notes will not be subordinated and the rights of Couponholders to payments of interest under the Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer 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.

The Notes are subordinated notes of the Issuer issued pursuant to the provisions of Article L. 228-97 of the French *Code de Commerce*.

Interest Rate: The rate of interest for each Interest Period is 3 per cent. *per annum*.

Interest Payment Dates: 21 May in each year from (and including) 21 May 2015.

Optional Redemption by the Issuer upon the occurrence of a Capital Event, Tax Deduction Event, Withholding Tax Event or a Gross-Up Event: Subject as provided herein, in particular to the provisions of Condition 6.8 (*Conditions to redemption prior to Maturity Date*), upon the occurrence of a Capital Event, a Withholding Tax Event, a Tax Deduction Event or a Gross-Up Event, the Issuer may, at its option at any time, subject to having given not less than thirty (30) nor more than forty five (45) calendar days' notice to the Principal Paying Agent and the Noteholders and the Couponholders, in accordance with Condition 15 (*Notices*), redeem the Notes in whole, but not in part, together with any accrued interest thereon.

"Capital Event" means that, by reason of a change in the regulatory classification of the Notes under the Relevant Rules that was not reasonably foreseeable by the Issuer on 21 May 2014, the Notes are fully excluded from the Tier 2 Capital of the Issuer, provided that such exclusion is not as a result of (i) any applicable limits on the amount of Tier 2 Capital or (ii) a regulatory capital treatment of a higher quality for the Issuer.

"Tax Deduction Event" means any change in the French laws or regulations, or any political subdivision therein or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations becoming effective on or after 21 May 2014, which would cause the tax regime applicable to any interest payment under the Notes to be modified and such modification would result in the amount of the interest payable by the Issuer under the Notes that is tax-deductible by the Issuer for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes to be reduced.

"Withholding Tax Event" means a change in, or in the official interpretation or administration of, any laws or regulations of France or any other authority which would cause the Issuer, on the occasion of the next payment of principal or interest due in respect of the Notes, not to be able to make such payment without having to pay additional amounts as specified under Condition 8 (*Taxation*).

"Gross-Up Event" means the Issuer would be prevented, on the next payment of principal or interest in respect of the Notes, by French law from making payment to the Noteholders or the Couponholders of the full amount then due and payable (including any additional amounts which would be payable pursuant to Condition 8 (*Taxation*) but for the operation of such French law).

Purchase: The Issuer may, subject to Condition 6.8 (Conditions to redemption prior to Maturity Date) below, purchase Notes (together with all unmatured Coupons appertaining thereto) at any price in the open market or otherwise.

Notwithstanding the above, the Issuer or any liquidity provider on its behalf shall have the right at all times to purchase the Notes for liquidity purposes provided that: (a) the prior written approval of the Relevant Regulator shall be obtained; and (b) the total principal amount of the Notes so purchased does not exceed the lower of (i) ten (10) per cent. (or any other threshold as may be requested or required by the Relevant Regulator in accordance with the Relevant Rules from time to time) of the initial aggregate principal amount of the Notes and any further notes issued under Condition 14 (Further Issues) and (ii) three (3) per cent. of the Tier 2 Capital of the Issuer from time to time outstanding (or any other threshold as may be requested or required by the Relevant Regulator in accordance with the Relevant Rules from time to time). The Notes so purchased by the Issuer may be held and resold in accordance with applicable laws and regulations for the purpose of enhancing the liquidity of the Notes.

Conditions to redemption, purchase or cancellation prior to Maturity Date:

The Notes may only be redeemed, purchased or cancelled (as applicable) pursuant to Condition 6.2 (*Optional Redemption upon the occurrence of a Capital Event*), Condition 6.3 (*Optional Redemption upon the occurrence of a Withholding Tax Event*), Condition 6.4 (*Optional Redemption upon the occurrence of a Gross-up Event*), Condition 6.5 (*Optional Redemption upon the occurrence of a Tax Deduction Event*) or Condition 6.6 (*Purchase*) (subject to the provisions set out in the second paragraph of Condition 6.6), as the case may be, if (a) the Relevant Regulator has given its prior written approval to such redemption or purchase (as applicable) if required at such time by the Relevant Rules and (b) the Issuer has delivered a certificate signed by one of its senior officers to the Principal Paying Agent (and copies thereof will be available at the Principal Paying Agent's specified office during its normal business hours) not less than five (5) calendar days prior to the date set for redemption that the relevant Capital Event, Withholding Tax Event, Tax Deduction Event or, as the case may be, Gross-up Event has occurred or will occur no more than ninety (90) days following the date fixed for redemption, as the case may be.

Events of Default:

None.

Cross Default:

None.

Enforcement:

The Notes will become immediately due and payable, together with accrued interest thereon, in the event that an order is made or an effective resolution is passed for the liquidation (*liquidation judiciaire or liquidation amiable*) of the Issuer.

Meetings of Noteholders:

Meeting of Noteholders may be convened by the 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 certain proposals relating to material aspects of the Notes, 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, any proposed modification of any provision of the Notes can only be effected subject to the prior approval of the Relevant Regulator.

- Taxation: All payments of principal and interest and other revenues by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of France or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In that event, the Issuer shall, save in certain limited circumstances provided in Condition 8 (*Taxation*) and, in any event, to the extent permitted by applicable law, pay such additional amounts as will result in receipt by the Noteholders or the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required.
- Further Issues: Subject to the prior information of the Relevant Regulator, the Issuer may from time to time without the consent of the Noteholders or Couponholders issue further notes having the same terms and conditions as the Notes and so that the same shall be consolidated and form a single series with the Notes so that such further notes and the Notes carry rights identical in all respects (or in all respects save for their issue date, interest commencement date, issue price and/or the amount and date of the first payment of interest thereon).
- Admission to trading: Application has been made for the Notes to be admitted to trading on Euronext Paris.
- Use of Proceeds: The net proceeds of the Notes will be applied for the general financing purposes of the Issuer.
- Governing Law: The Notes, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law, except for Condition 4 (Status of the Notes) which is governed by, and shall be construed in accordance with, French law.
- Selling Restrictions: There are restrictions on the offer and distribution of the Notes. See "Subscription and Sale" below.

Documents Incorporated by Reference

This Prospectus should be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with this Prospectus and that have been filed with the AMF for the purpose of the Prospectus Directive and the relevant implementing measures in France, and shall be incorporated in, and form part of, this Prospectus:

- (a) the €45,000,000,000 Euro Medium Term Note Programme Base Prospectus of the Issuer dated 29 May 2013, (the "**Base Prospectus**");
- (b) the sections referred to in the table below included in the English translation of the 2012 *Document de Référence* of the Issuer in French, which was filed with the AMF under number D.13-0423 on 24 April 2013, and which is available on the website of the AMF (www.amf-france.org) and on the Issuer's website (www.bfcm.creditmutuel.fr) (the sections referred to in the table below, together, the "**2012 Registration Document**"). The 2012 Registration Document includes the audited consolidated annual financial statements of the Issuer as at, and for the year ended 31 December 2012 and the related auditors' report; and
- (c) the sections referred to in the table below included in the English translation of the 2013 *Annual Financial Report* of the Issuer in French, which is available on the website of the AMF (www.amf-france.org) and on the Issuer's website (www.bfcm.creditmutuel.fr) (the sections referred to in the table below, together, the "**2013 Annual Financial Report**"). The 2013 Annual Financial Report includes the audited consolidated annual financial statements of the Issuer as at, and for the year ended 31 December 2013 and the related auditors' report;

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that such statement is inconsistent with a statement contained in this Prospectus.

The information incorporated by reference above is available as follows:

Information Incorporated by Reference	Reference
<i>2013 Annual Financial Report</i>	
<i>Extracts of Annex XI of the European Regulation 809/2004/EC of 29 April 2004</i>	
3. Risk Factors	
3.1. Prominent disclosure of risk factors that may affect the Issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors".	Pages 48 to 67 of the 2013 Annual Financial Report
4. Information about the Issuer	
4.1. History and development of the Issuer:	
4.1.1. The legal and commercial name of the Issuer;	Page 206 of the 2013 Annual Financial Report
4.1.2. The place of registration of the Issuer and its registration number;	Page 206 of the 2013 Annual Financial Report
4.1.3. The date of incorporation and the length of life of the Issuer, except where indefinite;	Page 206 of the 2013 Annual Financial Report
4.1.4. - the domicile and legal form of the Issuer, - the legislation under which the Issuer operates, - its country of incorporation, and	Page 206 of the 2013 Annual Financial Report

- the address and telephone number of its registered office (or principal place of business if different from its registered office).	
4.1.5. Any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.	Page 209 of the 2013 Annual Financial Report
5. Business Overview	
5.1.1. A brief description of - the Issuer's principal activities stating, - the main categories of products sold and/or services performed.	Page 8 of the 2013 Annual Financial Report
5.1.2. An indication of any significant new products and/or activities.	Page 8 of the 2013 Annual Financial Report
5.1.3. A brief description of the principal markets in which the Issuer competes.	Page 8 of the 2013 Annual Financial Report
5.1.4. The basis for any statements in the registration document made by the Issuer regarding its competitive position.	Page 8 of the 2013 Annual Financial Report
6. Organisational Structure	
6.1. If the Issuer is part of a group, a brief description of the group and of the Issuer's position within it.	Page 4 of the 2013 Annual Financial Report
6.2. If the Issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.	Page 185 of the 2013 Annual Financial Report
8. Profit Forecasts or Estimates	
8.1. A statement setting out the principal assumptions upon which the Issuer has based its forecast, or estimate. There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; be readily understandable by investors; be specific and precise; and not relate to the general accuracy of the estimates underlying the forecast.	N/A
8.2. A report prepared by independent accountants or auditors stating that in the opinion of the independent accountants or auditors the forecast or estimate has been properly compiled on the basis stated, and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the Issuer. Where financial information relates to the previous financial year and only contains non-misleading figures substantially consistent with the final figures to be published in the next annual audited financial statements for the previous financial year, and the	NA

<p>explanatory information necessary to assess the figures, a report shall not be required provided that the prospectus includes all of the following statements:</p> <p>(a) the person responsible for this financial information, if different from the one which is responsible for the prospectus in general, approves that information;</p> <p>(b) independent accountants or auditors have agreed that this information is substantially consistent with the final figures to be published in the next annual audited financial statements;</p> <p>(c) this financial information has not been audited.</p>	
8.3. The profit forecast or estimate must be prepared on a basis comparable with the historical financial information.	NA
9. Administrative, Management, and Supervisory Bodies	
<p>9.1. Names, business addresses and functions in the Issuer of the following persons, and an indication of the principal activities performed by them outside the Issuer where these are significant with respect to that Issuer:</p> <p>(a) members of the administrative, management or supervisory bodies;</p> <p>(b) partners with unlimited liability, in the case of a limited partnership with a share capital.</p>	Pages 12 to 19 of the 2013 Annual Financial Report
<p>9.2. Administrative, Management, and Supervisory bodies conflicts of interests.</p> <p>Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated.</p> <p>In the event that there are no such conflicts, make a statement to that effect.</p>	Page 22 of the 2013 Annual Financial Report
10. Major Shareholders	
10.1. To the extent known to the Issuer, state whether the Issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.	Page 185 of the 2013 Annual Financial Report
10.2. A description of any arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.	Page 186 of the 2013 Annual Financial Report
<i>2013 Annual Financial Report</i>	
Profit and loss account for the year ended 31 December 2013	Page 78 of the 2013 Annual Financial Report
Statement of net income and changes in assets and	Page 78 of the 2013 Annual Financial Report

liabilities recognised directly in equity	
Balance sheet at 31 December 2013	Page 77 of the 2013 Annual Financial Report
Cash flow statement for the year ended 31 December 2013	Page 80 of the 2013 Annual Financial Report
Statement of changes in shareholders' equity between 1 January 2012 and 31 December 2013	Page 79 of the 2013 Annual Financial Report
Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union	Pages 81 to 122 of the 2013 Annual Financial Report
Statutory Auditors' report on the Consolidated Financial Statements for the year ended 31 December 2013	Pages 123 to 124 of the 2013 Annual Financial Report
Chapter 5 ("Risks and Capital Adequacy")	Pages 48 to 67 of the 2013 Annual Financial Report
<i>2012 Registration Document</i>	
Profit and loss account for the year ended 31 December 2012	Page 78 of the 2012 Registration Document
Statement of net income and changes in assets and liabilities recognised directly in equity	Page 78 of the 2012 Registration Document
Balance sheet at 31 December 2012	Page 77 of the 2012 Registration Document
Cash flow statement for the year ended 31 December 2012	Page 80 of the 2012 Registration Document
Statement of changes in shareholders' equity between 1 January 2011 and 31 December 2012	Page 79 of the 2012 Registration Document
Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union	Pages 81 to 122 of the 2012 Registration Document
Statutory Auditors' report on the Consolidated Financial Statements for the year ended 31 December 2012	Pages 123 to 124 of the 2012 Registration Document
Chapter 5 ("Risks and Capital Adequacy")	Pages 55 to 76 of the 2012 Registration Document
Base Prospectus	
Pages 124-127 of the Base Prospectus (i.e. section "Subscription and Sale")	

Information contained in the documents incorporated by reference other than information listed in the tables above is for information purposes only.

The Issuer will provide, free of charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference. Written or oral requests for such documents should be directed to the Issuer at its principal office set out at the end of this Prospectus. In addition, copies of any documents incorporated by reference will be made available free of charge from the specified office of the Principal Paying Agent and on the Issuer's website (www.bfcm.creditmutuel.fr). This Prospectus will be available for viewing on the websites of the Issuer (www.bfcm.creditmutuel.fr) and the AMF (www.amf-france.org).

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

Terms and Conditions of the Notes

The following are the terms and conditions (the "**Conditions**") of the Notes which will be attached to or incorporated by reference into each Global Note and which will be endorsed on each definitive Note. The Conditions shall replace in their entirety (for the purposes of the Notes) the Conditions of the Notes scheduled to the Agency Agreement (as defined in Condition 1.2).

In the event of any inconsistency between the Agency Agreement and the Conditions, the Conditions will prevail.

1. Introduction

- 1.1 *Notes:* The €1,000,000,000 3 per cent. Subordinated Tier 2 Notes due 21 May 2024 (the "**Notes**", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 (*Further Issues*) and consolidated and forming a single series with the Notes) are issued by Banque Fédérative du Crédit Mutuel (the "**Issuer**").
- 1.2 *Agency Agreement:* The Notes are issued pursuant to and with the benefit of the amended and restated agency agreement dated 29 May 2013 (the "**Agency Agreement**") between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent and principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes) and the paying agents named therein (the "**Paying Agents**", which expression shall include the Principal Paying Agent and any substitute or additional paying agents appointed in accordance with the Agency Agreement).
- 1.3 *Deed of Covenant:* The Noteholders and the Couponholders are entitled to the benefit of the amended and restated deed of covenant (the "**Deed of Covenant**") dated 29 May 2013 and made by the Issuer.

2. Interpretation

- 2.1 *Definitions:* In these Conditions the following expressions have the following meanings:

"**Calculation Amount**" means €1,000;

"**Capital Event**" means that, by reason of a change in the regulatory classification of the Notes under the Relevant Rules that was not reasonably foreseeable by the Issuer on 21 May 2014, the Notes are fully excluded from the Tier 2 Capital of the Issuer, provided that such exclusion is not as a result of (i) any applicable limits on the amount of Tier 2 Capital or (ii) a regulatory capital treatment of a higher quality for the Issuer;

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme;

"**Coupon**" means, in relation to a Note, the interest coupons relating to that Note;

"**Couponholders**" means the holders of the Coupons;

"**CRD IV**" means the Directive 2013/36/EU of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, as published in the Official Journal of the European Union on 27 June 2013, as amended or replaced from time to time;

"**CRR**" means the Regulation 2013/575 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, as published in the Official Journal of the European Union on 27 June 2013, as amended or replaced from time to time;

"**Day Count Fraction**" means the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last);

"**Euroclear**" means Euroclear Bank SA/NV;

"**Extraordinary Resolution**" has the meaning given to such term in the Agency Agreement;

"**French Taxes**" shall have the meaning attributed thereto in Condition 8 (*Taxation*);

"**Gross-Up Event**" shall have the meaning attributed thereto in Condition 6.4 (*Optional Redemption upon the occurrence of a Gross-Up Event*);

"**Interest Payment Date**" means 21 May in each year from (and including) 21 May 2015;

"**Interest Period**" means each period beginning on (and including) 21 May 2014 or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**Issue Date**" means 21 May 2014;

"**Maturity Date**" means 21 May 2024;

"**Noteholders**" means the holders of the Notes from time to time;

"**Payment Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation and a day which is a Target Business Day;

"**Redemption Amount**" means, in respect of any Note, its principal amount and "**Redemption Amounts**" means the principal amounts of all of the Notes then outstanding together;

"**Regulated Market**" means a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC), as amended or replaced from time to time;

"**Relevant Date**" means, in respect of any Note or Coupon, the date on which payment in respect of it 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 15 (*Notices*) that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation;

"**Relevant Regulator**" means the *Secrétariat général de l'Autorité de contrôle prudentiel et de résolution* and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer;

"**Relevant Rules**" means the capital rules from time to time applicable to the Issuer and as applied by the Relevant Regulator and as amended from time to time including the rules contained in or implementing the CRD IV, the CRR and/or the RRD;

"**RRD**" means the Directive of the European Parliament and of the Council of the European Union on resolution and recovery of credit institutions and investment firms, a draft of which was published on 20 December 2013 by the Council of the European Union, as amended or replaced from time to time;

"**Target Business Day**" means a day on which the Target2 System is open;

"**Target2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto;

"**Tax Deduction Event**" shall have the meaning attributed thereto in Condition 6.5 (*Optional Redemption upon the occurrence of a Tax Deduction Event*);

"**Tier 2 Capital**" means capital which is treated, for the purposes of the Issuer, as a constituent of Tier 2 under the Relevant Rules by the Relevant Regulator, as amended from time to time including the rules contained in or implementing CRD IV and/or CRR, in either case whatever the terminology employed by future applicable banking regulations by the Relevant Regulator; and

"**Withholding Tax Event**" shall have the meaning attributed thereto in Condition 6.3 (*Optional Redemption upon the occurrence of a Withholding Tax Event*).

2.2 *Interpretation:* In these Conditions:

- (i) Notes and Noteholders shall respectively be deemed to include references to Coupons and Couponholders, if relevant;
- (ii) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 8 (*Taxation*) and any other amount in the nature of principal payable pursuant to these Conditions;
- (iii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 8 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (iv) references to Notes being "Outstanding" shall be construed in accordance with the Agency Agreement; and
- (v) any reference to a numbered "Condition" shall be to the relevant Condition in these Conditions.

3. Form, Denomination and Title

3.1 *Form of Notes and denomination:* The Notes are in bearer form, serially numbered, in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. Each with Coupons attached on issue. Notes of one denomination will not be exchangeable for Notes of another denomination.

3.2 *Title:* The Notes and Coupons will pass by delivery. The holder of each Coupon, in his capacity as such, shall be subject to and bound by all the provisions contained in the relevant Note. The Issuer and any Paying Agent, to the extent permitted by applicable law, may deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not such Note or Coupon shall be overdue and notwithstanding any notation of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

4. Status of the Notes

The obligations of the Issuer under the Notes in respect of principal of the Notes are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and *pari passu* with all other present and future direct, unconditional, unsecured and ordinary subordinated indebtedness of the Issuer. Subject to applicable law, in the event of the voluntary liquidation of the Issuer, bankruptcy proceedings, or any other similar proceedings affecting the Issuer, the rights of the Noteholders to payment in respect of the principal of the Notes will be subordinated to the full payment of the unsubordinated creditors (including depositors) of the Issuer and, subject to such payment in full, such Noteholders will be paid in priority to *prêts participatifs* granted to the Issuer, *titres participatifs* issued by the Issuer and any deeply subordinated obligations of the Issuer (*obligations dites "super subordonnées"* i.e. *engagements subordonnés de dernier rang*).

The Coupons relating to the Notes will not be subordinated and the rights of Couponholders to payments of interest under the Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer 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.

5. Interest

5.1 *Interest rate:* The Notes shall bear interest at the rate of 3 per cent. *per annum* from (and including) 21 May 2014 and interest shall be payable annually in arrear on each Interest Payment Date as provided in Condition 7 (*Payments*).

5.2 *Interest Amount:* The amount of interest per Calculation Amount payable on each Interest Payment Date in relation to each Interest Period will be EUR 30.

- 5.3 *Accrual of interest:* Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until the Relevant Date.
- 5.4 *Calculation of amount of interest per Calculation Amount:* The amount of interest payable in respect of the Calculation Amount for any period other than an Interest Period shall be calculated by:
- (i) applying the rate of interest referred to above to the Calculation Amount;
 - (ii) multiplying the product thereof by the Day Count Fraction; and
 - (iii) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6. Redemption and Purchase

- 6.1 *Maturity Date:* Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed on the Maturity Date at their Redemption Amount.
- 6.2 *Optional Redemption upon the occurrence of a Capital Event:* Upon the occurrence of a Capital Event, the Issuer may (at its option but subject to Condition 6.8 (*Conditions to redemption prior to Maturity Date*) below) at any time subject to having given no less than thirty (30) nor more than forty five (45) calendar days' notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at their Redemption Amount, together with all interest accrued to the date fixed for redemption.
- 6.3 *Optional Redemption upon the occurrence of a Withholding Tax Event:* If by reason of a change in, or in the official interpretation or administration of, any laws or regulations of France or any political subdivision or any authority thereof or therein having power to tax, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8 (*Taxation*) (a "**Withholding Tax Event**"), the Issuer may (at its option but subject to Condition 6.8 (*Conditions to redemption prior to Maturity Date*) below), at any time, subject to having given no less than thirty (30) nor more than forty five (45) calendar days' notice to the Noteholders and the Couponholders (in accordance with Condition 15 (*Notices*)) (which notice shall be irrevocable) and the Principal Paying Agent, redeem the Notes in whole, but not in part, at their Redemption Amount, together with all interest accrued, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French Taxes or, if such date has passed, as soon as practicable thereafter.
- 6.4 *Optional Redemption upon the occurrence of a Gross-Up Event:* 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 the Couponholders of the full amount then due and payable (including any additional amounts which would be payable pursuant to Condition 8 (*Taxation*) but for the operation of such French law) (a "**Gross-Up Event**"), then the Issuer may (at its option but subject to Condition 6.8 (*Conditions to redemption prior to Maturity Date*) below) forthwith give notice of such fact to the Principal Paying Agent and the Issuer shall upon giving not less than seven (7) nor more than forty five (45) calendar days' prior notice to the Noteholders and the Couponholders (in accordance with Condition 15 (*Notices*)) (which notice shall be irrevocable) and the Principal Paying Agent, redeem the Notes in whole, but not in part, at their Redemption Amount, together with all interest accrued, provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal and interest payable without withholding for French Taxes or, if such date has passed, as soon as practicable thereafter.
- 6.5 *Optional Redemption upon the occurrence of a Tax Deduction Event:* If by reason of any change in the French laws or regulations, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of

such laws or regulations becoming effective on or after 21 May 2014, the tax regime applicable to any interest payment under the Notes is modified and such modification results in the amount of the interest payable by the Issuer under the Notes that is tax-deductible by the Issuer for French corporate income tax (*impôts sur les bénéficiaires des sociétés*) purposes being reduced (a “**Tax Deduction Event**”), the Issuer may, subject to Condition 6.8 (*Conditions to redemption prior to Maturity Date*) below, at its option, at any time, subject to having given no less than thirty (30) nor more than forty five (45) calendar days’ notice to the Principal Paying Agent and the Noteholders and the Couponholders (in accordance with Condition 15 (*Notices*)) redeem all, but not some only, of the Notes then outstanding at the Redemption Amount together with accrued interest (if any) thereon, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make such payment with interest payable being tax deductible for French corporate income tax (*impôts sur les bénéficiaires des sociétés*) purposes to the same extent as it was on 21 May 2014.

- 6.6 *Purchase*: The Issuer may, subject to Condition 6.8 (*Conditions to redemption prior to Maturity Date*) below, purchase Notes (together with all unmatured Coupons appertaining thereto) at any price in the open market or otherwise.

Notwithstanding the foregoing, the Issuer or any liquidity provider on its behalf shall have the right at all times to purchase the Notes for liquidity purposes provided that: (a) the prior written approval of the Relevant Regulator shall be obtained; and (b) the total principal amount of the Notes so purchased does not exceed the lower of (i) ten (10) per cent. (or any other threshold as may be requested or required by the Relevant Regulator in accordance with the Relevant Rules from time to time) of the initial aggregate principal amount of the Notes and any further notes issued under Condition 14 (Further Issues) and (ii) three (3) per cent. of the Tier 2 Capital of the Issuer from time to time outstanding (or any other threshold as may be requested or required by the Relevant Regulator in accordance with the Relevant Rules). The Notes so purchased by the Issuer may be held and resold in accordance with applicable laws and regulations for the purpose of enhancing the liquidity of the Notes.

- 6.7 *Cancellation*: All Notes which are redeemed or purchased by the Issuer to be cancelled will forthwith be cancelled (together, in the case of definitive Notes, with all unmatured Coupons presented therewith) and accordingly may not be re-issued or resold.

- 6.8 *Conditions to redemption prior to Maturity Date*: The Notes may only be redeemed, purchased or cancelled (as applicable) pursuant to Condition 6.2 (*Optional Redemption upon the occurrence of a Capital Event*), Condition 6.3 (*Optional Redemption upon the occurrence of a Withholding Tax Event*), Condition 6.4 (*Optional Redemption upon the occurrence of a Gross-up Event*), Condition 6.5 (*Optional Redemption upon the occurrence of a Tax Deduction Event*) or Condition 6.6 (*Purchase*) (subject to the provisions set out in the second paragraph of Condition 6.6), as the case may be, if

- (a) the Relevant Regulator has given its prior written approval to such redemption or purchase (as applicable) if required at such time by the Relevant Rules;

The Relevant Rules prescribe certain conditions for the granting of permission by the Relevant Regulator to a request by the Issuer to reduce, repurchase, call or redeem the Notes.

In this respect, CRR provides that the Relevant Regulator shall grant permission to a reduction, repurchase, call or redemption of the Notes provided that either of the following conditions is met:

(i) on or before such reduction, repurchase, call or redemption of the Notes, the Issuer replaces the Notes with own funds instruments of equal or higher quality on terms that are sustainable for the Issuer’s income capacity; or

(ii) the Issuer has demonstrated to the satisfaction of the Relevant Regulator that its own funds would, following such reduction, repurchase, call or redemption, exceed the capital ratios required under the Relevant Rules by a margin that the Relevant

Regulator may consider necessary on the basis set out in CRD IV for it to determine the appropriate level of capital of an institution.

In addition, the Relevant Rules provide that the Relevant Regulator may only permit the Issuer to redeem the Notes before five years after the date of issuance of the Notes if:

(1) the conditions listed in paragraphs (i) or (ii) above are met; and

(2) in the case of redemption due to the occurrence of a Capital Event, (i) the Relevant Regulator considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Relevant Regulator that the Capital Event was not reasonably foreseeable at the time of the issuance of the Notes; or

(3) in the case of redemption due to the occurrence of a Withholding Tax Event, a Tax Deduction Event or a Gross-up Event, the Issuer demonstrates to the satisfaction of the Relevant Regulator that such Withholding Tax Event, Tax Deduction Event or Gross-up Event is material and was not reasonably foreseeable at the time of issuance of the Notes.

The Relevant Rules may be modified from time to time after the date of issuance of the Notes.

and

- (b) the Issuer has delivered a certificate signed by one of its senior officers to the Principal Paying Agent (and copies thereof will be available at the Principal Paying Agent's specified office during its normal business hours) not less than five (5) calendar days prior to the date set for redemption that the relevant Capital Event, Withholding Tax Event, Tax Deduction Event or, as the case may be, Gross-up Event has occurred or will occur no more than ninety (90) days following the date fixed for redemption, as the case may be.

7. Payments

7.1 *Principal:* Payments of principal in respect of any Notes shall be made only against presentation and (provided that payment is made in full) surrender of the Note at the specified office of any Paying Agent. Subject as provided in these Conditions, payments will be in euro and will be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the Target2 System.

7.2 *Interest:* Payments of interest shall, subject to Condition 7.6 (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the specified office of any Paying Agent in the manner described in Condition 7.1 (*Principal*) above.

7.3 *Payments subject to fiscal laws:* All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer or its Paying Agents), but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471 (b) of the U.S. internal Revenue Code of 1986 (the "**IRS Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the IRS Code, any regulations or agreement thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 8) law implementing an intergovernmental agreement thereto and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements.

No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

7.4 *Unmatured Coupons void:* On the due date (or redemption in whole of any Note pursuant to Condition 6.2 (*Optional Redemption upon the Occurrence of a Capital Event*), Condition 6.3 (*Optional Redemption upon the occurrence of a Withholding Tax Event*), Condition 6.4 (*Optional Redemption upon the occurrence of a Gross-Up Event*), Condition 6.5 (*Optional*

Redemption upon the occurrence of a Tax Deduction Event) or Condition 6.6 (Purchase)), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

7.5 *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day, the Noteholder shall not be entitled to payment of the amount due until the next succeeding day which is a Payment Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.

7.6 *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the specified office of any Paying Agent.

7.7 *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

8. Taxation

All payments of principal and interest and other revenues by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority thereof or therein having power to tax ("**French Taxes**") unless such withholding or deduction is required by law. If any such withholding or deduction is so required, the Issuer shall pay, to the fullest extent permitted by law, such additional amounts as will result in receipt by the Noteholders or the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon, as the case may be:

- (i) to, or to a third party on behalf of, a Noteholder or a Couponholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of it having some connection with the Republic of France other than the mere holding of the Note or Coupon; or
- (ii) presented for payment more than thirty (30) days after the Relevant Date, except to the extent that the relevant Noteholder or Couponholder would have been entitled to such additional amounts on presenting the same for payment on or before the expiry of such period of thirty (30) days; or
- (iii) where such withholding or deduction is imposed on a payment required to be made pursuant to European Council Directive 2003/48/EC (as amended by an EU Council Directive adopted by the European Council on 24 March 2014) or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) presented for payment by or on behalf of a Noteholder or Couponholder which would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

9. Prescription

Claims for payment of principal in respect of the Notes shall be prescribed upon the expiry of ten (10) years from the due date thereof and claims for payment of interest in respect of the Coupons shall be prescribed upon the expiry of five (5) years, from the due date thereof.

10. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent, upon payment by the claimant of the costs incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued. Cancellation and replacement of Notes or Coupons shall be subject to compliance with such

procedures as may be required under any applicable law and subject to any applicable stock exchange requirements.

11. Paying Agents

11.1 *Obligations of Paying Agents:* The Paying Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with the Noteholders or Couponholders except that (without affecting the obligations of the Issuer to the Noteholders and Couponholders, to repay Notes and pay interest thereon) funds received by the Principal Paying Agent for the payment of the principal of or interest on the Notes shall be held by it in trust for the Noteholders and/or Couponholders until the expiration of the relevant period of prescription under Condition 9 (*Prescription*).

11.2 *Termination of Appointments:* The initial Paying Agents and their initial specified offices are listed in the Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Principal Paying Agent) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain:

- (i) a Fiscal Agent and a Principal Paying Agent (which may be the same entity);
- (ii) a Paying Agent (which may be the Principal Paying Agent) having a specified office in a European city which, (A) so long as the Notes are listed on Euronext Paris and the rules of that exchange so require, shall be Paris and (B) so long as the Notes are listed on any other stock exchange and the rules of such stock exchange and the rules of such stock exchange so require, shall be a specified city of the country of such stock exchange;
- (iii) a Paying Agent in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC (as amended by an EU Council Directive adopted by the European Council on March 24, 2014) or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 (which may be any of the Paying Agents referred to in (ii) (A) above) or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (iv) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

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

11.3 *Change of specified offices:* The Paying Agents reserve the right at any time to change their respective specified offices to some other specified office. The relevant Agent shall give the Issuer and the Fiscal Agent at least 60 days' notice of the change, giving the new address and the date on which the change is to take effect.

12. Enforcement

The Notes will become immediately due and payable, together with accrued interest thereon, in the event that an order is made or an effective resolution is passed for the liquidation (*liquidation judiciaire* or *liquidation amiable*) of the Issuer.

13. Meetings of Noteholders, Modification and Waiver

13.1 *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of the 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 or any date for payment of interest on the Notes, (ii) to reduce or cancel the principal amount of the Notes, (iii) to reduce the rate of interest in respect of the Notes, (iv) to vary the currency of payment or denomination of the Notes, (v) 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 (vi) 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, any proposed modification of any provision of the Notes (including a modification of the provisions as to subordination referred to in Condition 4 (*Status of the Notes*)) can only be effected subject to the prior approval of the Relevant Regulator.

- 13.2 *Modification:* The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or to cure, correct or supplement any defective provision or is made to cure, correct or supplement a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

14. Further Issues

Subject to the prior information of the Relevant Regulator, the Issuer may from time to time without the consent of the Noteholders or Couponholders issue further notes having the same terms and conditions as the Notes and so that the same shall be consolidated and form a single series with the Notes so that such further notes and the Notes carry rights identical in all respects (or in all respects save for their issue date, interest commencement date, issue price and/or the amount and date of the first payment of interest thereon).

15. Notices

All notices regarding Notes will be valid if published (i) so long as the Notes are admitted to trading on Euronext Paris, and for so long as Euronext Paris rules so require, in a leading daily newspaper of general circulation in France (which is expected to be *Les Échos*) or (ii) in accordance with Articles 221-3 and 221-4 of the *Règlement Général* of the Autorité des marchés financiers. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange or other relevant authority on which the Notes are for the time being admitted to trading or by which they have been admitted to trading. 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 such publication. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

Unless the Notes are admitted to trading on any stock exchange and the rules applicable to such stock exchange require otherwise, until such time as any Definitive Notes are issued, and so long as the Global Note is held in its entirety on behalf of Euroclear and Clearstream, Luxembourg, such publication in such newspaper may be substituted by the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the Noteholders and the Couponholders. All notices given to Noteholders (irrespective of how given) shall also be delivered in writing to Euroclear and Clearstream).

16. Contracts (Rights of Third Parties) Act 1999

The Notes do not and shall not confer any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

17. Governing Law and Jurisdiction

- 17.1 **Governing Law:** The Notes and Coupons, and any non-contractual obligations arising out of or in connection with them, (except for Condition 4 (*Status of the Notes*) which is governed by, and shall be construed in accordance with French law) are governed by, and shall be construed in accordance with, English law.
- 17.2 **Submission to jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Notes and/or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Coupons ("**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 and Coupons 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).
- 17.3 **Appointment of Process Agent:** The Issuer irrevocably appoints Crédit Industriel et Commercial, Veritas House, 125 Finsbury Pavement, London EC2A 1HX 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 15 (*Notices*). Nothing shall affect the right to serve process in any manner permitted by law.

Overview of Provisions relating to the Notes while in Global Form

Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this "Overview of Provisions relating to the Notes while in Global Form".

Temporary Global Note exchangeable for Permanent Global Note

The Notes will initially be in the form of the Temporary Global Note, without Coupons, which will be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg. Interests in the Temporary Global Note will be exchangeable, in whole or in part, for interests in the Permanent Global Note, without Coupons, which will also be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg, on or after the Exchange Date, upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in the Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of the Permanent Global Note, duly authenticated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange of a part of the Temporary Global Note) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and
- (ii) in either case, receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven (7) days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; provided, however, that in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

Permanent Global Note exchangeable for Definitive Notes

Interests in the Permanent Global Note will be exchangeable, in whole but not in part only for Definitive Notes, if either:

- (i) the Issuer has been notified that Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen (14) days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so and no successor clearing system is available; or
- (ii) the Issuer has been subject to adverse tax consequences which would not be suffered were the Notes in definitive form.

Definitive Notes will have attached thereto at the time of their initial delivery Coupons.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within thirty (30) days of the bearer requesting such exchange.

The Permanent Global Note also provides, inter alia, that if the Permanent Global Note (or any part thereof) becomes due and repayable in accordance with the Terms and Conditions or the date for final redemption of the Permanent Global Note has occurred, and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made on the due date for payment by 8.00 p.m. (Luxembourg time) on such due date, then the Permanent Global Note will become void in accordance with its terms but without prejudice to the rights conferred by the Deed of Covenant.

Terms and Conditions applicable to the Notes

The Terms and Conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the Terms and Conditions set out under "Terms and Conditions of the Notes" above.

The Terms and Conditions applicable to the Notes represented by one or more Global Notes will differ from those Terms and Conditions which would apply to the Notes were they in definitive form to the extent described in this "Overview of Provisions relating to the Notes while in Global Form".

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the relevant Global Note. The following is a summary of certain of those provisions:

Payments: The Holder of a Global Note shall be the only person entitled to receive payments in respect of the Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the Holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of the Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the Holder of such Global Note. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "**Payment Business Day**" set out in Condition 2.1 (*Definitions*).

Notices: Unless the Notes are admitted to trading on any stock exchange and the rules applicable to such stock exchange require otherwise, until such time as any Definitive Notes are issued, and so long as the Global Note is held in its entirety on behalf of Euroclear and Clearstream, Luxembourg, such publication in such newspaper may be substituted by the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the Noteholders and the Couponholders. All notices given to Noteholders (irrespective of how given) shall also be delivered in writing to Euroclear and Clearstream.

Legend concerning United States persons

Global Notes, Definitive Notes and any Coupons appertaining thereto will bear a legend to the following effect:

"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."

The sections referred to in such legend provide that a United States person who holds a Note, Coupon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Clearing Systems

Any reference herein to Euroclear and/or Clearstream, Luxembourg, as the case may be, shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Principal Paying Agent, the other Paying Agents and the Noteholders.

Description of the Issuer

A description of the Issuer can be found on pages 4 to 9 of the 2013 Annual Financial Report which is incorporated by reference herein.

Recent Developments

Borrowings

Since 31 December 2013 and as of the date of this Prospectus BFCM and Crédit Mutuel-CIC Home Loan SFH have issued 13 new series of bonds and 4 fungible issues of bonds of some of these series, which are described in final terms that are publically available on the website of each of the Issuer (<http://www.bfcm.creditmutuel.fr/bfcm/programmes/index.html>) and CM-CIC Home Loan SFH (<http://www.creditmutuelcic-sfh.com/en/covered-bonds/documentation/index-sfh.html>) except for some private placements and issues made in Japan and the United States of America.

Use of Proceeds

The net proceeds of the Notes will be applied for the general financing purposes of the Issuer.

Taxation

The statements herein regarding taxation are based on the laws in force in France, the European Union and the United States as of the date of this Prospectus and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes.

Each prospective holder or beneficial owner of the Notes should consult its tax adviser as to each of the EU Directive on the Taxation of Savings Income, the Foreign Account Tax Compliance Act and the French tax consequences as applicable of any investment in or ownership and disposal of the Notes.

EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (and certain other types of income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain other types of entity or legal arrangement. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). The Luxembourg Government has announced its intention to introduce, as of 1 January 2015, automatic exchange of information with respect to the Savings Directive.

The Savings Directive was implemented into French law under Article 242 ter of the French *Code Général des Impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

On 24 March, 2014, the Council of the European Union adopted a directive amending the Savings Directive (the "**Amending Savings Directive**") which when implemented, will amend and broaden the scope of the requirements described above. In particular, additional steps may be required in certain circumstances to identify the beneficial owner of interest payments (through a look through approach).

The EU Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Savings Directive.

French Taxation

The descriptions below are intended as a basic summary of certain French withholding tax consequences in relation to the ownership of the Notes under French law. Potential purchasers of the Notes are advised to consult their own appropriate independent and professionally qualified tax advisors as to the tax consequences of any investment in, or ownership of, the Notes. The description below does not address specific issues which may be relevant for Noteholders who concurrently hold shares of the Issuer or who are otherwise affiliated with the Issuer within the meaning of Article 39-12 of the French Code Général des Impôts.

Following the introduction of the French *loi de finances rectificative pour 2009* n°3 (n° 2009-1674 dated 30 December 2009) (the "**Law**"), payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code Général des Impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code Général des Impôts* (a "**Non-Cooperative State**"). If such payments under the Notes are made in a Non-Cooperative State, a seventy five (75) per cent. withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty) by virtue of Article 125 A III of the French *Code Général des Impôts*.

Furthermore, according to Article 238 A of the French *Code Général des Impôts*, interest and other revenues on the Notes will no longer be deductible from the Issuer's taxable income if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid in such a Non-

Cooperative State (the "**Deductibility Exclusion**"). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French *Code Général des Impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 bis of the French *Code Général des Impôts*, at a rate of thirty (30) per cent. or seventy five (75) per cent. (subject to the more favourable provisions of an applicable tax treaty).

Notwithstanding the foregoing, the Law provides that neither the seventy five (75) per cent. withholding tax set out under Article 125 A III of the French *Code Général des Impôts* nor the Deductibility Exclusion will apply in respect of the Notes if the Issuer can prove that the principal purpose and effect of such issue of the Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211, BOI-RPPM-RCM-30-10-20-40-20140211, BOI-IR-DOMIC-10-20-20-60-20140211 and BOI-ANNX-000364-20120912 n°20, the issue of the Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes if the Notes are:

- (a) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (b) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French Code Monétaire et Financier, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Accordingly, payments made by the Issuer under the Notes are not subject to the withholding tax provided under Article 125 III of the French Code Général des Impôts, nor to the Deductibility Exclusion.

Pursuant to Article 125 A of the French *Code Général des Impôts*, as modified by Article 9 of the 2013 Finance Law (*loi de finances pour 2013*, n° 2012-1509 du 29 décembre 2012) subject to certain limited exceptions, interest and other revenues paid by a paying agent located in France to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a twenty four (24) per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of fifteen and a half (15.5) per cent. on interest and similar revenues paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a thirty (30) per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer is classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "grandfathering date", which is the date that is six (6) months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the

grandfathering date and (ii) any Notes characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and France have entered into an IGA based largely on the Model 1 IGA (the "**US-France IGA**").

The Issuer expects to be treated as a Reporting FI pursuant to the US-France IGA. However, no assurance can be given that the Issuer will be treated as a Reporting FI. If the Issuer becomes a Participating FFI under FATCA, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depository, given that each of the entities in the payment chain between the Bank and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the US-France IGA, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

Subscription and Sale

BNP Paribas, Deutsche Bank AG, London Branch, HSBC Bank plc and Morgan Stanley & Co. International plc (the "**Managers**") have, pursuant to a subscription agreement dated 19 May 2014 (the "**Subscription Agreement**") entered into pursuant to the amended and restated dealer agreement dated 29 May 2013 (the "**Dealer Agreement**"), jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 99.143 per cent. of the principal amount of the Notes.

For the selling restrictions, see the section entitled "Subscription and Sale" set out on pages 125-128 of the Base Prospectus which is incorporated herein by reference as set out in the "Documents Incorporated by Reference" section provided that references in the section "Subscription and Sale" of the Base Prospectus to the "relevant Final Terms" and the "Dealers" shall, for the purposes of the issue of the Notes, be deemed to refer to the Conditions and to the Managers, respectively.

The Issuer has also agreed to reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer in accordance with its terms.

Save for the commissions payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

General Information

1. Corporate Authorisations

The issue of the Notes by the Issuer is authorised pursuant to a decision of M. Christian Klein dated 14 May 2014 acting pursuant to a resolution of the Issuer's Board of Directors passed on 27 February 2014.

2. Admission to trading

This Prospectus has received visa no. 14-215 on 19 May 2014 from the Autorité des marchés financiers ("AMF").

Application has been made for the Notes to be admitted to trading on Euronext Paris on 21 May 2014. The Issuer estimates that the amount of expenses related to the admission to trading of the Notes will be approximately EUR 7,000.

3. Documents Available

Copies of the following:

- (i) the *statuts* of the Issuer;
- (ii) the 2012 Registration Document;
- (iii) the 2013 Annual Financial Report;
- (iv) the amended and restated deed of covenant dated 29 May 2013 relating to the Programme ;
- (v) the amended and restated agency agreement dated 29 May 2013 relating to the Programme;
- (vi) the Base Prospectus of the Issuer dated 29 May 2013 relating to the Programme, as supplemented by the Supplements to the Base Prospectus dated, respectively 21 June 2013, 12 August 2013 and 10 March 2014; and
- (vii) this Prospectus.

will be available for inspection during the usual business hours on any week day (except Saturdays and public holidays) at the offices of the Principal Paying Agent. In addition, (i), (iii), (v) and (vi) are available on the Issuer's website: "www.bfcm.creditmutuel.fr". In addition, copies of this Prospectus any documents incorporated by reference in this Prospectus are available on the AMF's website: "www.amf-france.org".

4. Legal and Arbitration Proceedings

Save as disclosed on page 209 of the 2013 Annual Financial Report, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which either Issuer is aware), during the period covering at least the twelve (12) months prior to the date of this Prospectus which may have, or have had in the recent past, significant effects on either Issuer and/or the Group's financial position or profitability.

5. Significant Change

Save as disclosed in this Prospectus, there has been no significant change in the consolidated financial or trading position of the Issuer or or any of its subsidiaries which is material in the context of the issue and offering of the Notes since 31 December 2013 and no material adverse change in the financial position or prospects of the the Issuer and the Group since 31 December 2013.

6. Material Contracts

Save as disclosed in this Prospectus, the Issuer has not entered into contracts outside the ordinary course of its business, which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Noteholders in respect of the Notes.

7. Conflicts of Interests

To the knowledge of the Issuer, the duties owed by the members of the Board of Directors of the Issuer do not give rise to any potential conflicts of interest with such members' private interests or other duties.

8. Auditors

The statutory auditors (*commissaires aux comptes*) of the Issuer are currently Ernst & Young et Autres (represented by Olivier Durand) and KPMG Audit, a Department of KPMG S.A (represented by Arnaud Bourdeille). The substitute statutory auditors are Cabinet Picarle & Associés and M. Malcom McLarty. The statutory and substitute statutory auditors of the Issuer carry out their duties in accordance with the principles of the Compagnie Nationale des Commissaires aux Comptes (“**CNCC**”) and are members of the CNCC professional body.

The consolidated and non-consolidated financial statements of BFCM for the financial years ended 31 December 2013 and 2012 have been audited, without qualification, by the statutory auditors of BFCM.

9. Clearing Systems

The Notes have been accepted for clearance through Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme systems under common code 106954976 and ISIN XS1069549761.

The address of Euroclear Bank S.A./N.V. is 1 Boulevard du Roi Albert II, B-1210 Brussels.

The address of Clearstream Banking, société anonyme, is 42 avenue JF Kennedy, L-1855 Luxembourg.

Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme are the entities in charge of keeping the records.

10. Managers Conflicts

Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued. Any such short positions could adversely affect future trading prices of Notes issued. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

11. Yield

The yield is 3.101 per cent. *per annum*. This yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained or incorporated by reference in this Prospectus. The Issuer, having taken all reasonable care to ensure that such is the case, confirms that the information contained or incorporated by reference in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The statutory auditors' report on the consolidated financial statements of the Issuer for the year ended 31 December 2012 set out on pages 123 and 124 of the 2012 Registration Document contains an observation.

Paris, 19 May 2014

Banque Fédérative du Crédit Mutuel
34, rue du Wacken
67000 Strasbourg
France

Duly represented by:

Christian Klein
Directeur



In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the French Autorité des marchés financiers ("**AMF**"), in particular Articles 211-1 to 216-1, the AMF has granted to this Prospectus the *visa* no. 14-215 on 19 May 2014. This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the *visa* has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information in it is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it.

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