

Prospectus dated 29 March 2017



**Issue of €500,000,000 2.625 per cent.
Subordinated Tier 2 Notes due 31 March 2027**

**Under the €45,000,000,000
Euro Medium Term Note Programme
(Series No: 441 / Tranche: 1)**

The €500,000,000 2.625 per cent. Subordinated Tier 2 Notes due 31 March 2027 (the "Notes") will be issued by Banque Fédérative du Crédit Mutuel ("BFCM" or the "Issuer") on 31 March 2017 (the "Issue Date") under its €45,000,000,000 Euro Medium Term Note Programme (the "Programme"). The principal of and interest under the Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer, as described in Condition 3 (*Status of the Notes*) in "Terms and Conditions of the Notes".

This Prospectus incorporates by reference, *inter alia*, the Base Prospectus relating to the Programme which received from the *Autorité des marchés financiers* (the "AMF") the visa n°16-235 on 9 June 2016. For a description of the documents incorporated by reference in this Prospectus see section "Documents Incorporated by Reference" below.

The Notes are subordinated obligations 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 2.625 per cent. *per annum* from (and including) the Issue Date and interest shall be payable annually in arrear on 31 March in each year commencing on 31 March 2018.

This Prospectus constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC of 4 November 2003, as amended (the "Prospectus Directive").

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed on 31 March 2027 (the "Maturity Date") at their principal amount. The Issuer may, subject to the prior approval of the Relevant Regulator (as defined in Condition 5.2 (*Redemption at the option of the Issuer*) in "Terms and Conditions of the Notes"), 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 Tax Deduction Event, a Withholding Tax Event or a Tax Gross-Up Event (each term as defined in Condition 5 (*Redemption and Purchase*) in "Terms and Conditions of the Notes").

The Notes are governed by English law except Condition 3 (*Status of the Notes*) in "Terms and Conditions of the Notes" which is governed by French law. The Notes will be in bearer form and in the denominations of EUR 100,000. 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 10 May 2017 (the "Exchange Date"), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes with Coupons attached only in certain limited circumstances – see "Overview of Provisions relating to the Notes while in Global Form".

Application has been made to 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"), A3 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.

Joint Lead Managers

BNP Paribas

Citigroup

Credit Suisse

*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 subsidiaries and affiliates 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 and/the Group 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 and the Group 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 (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 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. 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 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.

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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 2015 DDR (as defined in the section "Documents incorporated by reference") 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.

1. Risks Relating to the Issuer and its Operations

The risk factors relating to the Issuer and its operations which could adversely affect the Group's profitability are set out on pages 68 to 97 of the 2015 DDR and are incorporated by reference into this Prospectus and include:

- credit risks;
- market and liquidity risks;
- operational risks;
- insurance risks;
- a downgrade of the rating assigned to BFCM, which could adversely affect the Group's operations and profitability;
- non-compliance and reputational risks;
- legal risks;
- sovereign risks related to BFCM's net exposure on sovereign debt;
- environmental risks;
- regulatory ratios;
- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which the Issuer operates;
- general changes in regulatory requirement, for example, prudential rules relating to the capital adequacy framework;
- changes in the competition and pricing environment;
- changes in the financial reporting environment;

- expropriation, nationalisation or confiscation of assets and changes in legislation relating to foreign ownership;
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty which in turn may affect demand for the Group's products and services; and
- a highly competitive French and global financial services market with innovative competition coming both from incumbent players and a steady stream of new market entrants.

Additional risk factors affecting the Group's businesses and operations are set out below:

1.1 Impact of the French and European regulatory frameworks could adversely affect the Group's business

- *Banking Regulations*

The Group is subject to extensive regulation and supervision by the *Autorité de Contrôle Prudentiel et de Résolution* (the "ACPR"), the AMF and the European Central Bank (the "ECB"). In addition, as from 1 January 2016, a single resolution board (the "SRB") established by Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a single resolution mechanism (the "SRM") and a single resolution fund (the "SMR Regulation"), in close cooperation with national authorities (including the ACPR), is in charge of resolution planning and preparation of resolution decisions for cross-border credit institutions and banking groups as well as credit institutions and banking groups directly supervised by the ECB such as BFCM, or by national supervisory authorities in the euro-zone. The ACPR remains responsible for implementing the resolution plan according to the SRB's instructions. Since 1 January 2015, certain of the powers of the ACPR with respect to resolution planning have, however, already been transferred to the SRB.

The banking laws to which the Group is subject govern the activities in which banks and foundations may engage and are designated to maintain the safety and soundness of banks and limit their exposure to risk. In addition, the Group must comply with financial services laws that govern its marketing and selling practices. The recent financial crisis has resulted, and is likely to continue to result, in more restrictive regulation of the financial services industry. Legislators, governments, regulators, advisory groups, trade and professional associations and various committees at the national, European and international level have adopted or proposed an array of measures in response to the recent financial crisis. The measures that have been or may be adopted include more stringent capital and liquidity requirements, taxes on financial transactions, limits on the types of activities that commercial banks can undertake (particularly proprietary trading and investment and ownership in private equity funds) or new ring-fencing requirements relating to certain activities, restrictions on certain types of financial activities or products such as derivatives, mandatory write-down or conversion into equity of certain debt instruments, enhanced recovery and resolution regimes, revised risk-weighting methodologies (particularly with respect to insurance businesses) and the creation of new and strengthened regulatory bodies, including the transfer of certain supervisory functions to the ECB as referred to above. These supervisory tasks include ensuring compliance with all prudential requirements laid down in general EU banking rules for credit institutions, carrying out supervisory reviews (including stress tests) and on the basis of these imposing higher prudential requirements on credit institutions, imposing robust corporate governance practices and capital adequacy assessment processes (such as minimum capital adequacy requirements, requirements to ensure their compensation policy with respect to their employees is compatible with certain risk management principles and requirements to follow certain anti-money laundering, "know-your-customer" and audit control procedures) and carrying out supervisory tasks in relation to recovery plans (for example, the chairman of the ACPR is able to request that the shareholders of a credit institution in financial difficulty fund the institution in an amount that may exceed their initial capital contribution).

- *Minimum Capital, Liquidity and Leverage Ratios*

Credit institutions such as the Issuer must comply with minimum capital ratio requirements. In addition to these requirements, the principal regulations applicable to credit institutions such as the Issuer concern risk diversification and liquidity, monetary policy, restrictions on equity investments and reporting requirements. As of the date hereof, in the various countries in which the Issuer or its subsidiaries operate, they comply with the

specific regulatory ratio requirements in accordance with procedures established by the relevant supervisory authorities.

French credit institutions are required to maintain minimum capital to cover their credit, market, counterparty and operational risks. Since 1 January 2014, pursuant to the CRD IV Regulation (as defined below), credit institutions, such as the Issuer, are required to maintain a minimum total capital ratio of 8%, a minimum tier 1 capital ratio of 6% and a minimum common equity tier 1 ratio of 4.5%, each to be obtained by dividing the institution's relevant eligible regulatory capital by its risk-weighted assets. The Relevant Regulator may also require French credit institutions to maintain capital in excess of the requirements described above. In addition, they will have to comply with certain common equity tier 1 buffer requirements, including a capital conservation buffer of 2.5% that will be applicable to all institutions as well as other common equity tier 1 buffers to cover countercyclical and systemic risks. These buffer requirements will be implemented progressively until 2019.

French credit institutions must satisfy, on a consolidated basis, certain restrictions relating to concentration of risks (*ratio de contrôle des grands risques*). The aggregate of a French credit institution's loans and a portion of certain other exposure (*risques*) to a single customer (and related entities) may not exceed 25% of the credit institution's eligible capital and, with respect of exposures to certain financial institution, the higher of 25% of the credit institutions eligible capital and €150 million. Certain individual exposures may be subject to specific regulatory requirements.

Each French credit institution is required to calculate, as of the end of each month, the ratio of the weighted total of certain of its short-term and liquid assets to the weighted total of its short-term liabilities. This liquidity ratio (*coefficient de liquidité*) is required to exceed 100% at all times. French credit institutions are entitled to opt for the "advanced" approach with respect to liquidity risk, upon request to the Relevant Regulator and under certain conditions. Under the advanced approach, the credit institution is able to use its internal methodologies to determine the liquidity risk and ensure that it has sufficient liquidity at all times to honor its commitments. The CRD IV Regulation introduces liquidity requirements from 2015, after an initial observation period. Institutions will be required to hold liquid assets, the total value of which would cover the net liquidity outflows that might be experienced under gravely stressed conditions over a period of 30 calendar days. This liquidity coverage ratio ("**LCR**") will be phased-in gradually, starting at 60% in 2015 and reaching 100% in 2018. Until the LCR is fully introduced, Member States of the European Union may maintain or introduce national liquidity requirements.

Under the CRD IV Regulation, it is expected that each institution will be required to maintain a leverage ratio beginning on 1 January 2018, at the level that will be implemented by the Council and European Parliament following an initial observation period that began 1 January 2015, during which institutions will be required to disclose their leverage ratio. The leverage ratio is defined as an institution's tier 1 capital divided by its total exposure measure.

Some of the new measures are proposals that are under discussion and that are subject to revision and interpretation, and need adapting to each country's framework by national regulators. Compliance with all these and any further requirements could lead to reduced consolidated revenues and profits in the relevant activities, the reduction or sale of certain operations and asset portfolios, and asset-impairment charges.

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

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 European Economic Area proposed the implementation of various non-viability requirements on credit institutions. 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**").

Banking regulations implementing the Basel III reforms were adopted on 26 June 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 (the "**CRD IV Directive**") 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 (the "**CRD IV Regulation**" and, together with the CRD IV

Directive, “**CRD IV**”). The CRD IV Regulation (with the exception of some of its provisions, which will enter into effect at later dates) became directly applicable in all Member States of the European Union including France on 1 January 2014. The CRD IV Directive became effective on 1 January 2014 (except for capital buffer provisions which has been applied as from 1 January 2016) and was implemented under French law by the banking reform dated 20 February 2014 (*Ordonnance portant diverses dispositions d’adaptation de la législation au droit de l’Union européenne en matière financière*) and several *décrets* and *arrêtés* dated 3 November 2014.

The implementation of Basel III has and will continue to bring about a number of substantial changes to the current capital requirements, prudential oversight and risk-management systems, including those of the Issuer. The direction and the magnitude of the impact of Basel III will depend on the particular asset structure of each bank and its precise impact on the Issuer cannot be quantified with certainty at this time. The Issuer may operate its business in ways that are less profitable than its present operation in complying with the new guidelines resulting from the transposition and application of the CRD IV package.

- *Resolution Measures*

On 15 May 2014, the European Parliament and the Council of the European Union adopted a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms: Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the “**BRRD**”). The aim of the BRRD is to provide relevant authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimize taxpayers’ exposure to losses and before any of the insolvency or liquidation procedures referred to below in the risk factor entitled “*French Insolvency Law*” are initiated. The powers provided to authorities (the ACPR or the SRB as the case may be in France depending on the competent supervisory authority regarding the Single Supervision Mechanism (the “**SSM**”)) in the BRRD are divided into three categories: (i) preparatory steps and plans to minimize the risks of potential problems (preparation and prevention); (ii) in the event of incipient problems, powers to arrest a firm’s deteriorating situation at an early stage so as to avoid insolvency (early intervention); and (iii) if insolvency of a firm presents a concern as regards the general public interest, a clear means to reorganize or wind down the firm in an orderly fashion while preserving its critical functions and limiting to the maximum extent any exposure of taxpayers to losses.

The BRRD provides that it must be applied by Member States of the European Union from 1 January 2015, except for the senior debt bail-in tool which must to be applied from 1 January 2016. The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. The implementation of the BRRD in France is described below in the section entitled “*The Bail-in Tool*” below.

- *The Bail-in Tool*

Once a resolution procedure is initiated which may be either before or at the “point of non-viability” of a credit institution as described in the sub-paragraph entitled “*Resolution*” below, the powers provided to the Relevant Resolution Authority in the BRRD include the “**Bail-in Tool**”, which allow it to write down eligible liabilities of a credit institution in resolution, or to convert them to equity. Eligible liabilities (which include senior unsecured debt instruments) fully absorb losses as a result of such resolution procedure. Before the Relevant Resolution Authority may exercise the Bail-in Tool in respect of eligible liabilities, capital instruments must first be written down or converted to equity or other instruments, in the following order of priority: (i) common equity tier 1 instruments are to be written down first, (ii) other capital instruments (additional tier 1 instruments) are to be written down or converted into common equity tier 1 instruments, and (iii) tier 2 capital instruments (including instruments such as the Notes) are to be written down or converted to common equity tier 1 instruments. Once this has occurred, the Bail-in Tool may be used to write down or convert eligible liabilities as follows: (i) subordinated debt instruments other than capital instruments are to be written down or converted into common equity tier 1 instruments in accordance with the hierarchy of claims in normal insolvency proceedings, and (ii) other eligible liabilities are to be written down or converted into common equity tier 1 instruments, in accordance with the hierarchy of claims in normal insolvency proceedings. Instruments of the same ranking are generally written down or converted to equity on a pro rata basis.

As a result of the foregoing, even if the Notes (qualifying as tier 2 instruments) are not fully written down or converted prior to the opening of a resolution procedure, if the Relevant Resolution Authority decides to implement the Bail-in Tool as part of the implementation of resolution, the principal amount of such tier 2

instruments (including instruments such as the Notes) must first be fully written down or converted to equity. In addition, common equity Tier 1 instruments into which tier 2 instruments (including instruments such as the Notes) were previously converted would also be subject to write-down prior to the application of the Bail-in Tool.

As a Directive, the BRRD is not directly applicable in France and had to be transposed into national legislation. The French law dated 26 July 2013 on separation and regulation of banking activities (*loi de séparation et de régulation des activités bancaires*) (the “**SRAB Law**”), which actually anticipated the implementation of the BRRD when it was still in an initial draft form, established, among other things, a resolution regime actually applicable to French credit institutions and investment firms that gives resolution powers to the ACPR. The SRAB Law provides that the French resolution board may, at its discretion, when the point of non-viability is reached, take resolution measures such as the transfer of shares or assets to an acquirer or a bridge bank. It may also cancel or reduce share capital, and subsequently if necessary write down, cancel or convert into ordinary shares deeply subordinated notes and thereafter subordinated instruments (such as the Notes) to absorb losses as estimated in a preliminary valuation. Subsequently, the French *Ordonnance* No. 2015-1024 dated 20 August 2015 (*Ordonnance n°2015-1024 du 20 août 2015 portant diverses dispositions d’adaptation de la législation au droit de l’Union européenne en matière financière*) (the “**Ordonnance**”), published in the Official Journal of the French Republic dated 21 August 2015 introduced various provisions amending (among others, crisis prevention and management measures applicable to credit institutions provided for in Articles L.613-48 *et seq.* of the French *Code monétaire et financier*) and supplementing the SRAB Law to adapt French law to the BRRD. In addition three orders dated 11 September 2015 (*décret et arrêtés*) implementing provisions of the *Ordonnance* regarding (i) recovery planning, (ii) resolution planning and (iii) criteria to assess the resolvability of an institution or group, were published on 20 September 2015 to further implement the BRRD in France. The precise changes which will be made by future decree(s) and order(s) remain unknown at this stage.

Finally, Law n°2016-1691 dated 9 December 2016 has modified the ranking among creditors of credit institutions in case of judicial liquidation (*liquidation judiciaire*), introducing a priority among senior (*chirographaires*) securities between senior preferred securities and senior non-preferred securities without modifying the ranking between senior securities and subordinated securities.

The impact of the BRRD and its implementing provisions on credit institutions, including the Issuer, is currently unclear but its current and future implementation and application to the Issuer or the taking of any action under it could materially affect the activity and financial condition of the Issuer and the value of any Notes.

- *Resolution*

Under the BRRD and the *Ordonnance*, the resolution authority may, prior to an institution being considered to have reached the point of non-viability (see “*Point of Non-Viability/Write-Down and Conversion of Capital Instruments*” below), commence resolution proceedings in respect of an institution when the resolution authority determines that:

- (a) the institution individually, or the group to which it belongs, as applicable, is failing or likely to fail, which includes situations where:
 - (i) the institution or its group infringes/will in the near future infringe the requirements for continuing authorization in a way that would justify withdrawal of such authorization including, but not limited to, because the institution has incurred/is likely to incur losses depleting all or a significant amount of its own funds;
 - (ii) the assets of the institution or its group are/will be in a near future less than its liabilities;
 - (iii) the institution or its group is/will be in a near future unable to pay its debts or other liabilities when they fall due;
 - (iv) the institution or its group requires extraordinary public financial support; or
 - (v) the group infringes/will in the near future infringe its consolidated prudential requirements including, but not limited to, because the group has incurred or is likely to incur losses depleting all or a significant amount of its own funds;

- (b) there is no reasonable prospect that a private action would prevent the failure; and
- (c) except with respect to capital instruments, a resolution action is necessary in the public interest.

In addition to the Bail-In Tool, the BRRD provides resolution authorities with broader powers to implement other resolution measures with respect to institutions or under certain circumstances their groups, which reach non-viability, which may include (without limitation) the sale of the institution's business, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), the write-down or conversion into equity of capital instruments and discontinuing the listing and admission to trading of financial instruments. The BRRD also provides the right for a Member State of the European Union as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

- *Point of Non-Viability/Write-Down and Conversion of Capital Instruments*

Capital instruments may be written down or converted to equity or other instruments either in connection with (and prior to) the opening of a resolution proceeding, or in certain other cases described below (without a resolution proceeding). Capital instruments for these purposes include common equity tier 1, additional tier 1 and tier 2 instruments (such as the Notes).

The Relevant Resolution Authority must write down capital instruments, or convert them to equity or other instruments in any of the following circumstances (the so-called "point of non-viability"):

- (a) where the determination has been made that conditions for resolution have been met, before any resolution action is taken;
- (b) the appropriate authority determines that unless that power is exercised in relation to the relevant capital instruments, the institution or the group will no longer be viable;
- (c) extraordinary public financial support is required by the institution.

The principal amount of capital instruments may also be written down or converted to equity or other instruments if (i) the issuing institution or the group to which it belongs is failing or likely to fail and the write-down or conversion is necessary to avoid such failure, (ii) the viability of the institution depends on the write-down or conversion (and there is no reasonable perspective that another measure, including a resolution measure, could avoid the failure of the issuing institution or its group in a reasonable time), or (iii) the institution or its group requires extraordinary public support (subject to certain exceptions). The failure of an issuing institution is determined in the manner described above. The failure of a group is considered to occur or be likely if the group breaches its consolidated capital ratios or if such a breach is likely to occur in the near term, based on objective evidence (such as the incurrence of substantial losses that are likely to deplete the group's own funds).

If one or more of these conditions is met, common equity tier 1 instruments are first written down, transferred to creditors or, if the institution enters resolution and its net assets are positive, significantly diluted by the conversion of other capital instruments and eligible liabilities. Once this has occurred, other capital instruments (first additional tier 1 instruments, then tier 2 instruments (such as the Notes)) are either written down or converted to common equity tier 1 instruments or other instruments (which are also subject to possible write-down).

It is the Issuer's intention that Notes shall, for supervisory purposes, be treated as tier 2 instruments.

- *Minimum Requirement for Own Funds and Eligible Liabilities*

To ensure that the Bail-in Tool will be effective if it is ever needed, as from 1 January 2016, French credit institutions (such as the Issuer) will have to meet, at all times, a minimum requirement for own funds and eligible liabilities (MREL) pursuant to Article L. 613-44 of the French *Code monétaire et financier*. The MREL shall be expressed as a percentage of the total liabilities and own funds of the institution. The MREL aims at ensuring sufficient loss absorbing capacity that should enable an orderly resolution, and thereby ensuring continuity of critical functions without recourse to public funds.

Article 45(2) of the BRRD empowers the Commission to adopt, following submission of draft standards by the European Banking Authority (EBA), and in accordance with Articles 10 to 14 of Regulation No (EU) 1093/2010, delegated acts specifying assessment criteria relating to the methodology for setting the MREL. In accordance with Article 10(1) of Regulation No (EU) 1093/2010 establishing the EBA, the Commission may endorse the draft standards in part only, or with amendments, where the EU's interests so require, having regard to the specific procedure laid down in that Article.

On 23 May 2016, the Commission adopted the Delegated Regulation supplementing the BRRD with regulatory technical standards specifying the criteria relating to the methodology for setting the MREL.

Moreover, the SRM Regulation has established a centralised power of resolution entrusted to the SRB and to the national resolution authorities.

In accordance with the provisions of the SRM Regulation, when applicable, the SRB will replace the national resolution authorities designated under the BRRD in respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD will continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the banks' resolution plans have applied since 1 January 2015 and the SRM is fully operational since 1 January 2016.

There remains uncertainty as to how these powers will be implemented in the future and how may affect the Issuer and the Notes. Accordingly, it is not yet possible to assess the full impact of the BRRD on the Issuer and the Noteholders, and there can be no assurance that any actual or perceived actions by the French resolution authority or any other relevant supervisory authority such as the ECB currently contemplated in the BRRD would not adversely affect the rights of the Noteholders, the price or value of an investment in the Notes and/or the Issuer's ability to satisfy its obligations under the Notes.

Finally, on 23 November 2016, the European Commission issued several legislative proposals proposing to amend a number of key EU banking directives and regulations, including the CRD IV Directive, the CRD IV Regulation, the BRRD and the SRM Regulation. If adopted, these legislative proposals would, among other things, give effect to the term sheet published on 9 November 2015 by the the Financial Stability Board finalized international standards, and modify the requirements applicable to the "minimum requirement for own funds and eligible liabilities" (MREL). The implementation of the current texts and the new proposals, and their application to the Issuer or the taking of any action thereunder is currently uncertain.

Potential investors in the Notes should consider the risk that a Noteholder may lose all of its investment, including the principal amount plus any accrued interest, if such statutory loss absorption measures are acted upon.

- *Other powers of the French resolution authority*

The French *Code monétaire et financier*, as amended by the Ordonnance also provides that in exceptional circumstances, where the general Bail-in Tool is applied, the French resolution authority may exclude or partially exclude certain liabilities from the application of the write-down or conversion powers, in particular where: (a) it is not possible to bail-in that liability within a reasonable time; (b) the exclusion is strictly necessary and is proportionate to achieve the continuity of critical functions and core business lines of the institution under resolution; (c) the exclusion is strictly necessary and proportionate to avoid giving rise to widespread contagion, which would severely disrupt the functioning of financial markets, including of financial market infrastructures, in a manner that could cause a serious disturbance to the economy of a Member State of the European Union; or (d) the application of the general Bail-in Tool to those liabilities would cause a destruction in value such that the losses borne by other creditors would be higher than if those liabilities were excluded from bail-in. Consequently, where the French resolution authority decides to exclude or partially exclude an eligible liability or class of eligible liabilities, the level of write down or conversion applied to other eligible liabilities when not excluded, may be increased to take account of such exclusions. Subsequently, if the losses that would have been borne by those liabilities have not been passed on fully to other creditors, the French "Resolution and Deposits Guarantee Fund" (*Fonds de garantie des dépôts et de résolution*) or any other equivalent arrangement from a Member State of the European Union, may make a contribution to the institution under resolution, under certain limits, including the requirement that such contribution does not exceed 5% of the global liabilities of such institution to (i) cover any losses which have not been absorbed by eligible liabilities and restore the net asset value of the institution under resolution to zero and/or (ii) purchase shares or other instruments of ownership or capital instruments in the institution under resolution, in order to recapitalise the institution. The last step - if there are losses left - would be an extraordinary public financial support through

additional financial stabilisation tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework. An institution will be considered as failing or likely to fail when: (a) it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; (b) its assets are, or are likely in the near future to be, less than its liabilities; (c) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (d) it requires extraordinary public financial support (except in limited circumstances).

The powers set out in the BRRD will impact how credit institutions, including the Issuer, and investment firms are managed as well as, in certain circumstances, the rights of creditors. In particular, Noteholders may be subject to write-down (including to zero) or conversion into equity on any application of the general bail-in tool (including amendment of the terms of the Notes such as a variation of the maturity), which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD as applied to the Issuer or any suggestion of such exercise could, therefore, materially adversely affect the rights of the Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

The powers currently set out in the BRRD and its implementation in the French *Code monétaire et financier* are expected to impact how credit institutions, including the Issuer, and large investment firms (those which are required to hold initial capital of € 730,000 by CRD IV) are managed as well as, in certain circumstances, the rights of creditors. For Member States of the European Union (including France) participating in the Banking Union, the SRM fully harmonises the range of available tools but Member States are authorized to introduce additional tools at national level to deal with crises, as long as they are compatible with the resolution objectives and principles set out in the BRRD.

2. 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.

2.1 Risks relating to the structure of the Notes

- *The Notes may be subject to write-down or conversion to equity under European and French laws relating to bank recovery and resolution.*

The BRRD and the SRM, as transposed into French law pursuant to the Ordonnance, provide resolution authorities with the power to write down capital instruments (including common equity tier 1, additional tier 1 and tier 2 instruments, such as the Notes), or to convert them to equity or other instruments, if the issuing institution or the group to which it belongs is failing or likely to fail (and there is no reasonable perspective that another measure would avoid such failure within a reasonable time period), becomes nonviable, or requires extraordinary public support (subject to certain exceptions). The BRRD provides that capital instruments must be written down or converted before a resolution procedure is initiated or if doing so is necessary for the Issuer to remain viable. In addition, once a resolution procedure is initiated, the powers provided to the Relevant Resolution Authority include the power to write down capital instruments (such as tier 2 instruments such as the Notes) and eligible liabilities (including subordinated debt instruments not qualifying as capital instruments and senior unsecured debt instruments such as the unsecured Notes) of a credit institution in resolution, or to convert them to equity.

The write-down or conversion requirements could result in the full or partial write-down or conversion to equity (or other instruments) of the Notes. In addition, if the Issuer's financial condition, or that of its group, deteriorates, the existence of the write-down and conversion powers could cause the market value of the Notes to decline more rapidly than would be the case in the absence of such powers (this power is known as the "bail-in tool"). Public financial support would not be available except as a last resort, after resolution tools, including the bail-in tool, have been fully assessed and exploited.

For further information about the BRRD and related matters, see "*Loss absorption at the point of non-viability of the Issuer and resolution*" above.

- *The Notes are subordinated obligations*

The Issuer's obligations under the Notes and any related Coupons are unsecured and subordinated and will rank junior in priority of payment to all unsubordinated creditors (including depositors) of the Issuer as more fully described in Condition 3 (*Status of the Notes*) of the Terms and Conditions of the Notes.

If the Issuer or the Group is failing or likely to fail (and there is no reasonable perspective that another measure would avoid such failure within a reasonable time period), becomes nonviable, or requires extraordinary public support (subject to certain exceptions), the Relevant Resolution Authority may write down capital instruments, including common equity tier 1, additional tier 1 and tier 2 instruments, such as the Notes, or convert them to equity or other instruments (the “bail-in tool”). For further information see “*The Notes may be subject to write-down or conversion to equity under European and French laws relating to bank recovery and resolution*” and “*Loss absorption at the point of non-viability of the Issuer and resolution*” above.

In the event of the liquidation of the Issuer or any bankruptcy proceedings or other similar proceedings affecting the Issuer, the rights to payment of the holders of the Notes and any related Coupons will be subordinated to the payment in full of present and future unsubordinated creditors (including depositors); and, subject to such payment in full, holders of the Notes and any related Coupons will be paid in priority to any *prêts participatifs* granted to the Issuer, any *titres participatifs* issued by it and any deeply subordinated obligations of the Issuer (*obligations dites "super subordonnées"*, i.e., *engagements subordonnés de dernier rang*).

In the event of incomplete payment of unsubordinated creditors in case of a liquidation or bankruptcy, the obligations of the Issuer under the Notes and any related Coupons will be terminated. Holders of Notes and any such Coupons will 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. Although Notes may pay a higher rate of interest than comparable notes that are not subordinated, there is a substantial risk that investors in the Notes will lose all or some of their investment should the Issuer become insolvent.

- *Substitution and variation of the Notes without Noteholder consent*

Subject as provided herein, in particular to the provisions of the last paragraph of Condition 5.6 (*Substitution and Variation of Notes*) of the Terms and Conditions of the Notes, the Issuer may, at its option and without the consent or approval of the Noteholders or Couponholders, elect either to (i) substitute all (but not some only) of any Notes or (ii) vary the terms of all (but not some only) of any Notes, so that they become or remain Qualifying Tier 2 Notes.

- *The Issuer is not prohibited from issuing further debt, which may rank pari passu with or senior to the Notes*

There is no restriction in the Terms and Conditions of the Notes on the amount of debt that the Issuer may issue that ranks senior to the Notes or on the amount of securities that it may issue that rank *pari passu* with the Notes. The issue of any such debt or securities may reduce the amount recoverable by investors upon the Issuer's bankruptcy. If the Issuer's financial condition were to deteriorate, the holders of Notes could suffer direct and materially adverse consequences, including suspension of interest and reduction of interest and principal and, if the Issuer were liquidated, the holders of Notes could suffer loss of their entire investment.

Law n°2016-1691 dated 9 December 2016 has modified the ranking among creditors of credit institutions in case of judicial liquidation (*liquidation judiciaire*), introducing a priority among senior (*chirographaires*) securities between senior preferred securities and senior non-preferred securities without modifying the ranking between senior securities and subordinated securities (such as the Notes), so that the rights of payment of the holders of Notes would be subordinated to the payment in full of all present and future holders of such senior securities as well as to any other holders of securities ranking senior to the Notes regarding the order of priority.

- *No negative pledge*

The Notes do not contain any negative pledge provisions or other covenants.

- *No Events of Default for Notes*

The Notes do not contain any events of default. In no event will holders of Notes be able to require redemption of their Notes prior to their stated maturity. Accordingly, if the Issuer fails to meet any obligations under any Notes, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to holders of such Notes and any related Coupons for recovery of amounts owing in respect of any payment of principal or interest thereon will be the institution of legal proceedings to enforce such payment.

Notes will, however (but subject always to the application of BRRD as described in the section “*Loss absorption at the point of non-viability of the Issuer and resolution*” in this section “Risk Factors” above) become immediately due and payable in the event of the liquidation of the Issuer. 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.

- *Notes may be subject to optional redemption by the Issuer*

Upon the occurrence of a Capital Event, a Tax Deduction Event or a Withholding Tax Event as described in Condition 5.2 (*Redemption at the option of the Issuer*) of the Terms and Conditions of the Notes, the Issuer may, at its option, subject as provided in Condition 5.4 (*Conditions to redemption and purchase prior to Maturity Date*) of the Terms and Conditions of the Notes, redeem all, but not some only, of the Notes at their Redemption Amount together, if appropriate, with accrued interest.

A Capital Event refers to a change in the criteria for Tier 2 Capital which was not reasonably foreseeable by the Issuer at the Issue Date of the Notes, resulting in the Notes ceasing to comply with such criteria and being fully or partially excluded from the Tier 2 Capital of the Issuer, provided that such exclusion is not as a result of any applicable limits on the amount of Tier 2 Capital. A Tax Deduction Event refers to any change in the laws or regulations of France (or their application or official interpretation) that would reduce the tax deductibility of interest under the Notes by the Issuer as provided in Condition 5.4 (*Conditions to redemption and purchase prior to Maturity Date*) of the Terms and Conditions of the Notes. A Withholding Tax Event refers to any change in the laws or regulations of France (or their application or official interpretation) that would require the Issuer to pay additional amounts as provided in Condition 7 (*Taxation*) of the Terms and Conditions of the Notes.

Any actual exercise or perceived increase in the likelihood of the exercise of any such option could have a material adverse effect on the market value of the Notes.

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

There is uncertainty as to whether gross-up obligations in general, including those under the Terms and Conditions of the Notes, are legal under French law. If any payment obligations under the Notes, including the obligation to pay additional amounts under Condition 7 (*Taxation*) of the Terms and Conditions of the Notes, are held illegal under French law, the Issuer will have the right, but not the obligation, to redeem the Notes. Accordingly, if the Issuer does not redeem the Notes upon the occurrence of a Tax Gross-Up Event as described in Condition 5.2 (*Redemption at the option of the Issuer*) of the Terms and Conditions of the Notes, Noteholders may receive less than the full amount due under the Notes, and the market value of the Notes will be adversely affected.

- *Redemption of Notes prior to the Maturity Date is subject to the prior approval of the Relevant Regulator*

Any redemption of the Notes by the Issuer prior to the Maturity Date pursuant to Condition 5.2 (*Redemption at the option of the Issuer*) is subject to the prior approval of the Relevant Regulator. The early redemption of the Notes when such event arises may therefore not occur should the Relevant Regulator refuse to give its approval and, if so, market value of the Notes may be affected negatively and investors may incur losses in respect of their investments in the Notes.

- *The Terms and Conditions of the Notes contain a waiver of set-off rights*

The Terms and Conditions of the Notes provide that holders of the Notes and Coupons waive any set-off rights to which they might otherwise be entitled to the extent such rights would otherwise impact the loss absorbing capacity of the Notes. As a result, holders of the Notes and Coupons will not at any time be entitled to set-off the Issuer's obligations under the Notes or Coupons against obligations owed by them to the Issuer.

2.2 Risk relating generally to an investment in the Notes and to the markets

- *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:

- (i) 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;
- (ii) 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;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (iv) 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
- (v) 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.

- *Independent Review and Advice*

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

A prospective investor may not rely on the Issuer or the Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

- *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.

- *Credit Risk*

An investment in the Notes involves taking credit risk on the Issuer. If the financial situation of the Issuer deteriorates, it may not be able to fulfil all or part of its payment obligations under the Notes and investors may lose all or part of their investment.

- *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.

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

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

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

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market

or trading price and liquidity of the Notes may be adversely affected. The Issuer or its affiliates are entitled to buy and sell the Notes for their own account or for the account of others, and to issue further Notes. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

- *The value fixed rate notes such as the Notes may change*

Investors in fixed rate notes such as the Notes are exposed to the risk that subsequent changes in interest rates may adversely affect the value of such Notes.

- *Conflicts of Interest*

All or some of the Managers and their affiliates have and/or may in the future engage, in investment banking, commercial banking and other financial advisory and commercial dealings with the Issuer and its affiliates and in relation to securities issued by any entity of the Group. They have or may (i) engage in investment banking, trading or hedging activities including activities that may include prime brokerage business, financing transactions or entry into derivative transactions, (ii) act as underwriters in connection with offering of shares or other securities issued by any entity of the Group or (iii) act as financial advisers to the Issuer or other companies of the Group. In the context of these transactions, certain of such Managers and/or their affiliates have or may hold shares or other securities issued by entities of the Group. Where applicable, they have or will receive customary fees and commissions for these transactions. 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.

The Issuer may from time to time be engaged in transactions involving an index or related derivatives which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

- *Taxation*

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. Payments of interest and other amounts under the Notes may also be subject to taxation. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors are advised not to rely upon the tax summary incorporated by reference in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, disposal and redemption of the Notes. Only these advisers are 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 incorporated by reference in this Prospectus.

- *The proposed financial transactions tax*

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transactions tax (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal 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 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.

Joint statements issued by participating Member States confirmed that all relevant issues will continue to be examined by national experts. They noted the intention of the participating Member States to work on a progressive implementation of the FTT, focusing initially on the taxation of shares and some derivatives. Further to the last meeting of the participating Member State Finance Ministers on 8 December 2015, they indicated that the FTT could be implemented by 1 July 2017. Estonia, however, left the group of countries willing to introduce the tax.

However, it is unclear if and in what form the FTT will be actually introduced.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

- *U.S. Foreign Account Tax Compliance Withholding*

With respect to Notes issued after the date that is six months after the date on which final U.S. Treasury regulations define the term “foreign passthru payment” are filed with the U.S. Federal Register (such applicable date the “**Grandfathering Date**”) (and any Notes which are treated as equity for U.S. federal tax purposes, whenever issued), the Issuer may, under certain circumstances, be required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (“**FATCA**”) to withhold U.S. tax at a rate of 30% on all or a portion of payments of principal and interest which are treated as “foreign passthru payments” made on or after 1 January 2019 to an investor or any other non U.S. financial institution through which payment on the Notes is made that is not in compliance with FATCA. As of the date of this Prospectus, final U.S. Treasury regulations defining the term “foreign passthru payments” have not been filed with the U.S. Federal Register. If the Issuer issues further Notes after the Grandfathering that was originally issued on or before the Grandfathering Date, payments on such further Notes may be subject to withholding under FATCA and, should the originally issued Notes of that Series and the further Notes be indistinguishable (as would likely be the case in such a “tap” issue), such payments on the originally issued Notes may also become subject to withholding under FATCA, unless such further Notes are issued pursuant to a “qualified reopening” for U.S. federal income tax purposes.

The United States and France have entered into a Model 1 intergovernmental agreement to implement FATCA (the “**French IGA**”). Under the French IGA, an entity classified as a non-U.S. financial institution (an “**FFI**”) that is treated as resident in France is expected to provide the French tax authorities with certain information, which will be automatically exchanged with the U.S. taxing authorities, with respect to “Financial Accounts” (as defined in the French IGA) maintained by certain U.S. persons. The Issuer is classified as an FFI and provided it complies with the requirements of the French IGA and the French legislation implementing the French IGA, it should not be subject to FATCA withholding on any payments. It is not entirely clear whether or to what extent the French IGA or any other relevant intergovernmental agreement will require the Issuer or other FFIs through which payments on the Notes may be made from the obligation to withhold on “foreign passthru payments.” FATCA is particularly complex and its application is uncertain at this time. Each prospective investor should consult its own tax adviser to obtain a more detailed explanation of FATCA and to learn how this legislation might affect such investor in its particular circumstances.

The application of FATCA to interest, principal or other amounts paid on or with respect to the Notes is not currently clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of a Holder’s or FFI’s failure to comply with FATCA, none of the Issuer, any paying agent or any other person would pursuant to the Terms and Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding of such tax.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS UNCERTAIN AT THIS TIME. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

- *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 (see section entitled “*Summary of Provisions relating to the Notes while in Global Form*” of this Prospectus). 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 and Coupons by making payments to the common depository. A holder of a beneficial interest in the Notes and Coupons must rely on the procedures of Euroclear and/or Clearstream, as the case may be, to receive payments under the Notes and Coupons. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

- *Change of law*

The Terms and Conditions of the Notes (including any non-contractual obligations arising therefrom or connected therewith) are governed by English law (other than Condition 3 (*Status of the Notes*) of the Terms and Conditions 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 English law or, as the case may be, French law or the official application or interpretation of such laws or administrative practice after the date of this Prospectus.

- *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*) of the Terms and Conditions of the Notes.

- *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 accelerated safeguard proceedings (*procédure de sauvegarde accélérée*), safeguard proceedings (*procédure de sauvegarde*), accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) are 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 and regardless of their governing law.

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

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

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

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

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

- *Credit ratings may not reflect all risks*

The Notes have been rated BBB by Standard & Poor's, A3 by Moody's and A by Fitch France. This rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

As at the date of this Prospectus, S&P, Moody's and Fitch France are each established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”) and included in the list of registered credit rating agencies published on the European Securities and Markets Authority (“**ESMA**”) website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>).

- *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 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 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.

- *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.

- *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.

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. These forward looking statements do not certificate profit forecasts or estimates under Regulation (EC) 809/2001, as amended.

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 which received from the AMF the visa n°16-235 on 9 June 2016 (the “**Base Prospectus**”) (with the exception of (i) sub-section “EU Savings Directive” and sub-section “Luxembourg Taxation” included in section “Taxation”, (ii) section “General Information” and (iii) section “Persons responsible for the information given in the Base Prospectus” of the Base Prospectus); See the table below indicating where the information contained in the Base Prospectus can be found;
- (b) the sections referred to in the table below included in the French language version of the update to the 2015 DDR, which was filed with the AMF under number D.16-0442-A01 on 3 August 2016, and 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 “**Update to the 2015 DDR**”). The Update to the 2015 DDR includes the unaudited condensed consolidated semi-annual financial statements of the Issuer for the six-month period ended 30 June 2016, the bond issues related thereto and the auditors’ limited review report thereon;
- (c) the sections referred to in the table below included in the 2015 *Document de Référence* of the Issuer, published in French, which was filed with the AMF under number D.16-0442 on 29 April 2016, and in English, 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 “**2015 DDR**”). The 2015 DDR includes the audited consolidated annual financial statements of the Issuer as at, and for the year ended 31 December 2015 and the related auditors’ report;
- (d) the sections referred to in the table below included in the 2014 *Document de Référence* of the Issuer, published in French, which was filed with the AMF under number R.15-047 on 29 May 2015, and in English, 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 “**2014 DDR**”). The 2014 DDR includes the audited consolidated annual financial statements of the Issuer as at, and for the year ended 31 December 2014 and the related auditors’ report; and
- (e) the French language press release dated 23 February 2017 containing the Group unaudited 2016 key figures and the English translation thereof contained in the press release dated 23 February 2017 (together the “**2016 Financial Results Press Release**”).

The information incorporated by reference above is available as follows:

CROSS-REFERENCE LISTS IN RESPECT OF THE INFORMATION OF BFCM INCORPORATED BY REFERENCE

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STATUTORY AUDITORS							
Names and addresses of the Issuer's auditors for the period covered by the historical financial information	N/A	N/A	71	433	418	N/A	
RISK FACTORS							
Disclosure of risk factors	N/A	N/A	N/A	68 to 97	82 to 113	N/A	
INFORMATION ABOUT THE ISSUER							
History and development of the Issuer	N/A	N/A	N/A	28 to 29	30 to 32	N/A	
Legal and commercial name of the Issuer	N/A	N/A	N/A	428	412	N/A	
Place of registration of the Issuer and its registration number	N/A	N/A	N/A	428	412	N/A	
Date of incorporation and the length of life of the Issuer	N/A	N/A	N/A	428	412	N/A	
Domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, and the address and telephone number of its registered office	N/A	N/A	N/A	428	412	N/A	
Events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency	1 to 6	1 to 6	79	430	415	N/A	

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BUSINESS OVERVIEW							
Principal activities							
Description of the Issuer's principal activities stating the main categories of products sold and/or services performed	N/A	N/A	N/A	15 to 26	16 to 29	N/A	
Indication of any significant new products and/or activities	N/A	N/A	N/A	15	16	N/A	
Principal markets							
Brief description of the principal markets in which the Issuer competes	N/A	N/A	N/A	15	16	N/A	
Basis for any statements made by the Issuer regarding its competitive position	N/A	N/A	N/A	15	16	N/A	
ORGANISATIONAL STRUCTURE							
Brief description of the group and of the Issuer's position within it	N/A	N/A	77	10 to 11	11 to 12	N/A	
If the Issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence	N/A	N/A	N/A	413	392	N/A	

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TREND INFORMATION							
Include a statement that there has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements.	N/A	N/A	N/A	430	415	N/A	
In the event that the Issuer is unable to make such a statement, provide details of this material adverse change.	N/A	N/A	N/A	N/A		N/A	
Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.	N/A	N/A	6-7, 78	430	415	N/A	
ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES							
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:	N/A	N/A	N/A	N/A		N/A	
(a) members of the administrative, management or supervisory bodies; and	N/A	N/A	75	32 to 37	34 to 41	N/A	

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(b) partners with unlimited liability, in the case of a limited partnership with a share capital.	N/A	N/A	N/A	N/A		N/A	
Administrative, Management, and Supervisory bodies conflicts of interests. 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. In the event that there are no such conflicts, make a statement to that effect.	N/A	N/A	N/A	39	43	N/A	
MAJOR SHAREHOLDERS							
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.	N/A	N/A	N/A	413	390	N/A	
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.	N/A	N/A	N/A	413	392	N/A	

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FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES							
Half Yearly Financial Statements							
(a) balance sheet;	N/A	N/A	49	N/A	N/A	N/A	N/A
(b) income statement;	N/A	N/A	50	N/A	N/A	N/A	N/A
(c) cash flow statement; and	N/A	N/A	52	N/A	N/A	N/A	N/A
(d) accounting policies and explanatory notes.	N/A	N/A	53 to 69	N/A	N/A	N/A	N/A
Consolidated Financial Statements:							
(a) balance sheet;	N/A	N/A	N/A	258 to 259	247	226	241
(b) income statement;	N/A	N/A	N/A	260	248	227	242
(c) Net income and gains and losses recognized directly in shareholders' equity;	N/A	N/A	N/A	261	248	227	117
(d) changes in shareholders' equity;	N/A	N/A	N/A	262 to 263	249	228	118
(e) cash flow statement; and	N/A	N/A	N/A	264	250	229	245
(f) accounting policies and explanatory notes.	N/A	N/A	N/A	265 to 331	251 to 296	230 to 274	245 to 292

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Statutory Annual Financial Statements:							
(a) balance sheet;	N/A	N/A	N/A	338 to 339	302 to 303	280 to 281	298 to 299
(b) income statement;	N/A	N/A	N/A	340	304	282	300
(c) cash flow statement; and	N/A	N/A	N/A	N/A		N/A	
(d) accounting policies and explanatory notes.	N/A	N/A	N/A	341 to 369	305 to 335	283 to 311	301 to 334
Auditing of historical annual financial information							
Auditors' review report on the half-yearly financial statements	N/A	N/A	71-72	N/A	N/A	N/A	N/A
Auditors' report on the consolidated financial statements	N/A	N/A	N/A	332 to 333	297 to 298	275 to 276	293 to 294
Auditors' report on the statutory annual financial statements	N/A	N/A		370 to 371	336 to 337	314 to 315	337 to 333
Age of latest financial information							
The last year of audited financial information may not be older than 18 months from the date of the registration document.	N/A	N/A	N/A	430	415	N/A	

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Legal and arbitration proceedings							
Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer and/or group's financial position or profitability, or provide an appropriate negative statement.	N/A	N/A	N/A	430	415	N/A	
Significant change in the Issuer's financial or trading position							
A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or an appropriate negative statement.	1 to 6	1 to 6	N/A	430	415	N/A	

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MATERIAL CONTRACTS							
A brief summary of all material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to security holders in respect of the securities being issued.	N/A	N/A	N/A	430	415	N/A	
DOCUMENTS ON DISPLAY							
A statement that for the life of the registration document the following documents (or copies thereof), where applicable, may be inspected:	N/A						
(a) the memorandum and articles of association of the Issuer;	N/A	N/A	81	N/A	N/A	N/A	

ANNEX XI OF THE EUROPEAN REGULATION 809/2004/EC OF 29 APRIL 2004	Page(s) of the 2016 Financial Results Press Release		Update to the 2015 DDR	Page(s) of the 2015 DDR		Page(s) of the 2014 DDR	
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(b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in the registration document;	N/A	N/A	81	N/A	N/A	N/A	
(c) the historical financial information of the Issuer or, in the case of a group, the historical financial information of the Issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.	N/A	N/A	81	435	420	N/A	

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An indication of where the documents on display may be inspected, by physical or electronic means.	N/A	N/A	81	paragraph IX.1 of page 432	paragraph IX.1 of page 417	N/A”	

BASE PROSPECTUS	Pages
Summary	6 to 30
<i>Résumé en français</i> (summary in French)	31 to 58
Retail Cascade : Consent to use the Prospectus	59 to 60
Risk Factors	61 to 83
Forward-Looking Statements	84
Documents Incorporated by Reference	85 to 91
General Description of the Programme	92
Supplement to the Base Prospectus	93
Terms and Conditions of the Notes	94 to 133
Summary of Provisions relating to the Notes while in Global Form	134 to 139
Use of Proceeds	140
Banque Fédérative du Crédit Mutuel	141
Taxation	142 to 146
Subscription and Sale	147 to 150
Form of Wholesale Final Terms (For use in connection with issues of Notes with a denomination of at least €100,000 to be admitted to trading on an EU Regulated Market)	151 to 168
Form of Retail Final Terms (For use in connection with issues of Notes with a denomination of less than €100,000 to be admitted to trading on an EU Regulated Market and/or offered to the public in the European Economic Area)	169 to 189

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 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) and set out in the Base Prospectus which is incorporated by reference in this Prospectus.

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

1. Introduction and Definitions

- 1.1 *Notes*: The €500,000,000 2.625 per cent. Subordinated Tier 2 Notes due 31 March 2027 (the "**Notes**", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14) 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 9 June 2016 (the "**Agency Agreement**") between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent and principal paying agent (the "**Fiscal Agent**", the "**Principal Paying Agent**", which expression includes any successor fiscal agent or 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 9 June 2016 and made by the Issuer.
- 1.4 Copies of the Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents.
- 1.5 *Definitions*: In these Conditions the following expressions have the following meanings:
- "**Calculation Amount**" means €100,000;
- "**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;
- "**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;
- "**Interest Payment Date**" means 31 March in each year from (and including) 31 March 2018;
- "**Interest Period**" means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;
- "**Issue Date**" means 31 March 2017;
- "**Maturity Date**" means 31 March 2027;
- "**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 any regulated market situated in a Member State of the European Economic Area as defined in the Markets in Financial Instruments Directive 2004/39/EC and as listed on the website of Europa (http://ec.europa.eu/internal_market/securities/isd/index_en.htm).

2. Form, Denomination and Title

- 2.1 *Form of Notes and denomination*: The Notes are in bearer materialised form, serially numbered, in the denominations of EUR 100,000.

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

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

3. Status of the Notes

The Notes are issued pursuant to the provisions of article L.228-97 of the French *Code de commerce*.

The Notes and the Coupons relating to them constitute direct unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank:

- (i) *pari passu* among themselves;
- (ii) *junior* to all present and future unsubordinated obligations of the Issuer;
- (iii) *junior* to all other present and future subordinated obligations expressed by their terms to rank senior to the Notes and the Coupons relating to them;
- (iv) *pari passu* with all other present and future unconditional, unsecured and subordinated obligations of the Issuer other than those referred to in (iii) above and (v) below; and
- (v) *senior* to any present and future *prêts participatifs* granted to the Issuer, *titres participatifs* issued by the Issuer and any deeply subordinated obligations of the Issuer (*engagements dits “super subordonnés”* or *engagements subordonnés de dernier rang*).

Subject to applicable law, in the event of any judgement rendered by any competent court declaring the judicial liquidation of the Issuer or if the Issuer is liquidated for any other reason, the rights of holders of Notes and any related Coupons to payment in respect of principal and interest thereon will be subordinated to the full payment of all unsubordinated creditors of the Issuer and, subject to such payment in full, such Noteholders and Couponholders will be paid in priority to all *prêts participatifs* granted to the Issuer, all *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*). In the event of incomplete payment of any such unsubordinated creditors, the obligations in connection with the Notes and any related Coupons will be terminated. The holders of Notes and any related Coupons shall be responsible for taking all necessary steps for the orderly accomplishment of any such liquidation in relation to any claims they may have against the Issuer.

4. Interest

- 4.1 *Interest rate*: The Notes shall bear interest at the rate of 2.625 per cent. *per annum* from (and including) the Issue Date and interest shall be payable annually in arrear on each Interest Payment Date as provided in Condition 6.5.
- 4.2 *Interest amount*: The amount of interest per Calculation Amount payable on each Interest Payment Date in relation to each Interest Period will be EUR 2,625.
- 4.3 *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 (as defined in Condition 7.2).
- 4.4 *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).

5. Redemption and Purchase

5.1 *Maturity Date*: Unless previously redeemed, purchased and cancelled as provided below, each Note will be finally redeemed on the Maturity Date at its Redemption Amount.

5.2 *Redemption at the option of the Issuer*: The Issuer may, subject to compliance with all relevant laws, regulations and directives and the provisions set out in Condition 5.4 and on giving no less than 30, nor more than 60 calendar days notice (which notice shall be irrevocable unless required by the Relevant Regulator) to the Noteholders redeem all, but not some only of, the Notes on the date provided in such notice at their Redemption Amount together with interest accrued to the date fixed for redemption upon the occurrence of a Capital Event, a Tax Deduction Event, a Withholding Tax Event and/or a Tax Gross-up Event (each as defined below), provided that the due date for redemption of the Notes of which notice hereunder may be given in respect of a Tax Deduction Event shall be no earlier than the latest practicable date on which the Issuer could make such payment with interest payable being tax deductible.

For the purposes of these Conditions:

“**BRRD**” means Directive 2014/59EU of the European Parliament and of the Council of the European Union establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended or replaced from time to time;

“**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 the Issue Date, the Notes are fully or partially excluded from the Tier 2 Capital of the Issuer, provided that such exclusion is not as a result of any applicable limits on the amount of Tier 2 Capital;

“**CRD IV**” means 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 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;

“**Relevant Regulator**” means the European Central Bank and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer from time to time;

“**Relevant Rules**” means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy 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 BRRD;

“**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 laws, directives or regulations and/or by the Relevant Regulator;

“**Tax Deduction Event**” means that by reason of any change in 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 the Issue Date, 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 bénéfices des sociétés*) purposes being reduced, provided that the due date for redemption of the Notes of which notice hereunder may be given in respect of a Tax Deduction Event shall be no earlier than the latest practicable date on which the Issuer could make such payment with interest payable being so tax deductible to the same extent as it was on the Issue Date;

A “**Tax Gross-Up Event**” shall occur 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 Couponholders of the

full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7.2;

“**Withholding Tax Event**”, means that by reason of any change in French law or regulation, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 7.2.

- 5.3 *Purchase*: The Issuer may, subject to Condition 5.4, at any time but before 5 years purchase Notes (provided that all unmatured Coupons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price.

Notwithstanding the foregoing, the Issuer or any agent on its behalf shall have the right at all times to purchase 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 (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 as otherwise provided by applicable laws and regulations from time to time.

- 5.4 *Conditions to redemption and purchase prior to Maturity Date*: The Notes may only be redeemed, purchased or cancelled (as applicable) pursuant to Condition 5.2 or 5.3 (subject in the case of purchase to the provisions set out in the last paragraph of Condition 5.3), as the case may be, if:

- (i) 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;
- (ii) on or before such redemption or purchase of the Notes, the Issuer replaces such Notes with own funds instruments of equal or higher quality on terms that are sustainable for the Issuer's income capacity, or the Issuer has demonstrated to the satisfaction of the Relevant Regulator that its own funds would, following such redemption or purchase, 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;
- (iii) in the event any redemption in respect of the Notes is intended to take place prior to the fifth anniversary of the Issue Date:
 - (x) 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 such Issue Date; or
 - (y) in the case of redemption due to the occurrence of a Withholding Tax Event, a Tax Deduction Event or a Tax Gross-up Event, the Issuer demonstrates to the satisfaction of the Relevant Regulator that such Withholding Tax Event, Tax Deduction Event or Tax Gross-up Event is material and was not reasonably foreseeable at such Issue Date; and
- (iv) the Issuer has delivered a certificate signed by one of its senior officers to the Fiscal Agent (with copies thereof being made available to the Noteholders at the Fiscal 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, Tax 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.

- 5.5 *Cancellation*: All Notes which are redeemed or purchased for cancellation by the Issuer must be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Fiscal Agent and, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so

surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes and unmatured Coupons shall be discharged.

- 5.6 *Substitution and Variation of Notes*: The Issuer may, in respect of the Notes, at any time having given no less than 30 nor more than 45 calendar days' notice to the Noteholders and the Couponholders in accordance with Condition 15, substitute all (but not some only) of such Notes or vary the terms of all (but not some only) of such Notes, without any requirement for the consent or approval of the Noteholders or the Couponholders, so that they become or remain Qualifying Tier 2 Notes. Such substitution or variation of the Notes shall be subject to the Relevant Regulator having given its prior written approval to such substitution or variation if required at such time by the Relevant Rules.

For the purposes of this Condition:

“**Qualifying Tier 2 Note**” means in respect of any Notes and any related Coupons which are the subject of any substitution or variation pursuant to this Condition 5.6, securities issued by the Issuer that have terms not materially less favourable to the holders of such Notes and related Coupons than the terms thereof, as reasonably and in good faith determined by the Issuer and which (1) contain terms which comply with the then current requirements of the Relevant Regulator in relation to Tier 2 Capital (which, for the avoidance of doubt, may result in the relevant securities not including, or restricting for a period of time the application of, one or more of the Special Event redemption events which are included in such Notes); (2) carry the same rate of interest from time to time applying to such Notes prior to the relevant substitution or variation pursuant to this Condition 5.6; (3) rank senior to, or *pari passu* with, the ranking of such Notes prior to such substitution or variation below; (4) shall not be immediately subject to a Special Event; and (5) if such Notes were listed or admitted to trading on a Regulated Market immediately prior to such substitution or variation, are listed or admitted to trading on a Regulated Market as selected by the Issuer; or

“**Special Event**” means a Capital Event, a Tax Deduction Event, a Withholding Tax Event or a Tax Gross-Up Event.

6. Payments

- 6.1 *Principal and interest*: Payments of principal and interest in respect of the Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of principal and, in the case of interest, as specified in Condition 6.4 (last paragraph)) or Coupons (in the case of interest, save as specified in Condition 6.4 (last paragraph)), as the case may be, at the specified office of any Paying Agent by a cheque payable in euro, or, at the option of the holder, by transfer to an account denominated in euro with a Bank.

“**Bank**” means a bank in a city in which banks have access to the TARGET System.

- 6.2 *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 7, 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 7) 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.

- 6.3 *Appointment of Agent*: The Fiscal Agent and the Paying Agents initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent and 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 any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent and any Paying Agents and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent and (iii) a 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 so require, shall be a specified city of the country of, or as may be required by the rules of, such stock exchange.

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.

- 6.4 *Unmatured Coupons*: Notes should be surrendered for payment together with all unmaturing Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Redemption Amount due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

- 6.5 *Payments on business days*: If any due date for payment of any amount in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment.

In this Condition 6.5:

“**business day**” means a day (other than a Saturday or a Sunday) on which Target System is operating;

“**Target System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto.

7. Taxation

- 7.1 *Withholding tax*: All payments of principal, 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 therein or thereof having power to tax, unless such withholding or deduction is required by law.

- 7.2 *Additional amounts*: If French law should require that payments of principal or interest in respect of any Note or Coupon, be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or 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) *Other connection*: to, or to a third party on behalf of, a Noteholder or a Couponholder, as the case may be, who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon, by reason of his having some connection with the Republic of France other than the mere holding of such Note or Coupon; or
- (ii) *Presentation more than 30 days after the Relevant Date*: more than 30 calendar days after the Relevant Date, except to the extent that the Noteholder or a Couponholder, as the case may be, would have been entitled to such additional amounts on presenting such Note or Coupon, as the case may be, for payment on the thirtieth such day; or
- (iii) *FATCA withholding*: where such withholding or deduction is imposed pursuant to FATCA, or its subsequent implementation into the French law.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 15 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 such presentation.

References in these Conditions to (i) “**principal**” shall be deemed to include all Redemption Amounts, and all other amounts in the nature of principal payable pursuant to these Conditions or any amendment or supplement to them, (ii) “**interest**” shall be deemed to include all interest amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts which may be payable under this Condition 7.

8. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

9. No Events of Default

There are no events of default in respect of Notes and Noteholders are not entitled in any event to require Notes to be redeemed prior to their Maturity Date.

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 or if the Issuer is liquidated for any other reason at their principal amount together with interest accrued thereon to the date of payment without any further formality.

10. Meetings of Noteholders and Modification

10.1 *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 (as defined in the Agency Agreement) 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 or interest amounts 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 or to vary the method or basis of calculating the rate or amount 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 terms and conditions of the Notes can only be effected subject to the prior approval of the Relevant Regulator.

10.2 *Modification of the Agency Agreement:* The Fiscal 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 as soon as practicable thereafter.

11. Acknowledgement of Bail-In and Write-Down or Conversion Powers

By the acquisition of Notes, each Noteholder and Couponholder (which, for the purposes of this Condition 11, includes any current or future holder of a beneficial interest in the Notes and/or Coupons) acknowledges, accepts, consents and agrees:

- (i) to be bound by the effect of the exercise of the Bail-in Power (as defined below) by the Relevant Resolution Authority (as defined below) or the Relevant Regulator, which may include and result in any of the following, or some combination thereof:
 - (a) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
 - (b) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the Noteholder or Couponholders of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes and/or the Coupons, as the case may be, in which case the Noteholder agrees to accept in lieu of its rights under the Notes and/or the Coupons, as the case may be, any such shares, other securities or other obligations of the Issuer or another person;
 - (c) the cancellation of the Notes and Coupons; and/or
 - (d) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes or Coupons, or the date on which the interest becomes payable, including by suspending payment for a temporary period;
- (ii) that the terms of the Notes or Coupons are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-in Power by the Relevant Resolution Authority or the Relevant Regulator.

For these purposes, the “**Amounts Due**” are the prevailing outstanding amount of the Notes, and any accrued and unpaid interest on the Notes that has not been previously cancelled or otherwise is no longer due.

For these purposes, the “**Bail-in Power**” is any power existing from time to time under any laws, regulations, rules or requirements in effect in France, relating to the transposition of the BRRD, including without limitation pursuant to French decree-law No. 2015-1024 dated 20 August 2015 (Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière) (as amended from time to time, the “**20 August 2015 Decree Law**”), Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (as amended from time to time, the “**Single Resolution Mechanism Regulation**”), or otherwise arising under French law, and in each case the instructions, rules and standards created thereunder, pursuant to which the obligations of a Regulated Entity (as defined below) (or an affiliate of such Regulated Entity) can be reduced (in part or in whole), cancelled, suspended, transferred, varied or otherwise modified in any way, or securities of a Regulated Entity (or an affiliate of such Regulated Entity) can be converted into shares, other securities, or other obligations of such Regulated Entity or any other person, whether in connection with the implementation of a bail-in tool following placement in resolution or otherwise.

A reference to a “**Regulated Entity**” is to any entity referred to in Section I of Article L.613-34 of the French *Code monétaire et financier* as modified by the 20 August 2015 Decree Law, which includes certain credit institutions, investment firms, and certain of their parent or holding companies established in France.

A reference to the “**Relevant Resolution Authority**” is to the *Autorité de contrôle prudentiel et de résolution* (the “**ACPR**”), the Single Resolution Board established pursuant to the Single Resolution Mechanism Regulation, and/or any other authority entitled to exercise or participate in the exercise of any Bail-in Power from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the Single Resolution Mechanism Regulation).

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Bail-in Power by the Relevant Resolution Authority or the Relevant Regulator with respect to the Issuer unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations in effect in France and the European Union applicable to the Issuer or other members of its group.

Upon the exercise of any Bail-in Power by the Relevant Resolution Authority or the Relevant Regulator with respect to the Notes and/or Coupons, the Issuer will provide a written notice to the Noteholders in accordance with Condition 15 as soon as practicable regarding such exercise of the Bail-in Power. The Issuer will also

deliver a copy of such notice to the Fiscal Agent for informational purposes, although the Fiscal Agent shall not be required to send such notice to Noteholders. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Notes and/or Coupons described above.

Neither a cancellation of the Notes and/or Coupons, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Bail-in Power by the Relevant Resolution Authority or the Relevant Regulator with respect to the Issuer, nor the exercise of any Bail-in Power by the Relevant Resolution Authority or the Relevant Regulator with respect to the Notes and/or Coupons will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Noteholder and/or Couponholder, as the case may be, to any remedies (including equitable remedies) which are hereby expressly waived.

Upon the exercise of any Bail-in Power by the Relevant Resolution Authority or the Relevant Regulator, the Issuer and each Noteholder and Couponholder (including each holder of a beneficial interest in the Notes and/or Coupons) hereby agree that (a) the Fiscal Agent shall not be required to take any directions from Noteholders or Couponholders, and (b) the Agency Agreement shall impose no duties upon the Fiscal Agent whatsoever, in each case with respect to the exercise of any Bail-in Power by the Relevant Resolution Authority or the Relevant Regulator.

Notwithstanding the foregoing, if, following the completion of the exercise of the Bail-In Power by the Relevant Resolution Authority or the Relevant Regulator, any Notes or Coupons remain outstanding (for example, if the exercise of the Bail-In Power results in only a partial write-down of the principal of the Notes and/or Coupons), then the Fiscal Agent's duties under the Agency Agreement shall remain applicable with respect to the Notes and the Coupons following such completion to the extent that the Issuer and the Fiscal Agent shall agree pursuant to an amendment to the Agency Agreement.

If the Relevant Resolution Authority or the Relevant Regulator exercises the Bail-in Power with respect to less than the total Amounts Due, unless the Fiscal Agent is otherwise instructed by the Issuer or the Relevant Resolution Authority or the Relevant Regulator, any cancellation, write-off or conversion made in respect of the Notes pursuant to the Bail-in Power will be made on a pro-rata basis.

No expenses necessary for the procedures under this Condition 11, including, but not limited to, those incurred by the Issuer and the Fiscal Agent, shall be borne by any Noteholder or Couponholder.

12. Waiver of Set-Off

No holder of any Note or Coupon may at any time exercise or claim any Waived Set-Off Rights against any right, claim, or liability the Issuer has or may have or acquire against such holder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort or any non-contractual obligations, in each case whether or not relating to the Notes or Coupons) and each such holder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities.

For the avoidance of doubt, nothing in this Condition 12 is intended to provide or shall be construed as acknowledging any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any holder of any Note or Coupon but for this Condition 12.

For the purposes of this Condition 12, "**Waived Set-Off Rights**" means any and all rights of or claims of any holder of any Note or Coupon for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any such Note or Coupon.

13. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Principal Paying Agent or such other Paying Agent as may from time to time be designated by the Issuer the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15, in each case on payment by the claimant of the fees and 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.

14. Further Issues

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

15. Notices

Notices to the holders of Notes shall be valid if, at the option of the Issuer, they are published in (i) a daily newspaper of general circulation in Europe (which is expected to be the Financial Times), (ii) as long as the Notes are listed and admitted to trading on Euronext Paris and the rules of Euronext Paris so require, in a daily newspaper with general circulation in France (which is expected to be *Les Echos*), or (iii) if they are published in accordance with Articles 221-3 and 221-4 of the *Règlement Général* of the *Autorité des marchés financiers*. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe and, so long as the Notes are listed on any other stock exchange and the relevant rules applying to such listed Notes so require, in a leading daily newspaper with general circulation in the city/ies where such stock exchange(s) is/are situated. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

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

16. Contracts (Rights of Third Parties) Act 1999

The Notes confer no 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 the Coupons 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 3 which is governed by, and shall be construed in accordance with, French law.
- 17.2 *Submission to jurisdiction:* The Courts of England and Wales 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 and each holder of Notes and/or Coupons (by its acquisition of a Note) is deemed to submit to the jurisdiction of the Courts of England and Wales. For the purposes of this Condition, the Issuer waives and each holder of Notes and/or Coupons (by its acquisition of a Note) is deemed to waive 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.
- 17.3 *Appointment of Process Agent:* The Issuer irrevocably appoints Crédit Industriel et Commercial, London branch located at Finsbury Circus House, 15 Finsbury Circus, London EC2M 7EB, United Kingdom, as its agent in England to receive, for it and on its behalf, service of process of any Proceedings in England. Such service shall be deemed complete 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. Nothing shall affect the right to serve process in any manner permitted by law.

Summary of Provisions relating to the Notes while in Global Form

The Notes will be represented on issue by a Temporary Global Note exchangeable for interests in a Permanent Global Note each of which shall be issued in CGN form.

See the description set out in the section entitled “Summary of Provisions relating to the Notes while in Global Form” on pages 134 to 139 of the Base Prospectus which is incorporated by reference in this Prospectus for a description of the exchange of such interests and provisions which will apply to, and modify certain of the terms and conditions of, the Notes while held in global form.

For the purposes of the Notes, reference in:

- (a) the paragraph entitled “Modifications of the Conditions of the Notes while in Global Form – Payments” in the section entitled “Summary of Provisions relating to the Notes while in Global Form” on page 136 of the Base Prospectus to Condition 5(g) (*Non-Business Days*) shall be deemed to be reference to Condition 6.5 (*Payments on business days*) of the Terms and Condition of the Notes as set out in this Prospectus; and
- (b) the paragraph entitled “Modifications of the Conditions of the Notes while in Global Form – Prescription” in the section entitled “Summary of Provisions relating to the Notes while in Global Form” on page 136 of the Base Prospectus to Condition 6 (*Taxation*) shall be deemed to be a reference to Condition 7 (*Taxation*) of the Terms and Conditions of the Notes as set out in this Prospectus.

BANQUE FEDERATIVE DU CREDIT MUTUEL

General

Please refer to the section Documents Incorporated by Reference on pages 22 to 33 of this Prospectus.

Use of Proceeds

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

Taxation

The statements incorporated by reference herein as described below regarding taxation are based on the laws in force in France as of the date of this Prospectus and are subject to any changes in law. The summary incorporated by reference and referred to below 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.

For a summary of certain French withholding tax consequences in relation to the ownership of the Notes under French law see section “French Taxation” on pages 142 to 144 of the Base Prospectus which is incorporated by reference herein.

Subscription and Sale

BNP Paribas, Citigroup Global Markets Limited and Credit Suisse Securities (Europe) Limited (the "**Managers**") have, pursuant to a subscription agreement dated 29 March 2017 (the "**Subscription Agreement**") entered into pursuant to the amended and restated dealer agreement dated 9 June 2016 relating to the Programme (the "**Dealer Agreement**"), jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 99.523 per cent. of the principal amount of the Notes.

For the selling restrictions, see the section entitled "Subscription and Sale" set out on pages 147-150 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 22 March 2017 acting pursuant to a resolution of the Issuer's Board of Directors passed on 23 February 2017.

2. Admission to trading

This Prospectus has received *visa* no. 17-119 on 29 March 2017 from the AMF.

Application has been made for the Notes to be admitted to trading on Euronext Paris on 31 March 2017. The Issuer estimates that the amount of expenses related to the admission to trading (including AMF's fees) of the Notes will be approximately EUR 12,300.

3. Documents Available

Copies of the following:

- (i) the *statuts* of the Issuer;
- (ii) the 2015 DDR;
- (iii) the 2014 DDR;
- (iv) the amended and restated deed of covenant dated 9 June 2016 relating to the Programme;
- (v) the amended and restated agency agreement dated 9 June 2016 relating to the Programme;
- (vi) the Base Prospectus; 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), (ii) (iii), (vi) and (vii) 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 pages 256 and 430 of the 2015 DDR, 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 the 2016 Financial Results Press Release, (i) 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 2016 (the consolidated financial statement as at 31 December 2016 have not been audited by the auditors of the Issuer) and (ii) there has been no material adverse change in the prospects of the the Issuer and the Group since 31 December 2015.

6. Material Contracts

Save as disclosed on page 430 of the 2015 DDR, 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. 2016 unaudited consolidated key financial figures

Regarding the unaudited 2016 consolidated key financial figures as at, or for the financial year ended, 31 December 2016 included in the 2016 Financial Results Press Release incorporated by reference in this

Prospectus, the Issuer makes on 29 March 2017 the following statements pursuant to the second paragraph of section 8.2 of Annex XI to Regulation (CE) n°809/2004 as amended:

- (a) the Issuer approves such information;
- (b) the independent accountants or auditors of the Issuer have agreed that such information is substantially consistent with the final figures to be published in the next annual audited financial statements; and
- (c) such financial information has not been audited.

9. Auditors

The statutory auditors (*commissaires aux comptes*) of the Issuer are currently Ernst & Young et Autres (represented by Olivier Durand) and PricewaterhouseCoopers (“PWC”), (represented by Jacques Lévi). 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 2015 and 2014 have been audited, without qualification, by the statutory auditors of BFCM.

10. 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 158791145 and ISIN XS1587911451.

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.

11. 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.

12. Yield

The yield of the Notes is 2.680 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.

Paris, 29 March 2017

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

Duly represented by:

Christian Klein
Deputy Chief Executive Officer



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 212-31 to 21-33, the AMF has granted to this Prospectus the *visa* no. 17-119 on 29 March 2017. 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.

REGISTERED OFFICE OF THE ISSUER

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United Kingdom

Credit Suisse Securities (Europe) Limited

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