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Paris, the 13th November 2009

In 2004, Crédit Logement issued €450,000,000 Undated Deeply Subordinated Notes eligible as Tier 1 regulatory capital including a call option exercisable quarterly as from 15 December 2009, subject to the prior approval of the *Secrétariat général de la Commission bancaire*. The Notes comprise a step-up coupon that will increase by 1 per cent. as from 15 December 2014.

This transaction was specifically structured on the basis of the transitional provisions relating to the adoption of Basle II and notably to the Basle I floors (CRBF regulations n°91-05 and n°95-02).

Upon issue, it was anticipated that the last floor corresponding to 80 per cent. of Basle I requirements would not be applicable any longer in December 2009. To date, Crédit Logement has not been notified by the *Secrétariat général de la Commission bancaire* that the 80 per cent Basle I requirement is no longer applicable. Accordingly, Crédit Logement does not currently benefit from the significant reduction of its regulatory capital requirement, which was anticipated at the time of issue of the Notes.

According to its regulatory capital safe management objectives, Crédit Logement decided not to require the approval of the *Secrétariat général de la Commission bancaire* in order to exercise its call option on 15 December 2009.

Crédit Logement actively follows the ongoing developments in terms of regulatory capital requirements.

Crédit Logement not having requested any assistance from the French government, its decision has no links with the communication of the European Commission dated 7 October 2009 (« *State Aid: Commission recalls rules concerning Tier 1 and Tier 2 capital transactions for banks subject to a restructuring aid investigation* »).

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