



**€1,000,000,000 Subordinated Resetable 2.75 per cent. Notes due 8 July 2026**

**Issue Price: 99.605 per cent.**

The €1,000,000,000 subordinated resettable 2.75 percent. notes of BPCE (the “**Issuer**”) maturing on 8 July 2026 (the “**Notes**”) will be issued on 8 July 2014 (the “**Issue Date**”) and will bear interest at a rate of 2.75 per cent. *per annum* from (and including) the Issue Date, payable annually in arrear on 8 July of each year, beginning on 8 July 2015 and ending on 8 July 2021 (the “**Reset Date**”). Thereafter, the Notes will bear interest at a rate equal to the 5-year Mid-Swap Rate plus a margin of 1.83 per cent. *per annum*, determined as described herein (the **Reset Rate of Interest**), payable annually in arrear on or about 8 July of each year, commencing on 8 July 2022, as further described in “*Terms and Conditions of the Notes – Interest*” of this prospectus (the “**Prospectus**”).

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at par on 8 July 2026 (the “**Maturity Date**”). The Issuer may, at its option (subject to approval by the Relevant Regulator), redeem all, but not some only, of the Notes at any time at their outstanding principal amount plus accrued interest upon the occurrence of a Tax Event or a Capital Event (each as defined in “*Terms and Conditions of the Notes – Interpretation*”). In addition, the Issuer may, at its option, subject to approval by the Relevant Regulator, redeem all, but not some only, of the Notes on 8 July 2021 (the “**Call Date**”) at their outstanding principal amount plus accrued interest.

The Notes will be issued in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier* by book entries. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes. The Notes will be governed by French law.

The Notes will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders. “**Account Holder**” shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, Clearstream Banking, société anonyme and Euroclear Bank S.A./N.V.

This Prospectus constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC of the European Parliament and of the Council dated 4 November 2003, as amended, which includes the amendments made by Directive 2010/73/EU of the European Parliament and of the Council dated 24 November 2010 (the “**Prospectus Directive**”).

Application has been made to list and admit to trading the Notes, as of their Issue Date on the regulated market of NYSE Euronext in Paris (“**Euronext Paris**”). Euronext Paris is a regulated market within the meaning of the Directive 2004/39/EC of the European Parliament and of the Council dated 21 April 2004, as amended.

The Notes are expected to be rated BBB+ by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc (“**S&P**”), A- by Fitch France S.A.S. (“**Fitch**”) and Baa3] by Moody's Investors Service Ltd (“**Moody's**”). The long term debt of the Issuer has been rated A by S&P, A by Fitch and A2 by Moody's. As at the date of this Prospectus, S&P, Fitch and Moody's are established in the European Union and are registered under the Regulation (EC) No. 1060/2009 of the European Parliament and of the Council dated 16 September 2009, as amended (the “**CRA Regulation**”). As such S&P, Fitch and Moody's are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at [www.esma.europa.eu/page/list-registered-and-certified-CRAs](http://www.esma.europa.eu/page/list-registered-and-certified-CRAs)) in accordance with the CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, revised or withdrawn by the rating agency at any time without notice.

Copies of this Prospectus are available on the websites of the *Autorité des marchés financiers* (the “**AMF**”) ([www.amf-france.org](http://www.amf-france.org)) and of the Issuer ([www.bpce.fr](http://www.bpce.fr)) and may be obtained, without charge on request, at the principal office of the Issuer during normal business hours. Copies of all documents incorporated by reference in this Prospectus are available on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) and of the Issuer ([www.bpce.fr](http://www.bpce.fr)) and may be obtained, without charge on request, at the principal office of the Issuer during normal business hours.

See the “*Risk Factors*” section for a description of certain factors which should be considered by potential investors in connection with any investment in the Notes.



In accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and its General Regulations (*Règlement général*), in particular Articles 211-1 to 216-1, the *Autorité des marchés financiers* (“**AMF**”) has granted to this Prospectus the visa n°14-360 on 4 July 2014. This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L.621-8-1-I of the French *Code monétaire et financier*, the visa has been granted following an examination by the AMF of “whether the document is complete and comprehensible, and whether the information in it is coherent”. It does not imply that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Notes.

**Sole Bookrunner**

**Natixis**

**Joint-Lead Managers**

**Banco Bilbao Vizcaya Argentaria, S.A.  
Commerzbank**

**Citigroup  
Nomura**

*This Prospectus has been prepared for the purpose of giving information with respect to the Issuer and the Issuer and its consolidated subsidiaries taken as a whole (the "Group") as well as the Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer.*

*None of the Managers has (as defined in "Subscription and Sale" below) independently verified the information contained in this Prospectus. Accordingly, the Managers do not make any representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Prospectus. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by, or on behalf of, the Issuer or the Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes.*

*No person is authorised to give any information or to make any representation related to the issue, offering or sale of the Notes not contained in this Prospectus. Any information or representation not so contained herein must not be relied upon as having been authorised by, or on behalf of, the Issuer or the Managers. The delivery of this Prospectus or any offering or sale of Notes at any time does not imply (i) that there has been no change with respect to the Issuer or the Group, since the date hereof and (ii) that the information contained or incorporated by reference in it is correct as at any time subsequent to its date. None of the Managers undertakes to review the financial or general condition of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or prospective investor in the Notes of any information coming to its attention.*

*The Prospectus and any other information relating to the Issuer or the Notes should not be considered as an offer, an invitation, a recommendation by any of the Issuer or the Managers to subscribe or purchase the Notes. Each prospective investor of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. Investors should review, inter alia, the documents incorporated by reference into this Prospectus (see "Documents Incorporated by Reference" below) when deciding whether or not to subscribe for or to purchase the Notes. Investors should in particular conduct their own analysis and evaluation of risks relating to the Issuer, the Group, their business, their financial condition and the issued Notes and consult their own financial or legal advisers about risks associated with an investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances. Potential investors should read carefully the section entitled "Risk Factors" set out in this Prospectus before making a decision to invest in the Notes.*

*The distribution of this Prospectus and the offering or the sale of the Notes in certain jurisdictions may be restricted by law or regulation. Neither the Issuer, nor the Managers represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered or sold, 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, offering or sale. In particular, no action has been taken by the Issuer or the Managers which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Note may be offered or sold, directly or indirectly, and neither this Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offers and sales of Notes and distribution of this Prospectus and of any other offering material relating to the Notes, see "Subscription and Sale" below.*

*The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the “**Securities Act**”). The 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**”)) except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act.*

*This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**relevant persons**”). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.*

*In this Prospectus, references to “**€**”, “**EURO**”, “**EUR**” or to “**euro**” are to the currency 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, as amended.*

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**PERSON RESPONSIBLE FOR THE INFORMATION  
CONTAINED IN THE PROSPECTUS**

I declare, after taking all reasonable measures for this purpose and to the best of my knowledge, that the information contained in this Prospectus is in accordance with the facts and that it makes no omission likely to affect its import.

The statutory auditors' report on the consolidated financial statements of Groupe BPCE (as defined in "*Certain terms used in this Prospectus*") for the year ended 31 December 2013 included on pages 287 and 288 of Chapter 5 of the 2013 Registration Document (as defined in "*Documents Incorporated by Reference*") and the statutory auditors' report on the consolidated financial statements of BPCE SA Group (as defined in "*Certain terms used in this Prospectus*") for the year ended 31 December 2013 included on pages 366 and 367 of Chapter 5 of the 2013 Registration Document contain the following observation: "*Without qualifying the opinion expressed above, we draw your attention to Note 2.2 "Applicable accounting standards and comparability – Standards" in the notes to the consolidated financial statements, which details the changes in methods as a result of the new standards and interpretations applicable as of January 1, 2013*".

BPCE  
50, avenue Pierre Mendès France  
75013 Paris  
France

Duly represented by:

**Roland Charbonnel**  
*Directeur des Emissions et de la Communication Financière of the Issuer*

Dated 4 July 2014

## CERTAIN TERMS USED IN THIS PROSPECTUS

The following terms will have the meanings set forth below when used in this Prospectus:

“**Banques Populaires**” means 19 Banques Populaires and their subsidiaries (made up of 17 regional banks, CASDEN Banque Populaire and Crédit Coopératif).

“**Caisses d’Epargne**” means the 17 Caisses d’Epargne et de Prévoyance.

“**BPCE**” means BPCE SA, a *société anonyme à Conseil de Surveillance et Directoire*, or, as the context requires, Groupe BPCE or BPCE SA Group.

“**BPCE SA Group**” means BPCE, a *société anonyme*, and its consolidated subsidiaries and associates.

“**Groupe BPCE**” means BPCE SA Group, the Banques Populaires, the Caisses d’Epargne and certain affiliated entities.

“**Issuer**” means BPCE SA, a *société anonyme*, as issuer of the Notes.

“**Natixis**” means Natixis SA, a *société anonyme à Conseil d’Administration*.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following sections identified in the cross-reference table below of the following documents (the “**Documents Incorporated by Reference**”), which have been previously published and have been filed with the AMF. Such sections shall be incorporated in, and shall be deemed to form part of, this Prospectus:

- (a) the sections identified in the cross-reference table below of the 2012 *Document de Référence* in the French language relating to the Issuer filed with the AMF under number D.13-0203 on 22 March 2013 (the “**2012 Registration Document**”), including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2012 and the related notes thereto and the related statutory auditors' report. To the extent that the 2012 Registration Document itself incorporates documents by reference, such documents shall not be deemed incorporated by reference herein;
- (b) the sections identified in the cross-reference table below of the 2013 *Document de Référence* in the French language relating to the Issuer filed with the AMF under number D.14-0182 on 21 March 2014 (the “**2013 Registration Document**”), including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2013 and the related notes thereto and the related statutory auditors' report. To the extent that the 2013 Registration Document itself incorporates documents by reference, such documents shall not be deemed incorporated by reference herein; and
- (c) the sections identified in the cross-reference table below of the first update to the 2013 Registration Document in the French language relating to the Issuer filed with the AMF under number D.14-0182-A01 on 7 May 2014 (the “**2013 First Update Document**”). To such extent that the 2013 First Update Document itself incorporates documents by reference, such documents shall not be deemed incorporated by reference herein.

Free translations in the English language of the 2012 Registration Document, the 2013 Registration Document and the 2013 First Update Document are available on the Issuer's website ([www.bpce.fr](http://www.bpce.fr)). These documents are available for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions.

Any statement contained in a Document Incorporated by Reference shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise); any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of the Documents Incorporated by Reference may be obtained, without charge on request, at the principal office of the Issuer or of the Fiscal Agent during normal business hours. Such documents will also be published (i) on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) and (ii) on the website of the Issuer ([www.bpce.fr](http://www.bpce.fr)).

The information incorporated by reference that is not included in the cross-reference list is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) 809/2004 as amended. Any information not listed in the cross-reference list shall not be deemed to form part of this Prospectus.

## CROSS-REFERENCE LIST FOR DOCUMENTS INCORPORATED BY REFERENCE

### *Registration Documents and related updates*

References to pages below are to those of the 2012 Registration Document, the 2013 Registration Document, and the 2013 First Update Document, respectively.

<i>Annex XI of the European Regulation 809/2004/EC of 29 April 2004 as amended by Commission Delegated Regulation (EU) 486/2012 of 30 March 2012 and 862/2012 of 4 June 2012</i>	Pages of the 2012 Registration Document	Pages of the 2013 Registration Document	Pages of the 2013 First Update Document
<b>2 Statutory auditors</b>			
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2.2 Change of situation of the auditors	N/A		
<b>3 Risk factors</b>			
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<b>4 Information about the Issuer</b>			
4.1 History and development of the Issuer	N/A	5	2
4.1.1 Legal and commercial name	N/A	460	N/A
4.1.2 Place of registration and registration number	N/A	460	N/A
4.1.3 Date of incorporation and term	N/A	460	N/A
4.1.4 Domicile, legal form, jurisdictions governing its activities, country of incorporation, address and telephone number	N/A	460	N/A
4.1.5 Recent events particular to the Issuer	N/A	198; 212-213; 300; 372-373; 380	3
<b>5 Business overview</b>			
5.1 Principal activities			
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5.1.2 Indication of any significant new products and/or activities	N/A		
5.1.3 Principal markets	N/A	14-26; 184-193; 269-272; 353-355	N/A
5.1.4 The basis for any statements in the registration document made by the issuer regarding its competitive position	N/A	14-26	N/A
<b>6 Organisational structure</b>			
6.1 If the issuer is part of a group, a brief description of the group and of the issuer's position within it.	N/A	4-8	N/A
6.2 If the issuer is dependent upon other entities within the group, this must be clearly stated together	N/A		

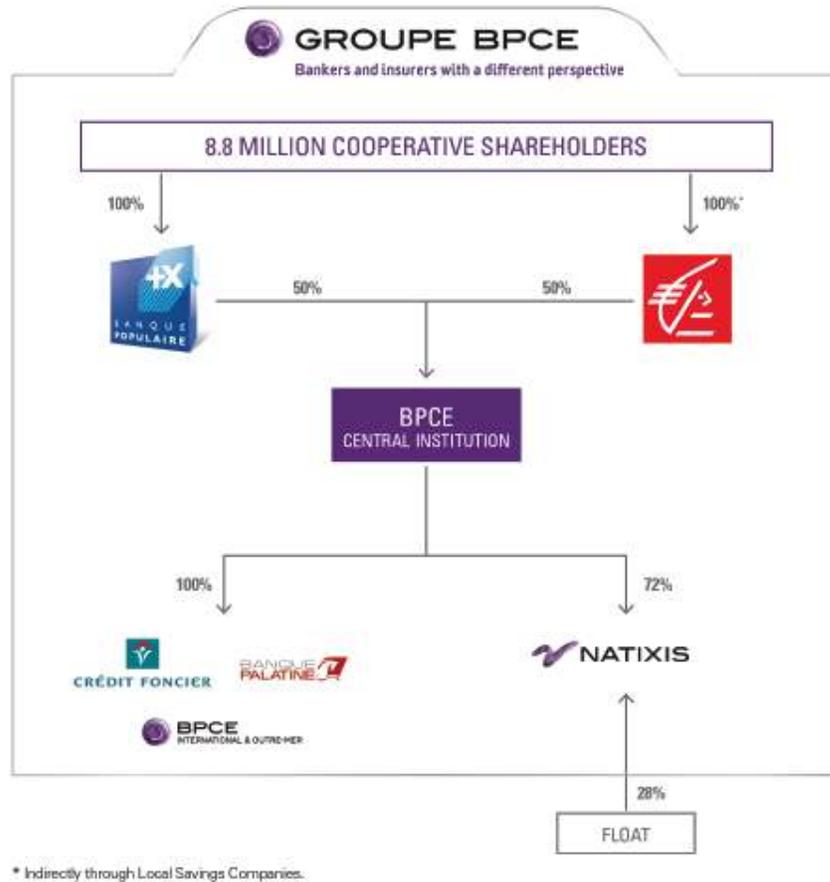
<i>Annex XI of the European Regulation 809/2004/EC of 29 April 2004 as amended by Commission Delegated Regulation (EU) 486/2012 of 30 March 2012 and 862/2012 of 4 June 2012</i>		<b>Pages of the 2012 Registration Document</b>	<b>Pages of the 2013 Registration Document</b>	<b>Pages of the 2013 First Update Document</b>
with an explanation of this dependence.				
<b>7 Trend information</b>				
7.1	Statement of no material adverse change on the Issuer's prospects	N/A		
7.2	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	199	N/A
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8.2	Statement regarding the forecasts and estimates	N/A		
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9.2	Conflicts of interests	N/A	30-31; 81	N/A
<b>10 Major shareholders</b>				
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10.2	Description of arrangements which may result in a change of control	N/A	465	N/A
<b>11 Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses</b>				
11.1 Historical financial information				
<i>Audited consolidated financial statements BPCE</i>				
	- Balance sheet (Statement of financial position)	188-189	202-203	N/A
	- Income statement	190	204	N/A
	- Cash flow statement	194	208	N/A
	- Accounting policies and explanatory notes	195-260	209-286	N/A
	- Auditors' report	261-262	287-288	N/A
<i>Audited consolidated financial statements BPCE SA</i>				
	- Balance sheet (Statement of financial position)	264-265	290-291	N/A
	- Income statement	266	292	N/A
	- Cash flow statement	270	296	N/A
	- Accounting policies and explanatory notes	271-329	297-365	N/A
	- Auditors' report	330-331	366-367	N/A

<i>Annex XI of the European Regulation 809/2004/EC of 29 April 2004 as amended by Commission Delegated Regulation (EU) 486/2012 of 30 March 2012 and 862/2012 of 4 June 2012</i>	<b>Pages of the 2012 Registration Document</b>	<b>Pages of the 2013 Registration Document</b>	<b>Pages of the 2013 First Update Document</b>
<i>Audited non-consolidated financial statements</i>			
- Balance sheet (Statement of financial position)	338-339	374-375	N/A
- Income statement	340	376	N/A
- Cash flow statement			N/A
- Accounting policies and explanatory notes	341-375	377-414	N/A
- Auditors' report	376-377	415-416	N/A
11.2 Financial statements	188-260; 264-329; 332-375	202-286; 290-365; 368-414	N/A
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11.3.2 Other audited information		N/A	
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11.5 Interim and other financial information	N/A		3-40
11.6 Legal and arbitration proceedings	N/A	158-162	N/A
11.7 Significant change in the issuer's financial position	N/A		
<b>12 Material contracts</b>			
12.1 Material contracts	N/A		
<b>13 Third party information</b>			
13.1 Statements by experts	N/A		
13.2 Statements by third parties	N/A		
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## OVERVIEW

### BPCE AND GROUPE BPCE

BPCE is the central institution of Groupe BPCE, a French mutual banking group. Groupe BPCE includes 36 regional banks, 19 in the Banque Populaire retail banking network, and 17 in the Caisse d'Épargne retail banking network, as well as BPCE and its subsidiaries and affiliates. BPCE's largest subsidiary is Natixis, a publicly listed French bank in which BPCE holds a 71.96% interest. Groupe BPCE's structure is illustrated in the following chart:



As the central institution of Groupe BPCE, BPCE's role is to coordinate policies and exercise certain supervisory functions with respect to the regional banks and other affiliated French banking entities (including Natixis), and to ensure the liquidity and solvency of the entire group. The French banking entities in Groupe BPCE are covered by a mutual financial solidarity mechanism that results in BPCE's credit being effectively supported by the financial strength of the entire group (including a €1,254 billion guarantee fund and €29,783 billion of Tier One capital of the Banques Populaire and Caisse d'Épargne networks, in each case as of 31 December 2013).

BPCE is a *société anonyme à Conseil de Surveillance et Directoire* (a limited liability company with a Supervisory Board and a Management Board) and a credit institution licensed as a bank in France, with its registered office at 50 avenue Pierre Mendès France, 75013 Paris, France.

## BUSINESS OF GROUPE BPCE

Groupe BPCE is one of the largest banking groups in France. As of 31 December 2013, Groupe BPCE had €1,123.5 billion of total assets, €578.4 billion of outstanding customer loans and €58.2 billion of consolidated shareholders' equity (€51.3 billion group share). It recorded €22.8 billion of consolidated net banking income and €2.7 billion of consolidated net income attributable to equity holders of the parent, in each case for the year ended 31 December 2013. Its activities are conducted primarily through two core business lines:

- **Commercial Banking and Insurance** (67.4% of 2013 net banking income of the core business lines). The commercial banking and insurance business line includes the activities of the Banques Populaires and Caisses d'Épargne retail banking networks, activities relating to real estate financing (mainly through Crédit Foncier de France) and insurance, international banking and certain other banking activities. This core business line includes:
  - The Banques Populaire network, which has a leading position with small and medium enterprises, professional customers as well as individuals. The Banques Populaires had outstanding customer loans of €165.5 billion and customer savings and deposits (including life insurance and mutual fund savings) of €207.1 billion as of 31 December 2013, and they recorded €6.4 billion of net banking income in 2013.
  - The Caisses d'Épargne network, which has a leading role with individual customers as well as professionals, and a strong historic presence in regional development banking (primarily public sector financing and public housing). The Caisses d'Épargne had outstanding customer loans of €200.9 billion and customer savings and deposits (including life insurance and mutual fund savings) of €370.4 billion as of 31 December 2013, and they recorded €7.0 billion of net banking income in 2013.
  - Real estate financing, which includes the activities of the Crédit Foncier group. This division recorded €777 million of net banking income in 2013
  - Insurance, international and other networks, which includes Groupe BPCE's interest in CNP Assurances, BPCE Assurances, subsidiaries located in French overseas territories, international subsidiaries, and Banque Palatine a French bank that provides mainly wealth management services. This division recorded €1.2 billion of net income in 2013.
- **Wholesale Banking, Investment Solutions and Specialized Financial Services** (28% of 2013 net banking income of the core business lines). This business line is conducted by Natixis. It includes (i) corporate and investment banking for large corporate and institutional customers, (ii) investment solutions, including asset management, insurance, private banking and private equity, and (iii) specialized financial services, including factoring, leasing, consumer finance, sureties and guarantees, employee benefits planning, payments and securities services.

In addition to these core business lines, Groupe BPCE has equity investments in a number of other entities, including Nexity, a leading French real estate services company, and Coface, a world leader in credit insurance. Groupe BPCE also maintains a Workout Portfolio Management and Other business line, which includes Natixis' segregated workout portfolio segment, consisting of activities affected by the financial crisis and managed in run-off mode. The remainder of Groupe BPCE's business consists of corporate center activities (including BPCE's activities as the central body of Groupe BPCE).

## BPCE SA GROUP

The BPCE SA Group includes BPCE and its consolidated subsidiaries and affiliates, including Natixis. The BPCE SA Group does not include the Banques Populaires and Caisses d'Épargne in the scope

of consolidation since 6 August 2013, when the Banques Populaires and Caisses d'Epargne repurchased 20% non-voting equity interests in each of them, which were previously held by Natixis. The results of operations of the BPCE SA Group include those 20% interests, accounted for in the share of income from associates, through 6 August 2013.

As of 31 December 2013, BPCE SA Group had €716.5 billion of total assets, €210.1 billion of outstanding customer loans and €27.0 billion of consolidated shareholders' equity (€21.2 billion group share). It recorded €8.4 billion of consolidated net banking income and €1,555 million of consolidated net income attributable to equity holders of the parent, in each case for the year ended 31 December 2013.

The repurchase from Natixis of the 20% equity interests that it previously held in the Banques Populaires and the Caisses d'Epargne generated pre-tax income of €1,448 million (before allocating non-controlling interests) in the BPCE SA Group consolidated financial statements in 2013. The impact of this transaction in 2013 is described in more detail in Note 1.3.1 to the BPCE SA Group consolidated financial statements as of and for the year ended 31 December 2013, included in the 2013 BPCE Registration Document incorporated by reference herein.

## NATIXIS

As mentioned above, Natixis is the wholesale banking, investment management and specialized financial services arm of Groupe BPCE. Its shares are listed on the Paris stock exchange.

Natixis is a French *société anonyme à Conseil d'Administration* (a limited liability company with a Board of Directors) and a credit institution licensed as a bank in France, with its registered office at 30 avenue Pierre Mendès France, 75013 Paris, France.

## REGULATORY CAPITAL RATIOS

As of 31 December 2013, the total solvency ratio of Groupe BPCE (based on Basel 2.5 standards, unfloored) was 14.4%, its total Tier 1 ratio was 12.8% and its Core Tier 1 Ratio was 11.4%. As of the same date, the total solvency ratio of the BPCE SA Group (based on the same standards) was 13.5% and its total Tier 1 ratio was 11.9%.

Based on CRD IV standards, as of 31 December 2013, Groupe BPCE's Basel III pro forma common equity Tier 1 ratio was estimated at 10.4% and its total capital adequacy ratio at 13.4%<sup>1</sup> (in both cases without phase-in arrangements and after restatement to account for deferred tax assets).

Based on CRD IV standards, as of 31 March 2014, Groupe BPCE's Basel III pro forma common equity Tier 1 ratio was estimated at 10.8% and its total capital adequacy ratio at 13.8%<sup>2</sup> (in both cases without phase-in arrangements and after restatement to account for deferred tax assets).

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<sup>1</sup> Pro forma to account for the \$1.5 billion Tier 2 issue at the beginning of January 2014.

<sup>2</sup> Pro forma to account for the £0.75 billion Tier 2 issue at the beginning of April 2014.

## **RISK FACTORS**

*In purchasing the 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 this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes. The order in which the following risks factors are presented is not an indication of the likelihood of their occurrence.*

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

*Prior to making an investment decision, prospective investors should consider carefully all the information set out and incorporated by reference in this Prospectus, including in particular the risk factors detailed below, and consult with their own financial and legal advisors as to the risks entailed by an investment in the Notes. The following statements are not exhaustive. In addition, investors should be aware that the risks described may be combined and thus interrelated with one another. Prospective investors should make their own independent evaluations of all investment considerations and should also read the detailed information set out elsewhere in this Prospectus.*

*Terms defined in "Terms and Conditions of the Notes" below shall have the same meaning where used below.*

### **1. Risks relating to the Issuer**

#### **1.1 Risks relating to the Groupe BPCE's 2014-2017 Strategic Plan**

*Groupe BPCE may not realize the objectives in its 2014-2017 Strategic Plan*

Groupe BPCE has announced a 2014-2017 Strategic Plan that contemplates a number of initiatives, including four investment priorities: (i) create local banks commanding leading positions for offline and online relations; (ii) finance its customers, establish the group as a major player in savings, and move away from a "loan-based" approach to an approach based on "financing;" (iii) become a fully-fledged bancassurance specialist and (iv) accelerate the pace of the group's international expansion. The 2014-2017 Strategic Plan is described in more detail in Section 1.7 of the 2013 BPCE Registration Document, which is incorporated by reference herein. See the section entitled "*Documents Incorporated by Reference*" in this Prospectus. This document contains forward-looking information, which is necessarily subject to uncertainty. In particular, in connection with the 2014-2017 Strategic Plan, Groupe BPCE announced a number of financial targets, including for revenue growth and cost reduction, as well as targets for liquidity and regulatory capital ratios. In addition, Natixis has publicly announced certain targets, providing additional detail on the strategic initiatives relating to its activities. The financial objectives were established primarily for purposes of planning and allocation of resources, are based on a number of assumptions, and do not constitute projections or forecasts of anticipated results. The actual results of Groupe BPCE (and of Natixis) are likely to vary (and could vary significantly) from these targets for a number of reasons, including the materialization of one or more of the risk factors described in this section "Risk Factors" of this Prospectus. If Groupe BPCE (or Natixis) does not realize its objectives, then its financial condition and the value of the Notes could be adversely affected.

In addition, if Groupe BPCE (or Natixis) decides to dispose of certain operations, the selling price could turn out to be lower than expected and Groupe BPCE (or Natixis) might continue to bear significant risks stemming from these operations as a result of liabilities, guarantees or indemnities that it may have to grant to the buyers concerned. Groupe BPCE also will seek to continue to draw on the reserves of revenue and cost synergies untapped by the strategic plan for 2010-2013, as well as targeting other sources of revenue growth and cost reduction. The ability of the Groupe BPCE to realize the anticipated synergies contemplated by the 2014-2017 Strategic Plan will depend on a number of factors, many of which are beyond the control of Groupe BPCE. Groupe BPCE may fail to achieve expected synergies for any number of reasons, including disruptions caused by the unique structure of Groupe BPCE or the materialization of risks relating to ordinary banking activities. Any of these factors, among others, could result in the actual level of business development and/or cost synergies being lower than anticipated.

## 1.2 Risks relating to Groupe BPCE's activities and the banking sector

*Groupe BPCE is subject to several categories of risks inherent in banking activities*

There are four main categories of risks inherent in Groupe BPCE's activities, which are summarized below. The risk factors that follow elaborate on or give specific examples of these different types of risks, and describe certain additional risks faced by Groupe BPCE.

- *Credit Risk.* Credit risk is the risk of financial loss relating to the failure of a counterparty to honor its contractual obligations. The counterparty may be a bank, a financial institution, an industrial or commercial enterprise, a government and its various entities, an investment fund, or a natural person. Credit risk arises in lending activities and also in various other activities where Groupe BPCE is exposed to the risk of counterparty default, such as its trading, capital markets, derivatives and settlement activities. With respect to home loans, the degree of credit risk also depends on the value of the home that secures the relevant loan. Credit risk also arises in connection with the factoring businesses of Groupe BPCE, although the risk relates to the credit of the counterparty's customers, rather than the counterparty itself.
- *Market and Liquidity Risk.* Market risk is the risk to earnings that arises primarily from adverse movements of market parameters. These parameters include, but are not limited to, foreign exchange rates, bond prices and interest rates, securities and commodities prices, derivatives prices, credit spreads on financial instruments and prices of other assets such as real estate. Liquidity is also an important component of market risk. In instances of little or no liquidity, a market instrument or transferable asset may not be negotiable at its estimated value (as was the case for some categories of assets in the recent disrupted market environment). A lack of liquidity can arise due to diminished access to capital markets, unforeseen cash or capital requirements or legal restrictions.

Market risk arises in trading portfolios and in non-trading portfolios. In non-trading portfolios, it encompasses:

- the risk associated with asset and liability management, which is the risk to earnings arising from asset and liability mismatches in the banking book or in the insurance business. This risk is driven primarily by interest rate risk;
- the risk associated with investment activities, which is directly connected to changes in the value of invested assets within securities portfolios, which can be recorded either in the income statement or directly in shareholders' equity; and
- the risk associated with certain other activities, such as real estate, which is indirectly affected by changes in the value of negotiable assets held in the normal course of business.

- *Operational Risk.* Operational risk is the risk of losses due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Internal processes include, but are not limited to, human resources and information systems, risk management and internal controls (including fraud prevention). External events include floods, fires, windstorms, earthquakes or terrorist attacks.
- *Insurance Risk.* Insurance risk is the risk to earnings due to mismatches between expected and actual claims. Depending on the insurance product, this risk is influenced by macroeconomic changes, changes in customer behavior, changes in public health, pandemics, accidents and catastrophic events (such as earthquakes, windstorms, industrial disasters, or acts of terrorism or war).

*Recent economic and financial conditions in Europe have had and may continue to have an impact on Groupe BPCE and the markets in which it operates*

European markets have recently experienced significant disruptions that have affected economic growth. Initially originating from concerns regarding the ability of certain countries in the euro-zone to refinance their debt obligations, these disruptions have created uncertainty more generally regarding the near-term economic prospects of countries in the European Union, as well as the quality of debt obligations of sovereign debtors in the European Union. There has also been an indirect impact on financial markets in Europe and worldwide.

While Groupe BPCE's holdings of sovereign bonds affected by the crisis has been limited, Groupe BPCE has been indirectly affected by the spread of the euro-zone crisis, which has affected most countries in the euro-zone, including the group's home market of France. The credit ratings of French sovereign obligations were downgraded by certain credit rating agencies in 2011, 2012 and 2013, in some cases resulting in the mechanical downgrading of the credit ratings of French commercial banks, including those of the Groupe BPCE entities. More recently, anti-austerity sentiment has led to political uncertainty in certain European countries.

If economic or market conditions in France or elsewhere in Europe were to deteriorate further, the markets in which Groupe BPCE operates could be more significantly disrupted, and its business, results of operations and financial condition could be adversely affected.

*Legislative action and regulatory measures in response to the global financial crisis may materially impact Groupe BPCE and the financial and economic environment in which the group operates*

Legislation and regulations have recently been enacted or proposed with a view to introducing a number of changes, some permanent, in the global financial environment. While the objective of these new measures is to avoid a recurrence of the global financial crisis, the impact of the new measures could be to change substantially the environment in which Groupe BPCE and other financial institutions operate.

The measures that have been or may be adopted include more stringent capital and liquidity requirements, taxes on financial transactions, limits or taxes on employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly proprietary trading and investment and ownership in private equity funds and hedge funds), new ring-fencing requirements relating to certain activities, enhanced prudential standards applicable to large non-U.S.-based banking organizations, restrictions on the types of entities permitted to conduct swap activities, restrictions on certain types of financial products such as derivatives, mandatory write-down or conversion into equity of certain debt instruments and the creation of new and strengthened regulatory bodies including the transfer of certain supervisory functions to the European Central Bank (the "ECB"). 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. For further information, see “*Government Supervision and Regulation of Credit Institutions in France.*”

As a result of some of these measures, Groupe BPCE has reduced, and may further reduce, the size of certain of its activities in order to allow it to comply with the new requirements. These measures may also increase compliance costs. This 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.

Moreover, the general political environment has evolved unfavorably for banks and the financial industry, resulting in additional pressure on the part of legislative and regulatory bodies to adopt more stringent regulatory measures, despite the fact that these measures can have adverse consequences on lending and other financial activities, and on the economy. Because of the continuing uncertainty regarding the new legislative and regulatory measures, it is not possible to predict what impact they will have on Groupe BPCE.

*The ECB is in the process of performing a comprehensive assessment of Groupe BPCE and other European banks, the outcome of which is uncertain*

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

In addition, from November 2014, Groupe BPCE, along with all other significant financial institutions in the Eurozone, will fall under the direct supervision of the European Central Bank through implementation of the planned “banking union”. It is not yet possible to assess the impact of such measures, if any, on Groupe BPCE; however, the prospect of such recommendations and the implementation of additional measures may be a source of additional uncertainty and volatility in the financial markets.

*Groupe BPCE’s ability to attract and retain qualified employees is critical to the success of its business and any failure to do so may significantly affect its performance*

The employees of the entities in Groupe BPCE are the group’s most important resource. In many areas of the financial services industry, competition for qualified personnel is intense. Groupe BPCE’s results depend on the ability of the group to attract new employees and to retain and motivate its existing employees. Changes in the business environment (including taxes or other measures designed to limit compensation of banking sector employees) may cause the group to move employees from one business to another or to reduce the number of employees in certain of its businesses, which may cause temporary disruptions as employees adapt to new roles and may reduce the group’s ability to take advantage of improvements in the business environment. This may impact the group’s ability to take advantage of business opportunities or potential efficiencies.

*BPCE must maintain high credit ratings or its business and profitability could be adversely affected*

Credit ratings are important to the liquidity of BPCE and its affiliates that are active in financial markets (including Natixis). A downgrade in credit ratings could adversely affect the liquidity and competitive position of BPCE or Natixis, increase borrowing costs, limit access to the capital markets or trigger obligations under certain bilateral provisions in some trading, derivatives and

collateralized financing contracts. BPCE's cost of obtaining long-term unsecured funding, and that of Natixis, is directly related to their respective credit spreads (the amount in excess of the interest rate of government securities of the same maturity that is paid to debt investors), which in turn depend in large part on their credit ratings. Increases in credit spreads can significantly increase BPCE's or Natixis' cost of funding. Changes in credit spreads are permanent, market-driven, and subject at times to unpredictable and highly volatile movements. Credit spreads are also influenced by market perceptions of creditworthiness. In addition, credit spreads may be influenced by movements in the cost to purchasers of credit default swaps referenced to BPCE's or Natixis' debt obligations, which are influenced both by the credit quality of those obligations, and by a number of market factors that are beyond the control of BPCE and Natixis.

*A substantial increase in new asset impairment charges or a shortfall in the level of previously recorded asset impairment charges in respect of Groupe BPCE's loan and receivables portfolio could adversely affect its results of operations and financial condition*

In connection with Groupe BPCE's lending activities, the group periodically establishes asset impairment charges to reflect actual or potential losses in respect of its loan and receivables portfolio, which are recorded in its profit and loss account under "cost of risk". Groupe BPCE's overall level of such asset impairment charges is based upon the group's assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. Although Groupe BPCE uses its best efforts to establish an appropriate level of asset impairment charges, the group's lending businesses may have to increase their charges for loan losses in the future as a result of increases in non-performing assets or for other reasons, such as deteriorating market conditions of the type that occurred in 2008 and 2009 or factors affecting particular countries. Any significant increase in charges for loan losses or a significant change in the estimate of the risk of loss inherent in Groupe BPCE's portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the charges recorded with respect thereto, could have an adverse effect on Groupe BPCE's results of operations and financial condition.

*Changes in the fair value of Groupe BPCE's securities and derivatives portfolios and its own debt could have an impact on the carrying value of such assets and liabilities, and thus on net income and shareholders' equity*

The carrying value of Groupe BPCE's securities and derivatives portfolios and certain other assets, as well as its own debt in Groupe BPCE's balance sheet is adjusted as of each financial statement date. Most of the adjustments are made on the basis of changes in fair value of the assets or debt during an accounting period, with the changes recorded either in the income statement or directly in shareholders' equity. Changes that are recorded in the income statement, to the extent not offset by opposite changes in the value of other assets, affect net banking income and, as a result, net income. All fair value adjustments affect shareholders' equity and, as a result, Groupe BPCE's capital adequacy ratios. The fact that fair value adjustments are recorded in one accounting period does not mean that further adjustments will not be needed in subsequent periods.

*Future events may differ from those reflected in the assumptions used by management in the preparation of Groupe BPCE's financial statements, which may cause unexpected losses in the future*

Pursuant to the IFRS standards and interpretations currently in force, Groupe BPCE is required to use certain estimates in the preparation of its financial statements, including accounting estimates to determine provisions relating to loans and doubtful debts, provisions relating to possible litigation, and the fair value of certain assets and liabilities. If the values used for these items by Groupe BPCE should prove to be significantly inaccurate, particularly in the event of significant and/or unexpected market trends, or if the methods by which they are determined should be changed under future IFRS standards or interpretations, Groupe BPCE may be exposed to unexpected losses.

*Groupe BPCE, particularly Natixis, may incur significant losses on its trading and investment activities due to market fluctuations and volatility*

As part of its trading and investment activities, Natixis maintains positions in the fixed income, currency, commodity and equity markets, as well as in unlisted securities, real estate and other asset classes (the same is true of other Groupe BPCE entities, although to a lesser extent). These positions can be adversely affected by volatility in financial and other markets, that is, the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. Volatility can also lead to losses relating to a broad range of other trading and hedging products Natixis uses, including swaps, futures, options and structured products, if they prove to be insufficient or excessive in relation to Natixis' expectations.

To the extent that Natixis owns assets, or has net long positions, in any of those markets, a downturn in those markets can result in losses due to a decline in the value of its net long positions. Conversely, to the extent that Natixis has sold assets that it does not own, or has net short positions, in any of those markets, an upturn in those markets can expose it to losses as it attempts to cover its net short positions by acquiring assets in a rising market. Natixis may from time to time have a trading strategy of holding a long position in one asset and a short position in another, from which it expects to earn net revenues based on changes in the relative value of the two assets. If, however, the relative value of the two assets changes in a direction or manner that Natixis did not anticipate or against which it is not hedged, Natixis might realize a loss on those paired positions. Such losses, if significant, could adversely affect Natixis' results of operations and financial condition, and therefore those of Groupe BPCE.

*Groupe BPCE may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns*

Market downturns are likely to lead to a decline in the volume of transactions that group entities execute for their customers and as a market maker, and, therefore, to a decline in net banking income from these activities. In addition, because the fees that group entities charge for managing their customers' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its customers' portfolios or increases the amount of withdrawals would reduce the revenues such entities receive from the distribution of mutual funds and other financial savings products (for the Caisses d'Epargne and Banques Populaires), or from asset management businesses (for Natixis).

Even in the absence of a market downturn, below-market performance by the group's mutual funds and other products may result in increased withdrawals and reduced inflows, which would reduce the revenues the group receives from its asset management business.

*Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses*

In some of the group's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the group cannot close out deteriorating positions in a timely way. This may especially be the case for assets that Groupe BPCE holds for which the markets are not very liquid to begin with. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that the group calculates using models other than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses that the group did not anticipate.

*Significant interest rate changes could adversely affect Groupe BPCE's net banking income or profitability.*

The amount of net interest income earned by Groupe BPCE during any given period significantly affects its overall net banking income and profitability for that period. In addition, significant changes in credit spreads, such as the widening of spreads experienced recently, can impact the results of operations of the group. Interest rates are highly sensitive to many factors beyond the control of group entities. Changes in market interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. Any adverse change in the yield curve could cause a decline in net interest income from lending activities. In addition, increases in the interest rates at which short-term funding is available and maturity mismatches may adversely affect the profitability of the groups. Increasing or high interest rates and/or widening credit spreads, especially if such changes occur rapidly, may create a less favorable environment for certain banking businesses.

*Changes in exchange rates can significantly affect Groupe BPCE's results*

The entities in Groupe BPCE conduct a significant portion of their business in currencies other than the euro, in particular in the United States dollar, and their net banking income and results of operations can be affected by exchange rate fluctuations. While the group incurs expenses in currencies other than the euro, the impact of these expenses only partially compensates for the impact of exchange rate fluctuations on net banking income. Natixis is particularly vulnerable to fluctuations in the exchange rate between the United States dollar and the euro, as a significant portion of its net banking income and results of operations is earned in the United States. In the context of its risk management policies, Groupe BPCE and its affiliates enter into transactions to hedge exposure to exchange rate risk. However, these transactions may not be fully effective to offset the effects of unfavorable exchange rates on operating income; they may even, in certain situations, amplify these effects.

*Any interruption or failure of Groupe BPCE's information systems, or those of third parties, may result in lost business and other losses*

Like most of its competitors, Groupe BPCE relies heavily on its communication and information systems as its operations require it to process a large number of increasingly complex transactions. Any breakdown, interruption or failure of these systems could result in errors or interruptions to customer relationship management, general ledger, deposit, transaction and/or loan processing systems. If, for example, Groupe BPCE's information systems failed, even for a short period of time, it would be unable to meet customers' needs in a timely manner and could thus lose transaction opportunities. Likewise, a temporary breakdown of Groupe BPCE's information systems, despite back-up systems and contingency plans, could result in considerable information retrieval and verification costs, and even a decline in its proprietary business if, for instance, such a breakdown occurred during the implementation of hedging transactions. The inability of Groupe BPCE's systems to accommodate an increasing volume of transactions could also undermine its business development capacity.

Groupe BPCE is also exposed to the risk of an operational failure or interruption by one of its clearing agents, foreign exchange markets, clearing houses, custodians or other financial intermediaries or external service providers that it uses to execute or facilitate its securities transactions. As its interconnectivity with its customers grows, Groupe BPCE may also be increasingly exposed to the risk of operational failure of its customers' information systems. Groupe BPCE cannot guarantee that such breakdowns or interruptions in its systems or in those of other parties will not occur or, if they do occur, that they will be adequately resolved.

*Unforeseen events may cause an interruption of Groupe BPCE's operations and cause substantial losses as well as additional costs*

Unforeseen events like severe natural disasters, pandemics, terrorist attacks or other states of emergency can lead to an abrupt interruption of operations of entities in Groupe BPCE, and, to the extent not partially or entirely covered by insurance, can cause substantial losses. Such losses can relate to property, financial assets, trading positions and key employees. Such unforeseen events may additionally disrupt the group's infrastructure, or that of third parties with which it conducts business, and can also lead to additional costs (such as relocation costs of employees affected) and increase costs (such as insurance premiums). Such events may also make insurance coverage for certain risks unavailable and thus increase the group's global risk.

*Groupe BPCE may be vulnerable to political, macroeconomic and financial environments or specific circumstances in the countries where it does business*

Certain entities in Groupe BPCE are subject to country risk, which is the risk that economic, financial, political or social conditions in a foreign country will affect its financial interests. Natixis in particular does business throughout the world, including in developing regions of the world commonly known as emerging markets. In the past, many emerging market countries have experienced severe economic and financial disruptions, including devaluations of their currencies and capital and currency exchange controls, as well as low or negative economic growth. Groupe BPCE's businesses and revenues derived from operations and trading outside the European Union and the United States, although limited, are subject to risk of loss from various unfavorable political, economic and legal developments, including currency fluctuations, social instability, changes in governmental policies or policies of central banks, expropriation, nationalization, confiscation of assets and changes in legislation relating to local ownership.

*Groupe BPCE is subject to significant regulation in France and in several other countries around the world where it operates; regulatory actions and changes in these regulations could adversely affect Groupe BPCE's business and results*

A variety of supervisory and regulatory regimes apply to entities in Groupe BPCE in each of the jurisdictions in which they operate. Non-compliance could lead to significant intervention by regulatory authorities and fines, public reprimand, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate. The financial services industry has experienced increased scrutiny from a variety of regulators in recent years, as well as an increase in the penalties and fines sought by regulatory authorities, a trend that may be accelerated in the current financial context. The businesses and earnings of group entities can be materially adversely affected by the policies and actions of various regulatory authorities of France, other European Union or foreign governments and international organizations. Such constraints could limit the ability of group entities to expand their businesses or to pursue certain activities. The nature and impact of future changes in such policies and regulatory action are unpredictable and are beyond the group's control. Such changes could include, but are not limited to, the following:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy liable to significantly influence investor decisions, in particular in markets where Groupe BPCE operates;
- general changes in regulatory requirements, notably prudential rules relating to the regulatory capital adequacy framework, such as the modifications being made to the regulations implementing the Basel III requirements;
- changes in rules and procedures relating to internal controls;

- changes in the competitive environment and prices;
- changes in financial reporting rules;
- expropriation, nationalization, price controls, exchange controls, confiscation of assets and changes in legislation relating to foreign ownership rights; and
- any adverse change in the political, military or diplomatic environments creating social instability or an uncertain legal situation capable of affecting the demand for the products and services offered by Groupe BPCE.

*Tax law and its application in France and in the countries where Groupe BPCE operates are likely to have a significant impact on Groupe BPCE's results*

As a multinational banking group involved in complex and large-scale cross-border transactions, Groupe BPCE (particularly Natixis) is subject to tax legislation in a number of countries. Groupe BPCE structures its business globally in order to optimize its effective tax rate. Modifications to the tax regime by the competent authorities in those countries may have a significant effect on the results of Groupe BPCE. The group manages its business so as to create value from the synergies and commercial capacities of its different entities. It also endeavors to structure the financial products sold to its clients in a tax-efficient manner. The structures of intra-group transactions and of the financial products sold by group entities are based on the group's own interpretations of applicable tax laws and regulations, generally relying on opinions received from independent tax counsel, and, to the extent necessary, on rulings or specific guidance from competent tax authorities. There can be no assurance that the tax authorities will not seek to challenge such interpretations in the future, in which case group entities could become subject to tax claims.

*A failure of or inadequacy in Groupe BPCE's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses*

The risk management techniques and strategies of Groupe BPCE may not effectively limit its risk exposure in all economic market environments or against all types of risk, including risks that the group fails to identify or anticipate. The group's risk management techniques and strategies may also not effectively limit its risk exposure in all market fluctuations. These techniques and strategies may not be effective against certain risks, particularly those that the group has not previously identified or anticipated. Some of the group's qualitative tools and metrics for managing risk are based upon its use of observed historical market behavior. The group's risk managers apply statistical and other tools to these observations to arrive at quantifications of its risk exposures. These tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors the group did not anticipate or correctly evaluate in its statistical models or from unexpected and unprecedented market movements. This would limit the group's ability to manage its risks. The group's losses could therefore be significantly greater than the historical measures indicate. In addition, the group's quantified modeling does not take all risks into account. The group's qualitative approach to managing those risks could prove insufficient, exposing it to material unanticipated losses. In addition, while no material issue has been identified to date, the risk management systems are subject to the risk of operational failure, including fraud. See "*Risk Management*" and the related sections of the 2013 Registration Document and its updates for a more detailed discussion of the policies, procedures and methods that group entities use to identify, monitor and manage its risks.

*Groupe BPCE's hedging strategies may not prevent losses*

Groupe BPCE may incur losses if any of the variety of instruments and strategies that it uses to hedge its exposure to various types of risk in its businesses is not effective. Many of its strategies are based on historical trading patterns and correlations. For example, if the group holds a long position in an asset, it may hedge that position by taking a short position in an asset where the short position

has historically moved in a direction that would offset a change in the value of the long position. However, the group may only be partially hedged, or these strategies may not be fully effective in mitigating the group's risk exposure in all market environments or against all types of risk in the future. Any unexpected market developments may also affect the group's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in reported earnings.

*Groupe BPCE may encounter difficulties in identifying, executing and integrating its policy in relation to acquisitions or joint ventures*

Even though external growth does not constitute a significant part of its current strategy, in the future, Groupe BPCE may consider external growth or partnership opportunities from time to time. Even though Groupe BPCE performs in-depth reviews of companies that it plans to acquire or joint ventures it plans to carry out, it is generally not feasible for these reviews to be comprehensive in all respects. As a result, Groupe BPCE may have to assume liabilities unforeseen initially. Similarly, the results of the acquired company or joint venture may prove disappointing and the expected synergies may not be realized in whole or in part, or the transaction may even give rise to higher-than-expected costs. Groupe BPCE may also encounter difficulties in consolidating a new entity. The failure of an announced external growth operation or the failure to consolidate the new entity or joint venture is likely to materially affect Groupe BPCE's profitability. This situation could also lead to the departure of key employees. Insofar as Groupe BPCE may feel compelled to offer its employees financial incentives in order to retain them, this situation could also result in increased costs and an erosion of profitability. In the case of joint ventures, Groupe BPCE is subject to additional risks and uncertainties in that it may be dependent on, and subject to liability, losses or reputational damage relating to systems, controls and personnel that are not under its control. In addition, conflicts or disagreements between Groupe BPCE and its joint venture partners may negatively impact the benefits sought by the joint venture.

*Intense competition, both in Groupe BPCE's home market of France, its largest market, and internationally, could adversely affect Groupe BPCE's net revenues and profitability*

Competition is intense in all of Groupe BPCE's primary business areas in France and in other areas of the world where it has significant operations. Consolidation, both in the form of mergers and acquisitions and through alliances and cooperation, is increasing competition. Consolidation has created a number of firms that, like Groupe BPCE, have the ability to offer a wide range of products and services, ranging from insurance, loans and deposits to brokerage, investment banking and asset management. Groupe BPCE competes with other entities on the basis of a number of factors, including transaction execution, products and services offered, innovation, reputation and price. If Groupe BPCE is unable to maintain its competitiveness in France or in its other major markets with attractive and profitable product and service offerings, it may lose market share in important areas of its business or incur losses on some or all of its operations. In addition, downturns in the global economy or in the economy of Groupe BPCE's major markets are likely to increase competitive pressure, notably through increased price pressure and lower business volumes for Groupe BPCE and its competitors. More competitive new competitors could also enter the market, subject to separate or more flexible regulation, or other requirements relating to prudential ratios. These new market participants may therefore be able to offer more competitive products and services. Technological advances and the growth of e-commerce have made it possible for non-deposit taking institutions to offer products and services that traditionally were banking products, and for financial institutions and other companies to provide electronic and Internet-based financial solutions, including electronic securities trading. These new players may exert downward price pressure on Groupe BPCE's products and services or may affect Groupe BPCE's market share.

*The financial soundness and behavior of other financial institutions and market participants could have an adverse impact on Groupe BPCE*

Groupe BPCE's ability to carry out its operations could be affected by the financial soundness of other financial institutions and market participants. Financial institutions are closely interconnected as a result, notably, of their trading, clearing, counterparty and financing operations. The default of a sector participant, or even simple rumors or questions concerning one or more financial institutions or the finance industry more generally, have led to a widespread contraction in liquidity in the market and in the future could lead to additional losses or defaults. Groupe BPCE is exposed to several financial counterparties such as investment service providers, commercial or investment banks, mutual funds and hedge funds, as well as other institutional clients, with which it conducts transactions in the usual manner, thus exposing Groupe BPCE to a risk of insolvency if a group of Groupe BPCE's counterparties or customers should fail to meet their commitments. This risk would be aggravated if the assets held as collateral by Groupe BPCE were unable to be sold or if their price was unable to cover all of Groupe BPCE's exposure relating to loans or derivatives in default.

In addition, fraud or misappropriations committed by financial sector participants may have a significant adverse impact on financial institutions as a result, notably, of interconnections between institutions operating in the financial markets.

The losses that could result from the above-mentioned risks could have a significant bearing on Groupe BPCE's results.

*Groupe BPCE's profitability and business outlook could be adversely affected by reputational and legal risk*

Groupe BPCE's reputation is essential in attracting and retaining its customers. The use of inappropriate means to promote and market its products and services, inadequate management of potential conflicts of interest, legal and regulatory requirements, ethical issues, money laundering laws, information security policies and sales and trading practices may damage Groupe BPCE's reputation. Its reputation could also be harmed by any inappropriate employee behavior, fraud or misappropriation of funds committed by participants in the financial sector to which BPCE is exposed, any decrease, restatement or correction of the financial results, or any legal or regulatory action that has a potentially unfavorable outcome. Any damage caused to Groupe BPCE's reputation could be accompanied by a loss of business likely to threaten its results and its financial position.

Inadequate management of these issues could also give rise to additional legal risk for Groupe BPCE and cause an increase in the number of legal proceedings and the amount of damages claimed against Groupe BPCE, or expose Groupe BPCE to sanctions from the regulatory authorities (for further details see section 3.5 ("Legal risks") of the 2013 BPCE Registration Document, and in particular the sections 3.5.2 and 3.5.3 on legal and arbitration proceedings).

*An extended market decline may reduce the liquidity of assets and make it more difficult to sell them. Such a situation could give rise to significant losses*

In some of Groupe BPCE's businesses, a prolonged fall in asset prices could threaten the level of activity or reduce liquidity in the market concerned. This situation would expose Groupe BPCE to significant losses if it was unable to rapidly close out its potentially loss-making positions. This is particularly true in relation to assets that are intrinsically illiquid. Certain assets that are not traded on a stock exchange or on a regulated market, such as derivatives traded between banks, are generally valued using models rather than market prices. Given the difficulty in monitoring changes in prices of these assets, Groupe BPCE could suffer unforeseen losses.

### 1.3 Risks related to the structure of Groupe BPCE and Natixis

*BPCE may be required to contribute funds to the entities that are part of the financial solidarity mechanism if they encounter financial difficulties, including some entities in which BPCE holds no economic interest*

As the central body of Groupe BPCE, BPCE guarantees the liquidity and solvency of each of the regional banks (the Caisses d'Épargne and the Banques Populaires), as well as the other members of the affiliated group that are credit institutions subject to regulation in France. The affiliated group includes BPCE affiliates such as Natixis, Crédit Foncier de France and Banque Palatine (a more complete list is included in the 2013 BPCE Registration Document). While each of the regional banks and the other members of the affiliated group are required to provide similar support to BPCE, there can be no assurance that the benefits of the financial solidarity mechanism for BPCE will outweigh its costs.

To assist BPCE in assuming its central body liabilities and to ensure mutual support within Groupe BPCE, three guarantee funds have been established to cover liquidity and solvency risks, with an aggregate amount of €1,254 billion as at 31 December 2013. The regional banks and the entities in the affiliated group will be required to make additional contributions to the guarantee funds from their future profits. While the guarantee funds provide a substantial source of resources to fund the financial solidarity mechanism, there can be no assurance that they will be sufficient for this purpose. If the guarantee funds turn out to be insufficient, BPCE will be required to make up the shortfall.

*BPCE does not hold any ownership or financial interest in the Caisses d'Épargne and the Banques Populaires*

Since the completion on August 6, 2013 of the repurchase by the Banques Populaires and Caisses d'Épargne of the 20% non-voting interests previously held by Natixis, BPCE does not hold any direct or indirect interest in the Banques Populaires and Caisses d'Épargne, although it will continue to act as central institution, to centralize Groupe BPCE's funding operations and to manage the group's financial solidarity mechanism.

As a result, BPCE does not share in the profits and losses of the Banques Populaires and Caisses d'Épargne. Instead, its economic interest in the results of operations of the Banques Populaires and Caisses d'Épargne is limited to the financing that it provides to them as part of its activity as central body of Group BPCE. While BPCE has significant powers to monitor and supervise the regional retail banks in its capacity as central body of Groupe BPCE, it currently does not have any voting power in respect of decisions that require the consent of shareholders of the regional banks.

Since the completion of the repurchase transaction, the Banques Populaires and Caisses d'Épargne are no longer accounted for under the equity method in the consolidated financial statements of the BPCE SA Group. Historically, the BPCE SA Group's equity share of net income of the Banques Populaires and Caisses d'Épargne has been less volatile than the other sources of net income of the BPCE SA Group. As a result, the completion of the repurchase transaction may increase the volatility of the BPCE SA Group's net income in the future.

*In the event of a disagreement between the Banques Populaires and the Caisses d'Épargne, the business or operations of BPCE could be subject to significant disruptions*

The mechanism for the appointment of members of the supervisory board and of the management board of BPCE, as well as the implementation of various corporate governance measures is set forth in a protocol originally dated 24 June 2009 (the "**BPCE Protocol**"). Of the 18 members of the BPCE Supervisory Board, seven have been nominated by the Caisses d'Épargne, seven have been nominated by the Banques Populaires, and four are outside directors. In addition, the BPCE Protocol provides (and the bylaws of BPCE provide) that certain decisions deemed essential require the

approval of 12 out of 18 members of the supervisory board (meaning a favorable vote from at least one representative of each of the Caisses d'Épargne and the Banques Populaires and from among the outside directors). These “essential decisions” include the removal of the Chairman of the Management Board; any purchase of equity interests, other investments or divestitures involving an amount greater than €1 billion; any increase in BPCE’s authorized capital with a waiver of preferential subscription rights; any merger, contribution or spin-off transactions to which BPCE is a party; any proposal to BPCE’s shareholders to modify BPCE’s bylaws, corporate governance or the rights of holders of preference shares; and any other decision involving a significant change to the Supervisory Board’s functions that would affect the rights of holders of BPCE’s preference shares. The BPCE Protocol does not (and BPCE’s bylaws do not) contain a mechanism for definitively resolving any disagreement. In the event of deadlock, the management board may be unable to obtain supervisory board approval to proceed with planned actions. The business of BPCE or Groupe BPCE may therefore be subject to significant disruptions in the event that the Banques Populaires and the Caisses d'Épargne are unable to resolve any differences concerning the relevant group’s development.

## **2. Risks linked to the Notes**

In addition to the risks relating to the Issuer (including the default risk) that may 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.

### *Subordinated obligations*

The Issuer’s obligations under the Notes are unsecured and subordinated and will rank junior in priority of payment to unsubordinated creditors (including depositors) of the Issuer, as more fully described in the Terms and Conditions.

If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason, the rights of payment of the Holders of the Notes shall be subordinated to the payment in full of unsubordinated creditors (including depositors). In the event of incomplete payment of unsubordinated creditors, the obligations of the Issuer in connection with the Notes will be terminated. Holders shall be responsible for taking all steps necessary for the orderly accomplishment of any collective proceedings or voluntary liquidation in relation to any claims they may have against the Issuer.

The terms of the Notes do not limit the amount of additional debt, including senior debt, that the Issuer may incur.

Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a substantial risk that investors in subordinated notes such as the Notes will lose all or some of their investment should the Issuer become insolvent.

### *French law currently in force and a recent European directive regarding the resolution of financial institutions may require the write-down or conversion to equity of the Notes in case the Issuer is deemed to be at the point of non-viability*

France adopted on 26 July 2013 a banking law that allows authorities to cancel, write-down or convert into equity failing banks’ subordinated instruments (such as the Notes), in accordance with their seniority. Failing banks are defined as those that, currently or in the near future (i) no longer comply with regulatory capital requirements, (ii) are not able to make payments that are, or will be imminently, due, or (iii) require extraordinary public financial support. Conversion or write-down ratios are decided upon by the French resolution authority (the “ACPR”) on the basis of a “fair and realistic” assessment.

Similarly, Directive 2014/59/EC of the European Parliament and of the Council dated 15 May 2014 on the resolution of financial institutions (the “**RRD**”) provides resolution authorities with the power to ensure that capital instruments, including tier 2 instruments such as the Notes, and eligible liabilities absorb losses at the point of non-viability of the issuing institution, through the write-down or conversion to equity of such instruments (the “**Bail-In Tool**”). The point of non-viability is defined as the point at which the resolution authority determines that (i) the institution is failing or likely to fail, (ii) there is no reasonable prospect that private action would prevent the failure and (iii) a resolution action is necessary in the public interest. The Bail-In Tool with respect to capital instruments, including tier 2 instruments such as the Notes, will become effective on 1 January 2015.

The Bail-In Tool or the above provisions of French banking law could result in the full or partial write-down or conversion to equity of the Notes. In addition, if the Issuer’s financial condition deteriorates, the existence of the Bail-In Tool or the above provisions of the French banking law could cause the market value of the Notes to decline more rapidly than would be the case in the absence of such tools.

For further information about the proposed European resolution directive and the French banking law, see “*Government Supervision and Regulation of Credit Institutions in France.*”

*Notes subject to early redemption upon the occurrence of a Special Event or at the Issuer’s option*

Subject as provided herein, in particular to the provisions of Condition 6.7 (*Conditions to redemption prior to Maturity Date*) the Issuer may, at its option (subject to approval of the Relevant Regulator), redeem all, but not some only, of the Notes at any time at their outstanding principal amount plus accrued and unpaid interest, upon the occurrence of a Capital Event or a Tax Event. In addition, the Issuer may at its option (subject to approval of the Relevant Regulator), redeem all, but not some only, of the Notes at their outstanding principal amount plus accrued and unpaid interest on 8 July 2021.

The early redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. In addition, Holders will not receive a make-whole amount or any other compensation in case of the early redemption of Notes.

If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Holders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

*The Issuer will not be required to redeem the Notes if it is prohibited by French law from paying additional amounts*

In the event that the Issuer is required to withhold amounts in respect of French taxes from payments of interest on the Notes, the terms and conditions of the Notes provide that, subject to certain exceptions, the Issuer will pay additional amounts so that the holders of the Notes will receive the amount they would have received in the absence of such withholding. Under French tax law, there is some uncertainty as to whether the Issuer may pay such additional amounts. French debt instruments typically provide that, if an issuer is required to pay additional amounts but is prohibited by French law from doing so, the issuer must redeem the debt instruments in full. Under Article 63 of the CRD IV Regulation, however, mandatory redemption clauses are not permitted in a Tier 2 instrument such as the Notes. As a result, the terms and conditions of the Notes provide for redemption at the option of the Issuer in such a case (subject to approval of the Relevant Regulator), but not for mandatory

redemption. If the Issuer does not exercise its option to redeem the Notes in such a case, Holders will receive less than the full amount due under the Notes, and the market value of the Notes will be adversely affected.

#### *No Events of Default*

There are no events of default under the Notes which would lead to an acceleration of the Notes if certain events occur. However, if any judgment were issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer were liquidated for any other reason, then the Notes would become immediately due and payable, subject to certain limitations described in Condition 4 (*Status of the Notes*). In the absence of any such judicial liquidation, Holders will have claims only for amounts then due and payable on their Notes.

#### *Modification, waivers and substitution*

The Terms and Conditions of the Notes contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

#### *A Holder's actual yield on the Notes may be reduced from the stated yield by transaction costs*

When 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, Holders 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), Holders 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.

#### *Transactions on the Notes could be subject to a future European financial transaction tax*

The European Commission has proposed a directive that, if adopted in its current form, would subject transactions in securities such as the Notes to a financial transactions tax. The proposed directive would call for eleven European member states, including France, to impose a tax of at least 0.1% on all such transactions, generally determined by reference to the amount of consideration paid. The mechanism by which the tax would be applied and collected is not yet known, but if the proposed directive or any similar tax is adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

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

*The EU Savings Directive is applicable to the Notes*

EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) requires an EU Member State to provide to the tax authorities of another EU Member State details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident in or certain limited types of entities established in, that other EU Member State, except that, for a transitional period, Luxembourg and Austria will instead impose a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during such period they elect otherwise. The Luxembourg government has announced that Luxembourg will elect out of the withholding system in favour of automatic exchange of information with effect from 1 January 2015. On 24 March 2014, the Council of the European Union adopted a Directive amending the Savings Directive, which, when implemented, will amend and broaden the scope of the requirements described above. In particular, additional steps may be required in certain circumstances to identify the beneficial owner of interest payments (through a look through approach). The EU Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with this amending Directive. Investors should inform themselves of, and where appropriate take advice on, the impact of the Savings Directive and the amending Directive on their investment. See “*Taxation—EU Savings Directive.*”

If a payment under a Note were to be made by a person in or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive as amended from time to time or any law implementing or complying with, or introduced in order to conform to, such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note, as the case may be, as a result of the imposition of such withholding tax. The Issuer is, however, required to maintain a Paying Agent with a specified office in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive as amended from time to time, or any law implementing or complying with, or introduced in order to conform to, such Directive.

*No active secondary/trading market for the Notes*

The Notes will be new securities which may not be widely distributed and for which there may be no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

Moreover, although pursuant to Condition 6.4 (*Purchase*) the Issuer can purchase Notes at any moment (subject to regulatory approval), this is not an obligation for the Issuer. Purchases made by the Issuer could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

Although application has been made for the Notes to be admitted to listing on Euronext Paris, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes. As a consequence, investors may not be able to sell Notes readily or at prices that will enable them to realize their anticipated yield. No investor should purchase Notes unless the investor understands and is able to bear the risk that certain Notes will not be readily sellable, that the value of Notes will fluctuate over time and that such fluctuations will be significant. Noteholders should be aware that they may lose some or all of their initial investment.

*Any decline in the credit ratings of the Issuer or the Notes or changes in rating methodologies may affect the market value of the Notes*

One or more independent credit rating agencies may assign credit ratings with respect to the Notes. The credit ratings of the Issuer are an assessment of its ability to pay its obligations, including those on the Notes. Consequently, actual or anticipated declines in the credit ratings of the Issuer or the Notes may affect the market value of the Notes.

The credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. In addition, the credit rating agencies may change their methodologies for rating securities with features similar to the Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Notes, sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and/or the ratings of the Notes were to be subsequently lowered, revised, suspended or withdrawn, this may have a negative impact on the trading price of the Notes.

#### *Market Value of the Notes*

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including, but not limited to, market interest and yield rates and the time remaining to the maturity date.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a Holder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. Noteholders should be aware that they may lose some or all of their initial investment. In addition, changes in market interest rates may adversely affect the value of the Notes.

#### *Risk relating to the change in the rate of interest*

If the Notes are not redeemed by the Issuer on the Call Date, the rate of interest will be reset as from the Reset Date. Such Reset Rate of Interest will be determined two Business Days before the relevant Reset Date and as such is not pre-defined at the date of issue of the Notes. It may be different from the initial Rate of Interest and may adversely affect the yield of the Notes.

#### *French Insolvency Law*

Under French insolvency law notwithstanding any clause to the contrary, holders of debt securities (*obligations*) are automatically grouped into a single assembly of holders (the "**Assembly**") if a safeguard (*procédure de sauvegarde*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganization procedure (*procédure de redressement judiciaire*) or, as from 1 July 2014, an accelerated safeguard procedure (*procédure de sauvegarde accélérée*) is opened in France with respect to the Issuer. The Assembly will comprise all holders of debt securities (*obligations*) issued by the Issuer (including the Notes), whether or not under a debt issuance programme and regardless of their governing law. The Assembly will deliberate on the proposed safeguard plan (*projet de plan de sauvegarde*), proposed accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or proposed judicial reorganization plan (*projet de plan de redressement*) or, as from 1 July 2014, proposed accelerated safeguard plan (*projet de plan de sauvegarde accélérée*) prepared in relation to the Issuer and may further agree to:

- increase the liabilities (*charges*) of such holders of debt securities (including the Noteholders) by rescheduling payments and/or partially or totally writing-off debts;
- decide to convert such debt securities (including the Notes) into securities that give or may give rights to share capital; and/or
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the amount of debt securities held by the holders attending such Assembly or represented thereat). No quorum is required to convoke the Assembly.

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

Please refer to the risk factor entitled “—*French law currently in force and a recent European directive regarding the resolution of financial institutions may require the write-down or conversion to equity of the Notes in case the Issuer is deemed to be at the point of non-viability*” and the section see “*Government Supervision and Regulation of Credit Institutions in France.*” for a description of resolution measures including, critically, the Bail-In Tool, which can be implemented under the French banking reform and the RRD

#### *Change of Law*

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

## GOVERNMENT SUPERVISION AND REGULATION OF CREDIT INSTITUTIONS IN FRANCE

### The French Banking System

All French credit institutions are required to belong to a professional organization or central body affiliated with the French Credit Institutions and Investment Firms Association (*Association française des établissements de crédit et des entreprises d'investissement*), which represents the interests of credit institutions, payment institutions and investment firms in particular with the public authorities, provides consultative advice, disseminates information, studies questions relating to banking and financial services activities and makes recommendations in connection therewith. The Issuer is a member of the French Banking Federation (*Fédération bancaire française*).

### French Banking Regulatory and Supervisory Bodies

The French Monetary and Financial Code (*Code monétaire et financier*) sets forth the conditions under which credit institutions, including banks, may operate. The French *Code monétaire et financier* vests related supervisory and regulatory powers in certain administrative authorities.

The Financial Sector Consultative Committee (*Comité consultatif du secteur financier*) is made up of representatives of credit institutions, electronic money institutions, investment firms, insurance companies and insurance brokers and client representatives. This committee is a consultative organization that studies the relations between credit institutions, investment firms and insurance companies and their respective clientele and proposes appropriate measures in this area.

The Consultative Committee on Financial Legislation and Regulations (*Comité consultatif de la législation et de la réglementation financières*) reviews, at the request of the French Minister of Economy, any draft bills or regulations, as well as any draft European regulations relating to the insurance, banking and investment service industries other than those draft regulations issued by the AMF.

The ACPR supervises financial institutions and insurance firms and is in charge of implementing measures for the prevention and resolution of banking crises and ensuring the protection of consumers and the stability of the financial system. Its powers have been extended to new resolution powers by the French banking reforms of 26 July 2013 (*Loi de séparation et de régulation des activités bancaires*) and of 20 February 2014 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*). The ACPR is chaired by the governor of the *Banque de France*. With respect to the banking sector, the ACPR makes individual decisions, grants banking and investment firm licenses, and grants specific exemptions as provided in applicable banking regulations. It supervises the enforcement of laws and regulations applicable to banks and other credit institutions, as well as investment firms, and controls their financial standing.

Banks are required to submit periodic (either monthly or quarterly) accounting reports to the ACPR concerning the principal areas of their activities. The main reports and information filed by institutions with the ACPR include periodic regulatory reports, collectively referred to as *états périodiques réglementaires*. They include, among other things, the institutions' accounting and prudential (regulatory capital) filings, which are usually submitted on a quarterly basis, as well as internal audit reports filed once a year, all the documents examined by the institution's management in its twice-yearly review of the business and operations and the internal audit findings and the key information that relates to the credit institution's risk analysis and monitoring. The ACPR may also request additional information that it deems necessary and may carry out on-site inspections (including with respect to a bank's foreign subsidiaries and branches, subject to international cooperation agreements). These reports and controls allow close monitoring of the condition of each bank and also facilitate computation of the total deposits of all banks and their use.

The ACPR may order financial institutions to comply with applicable regulations and to cease conducting activities that may adversely affect the interests of clients. The ACPR may also require a financial institution to take measures to strengthen or restore its financial situation, improve its management methods and/or adjust its organization and activities to its development goals. When a financial institution's solvency or liquidity, or the interests of its clients are or could be threatened, the ACPR is entitled to take certain provisional measures, including: submitting the institution to special monitoring and restricting or prohibiting the conduct of certain activities (including deposit-taking), the making of certain payments, the disposal of assets, the distribution of dividends to its shareholders, and/or the payment of variable compensation. The ACPR may also require credit institutions to maintain regulatory capital and/or liquidity ratios higher than required under applicable law.

Where regulations have been violated, the ACPR may act as an administrative court and impose sanctions, which may include warnings, fines, suspension or dismissal of managers and deregistration of the bank, resulting in its winding up. The ACPR also has the power to appoint a temporary administrator to manage provisionally a bank that it deems to be mismanaged. The decisions of the ACPR may be appealed to the French administrative supreme court (*Conseil d'Etat*). Insolvency proceedings may be initiated against banks or other credit institutions, or investment firms only after prior approval of the ACPR.

Furthermore, the ACPR may implement resolution measures, including but not limited to the Bail-In Tool described below, as provided by the French banking reform of 26 July 2013 (*Loi de séparation et de régulation des activités bancaires*).

On 15 October 2013, the European Union adopted new regulations establishing a single supervisory mechanism for the Eurozone and opt-in countries. As a result, the ECB will become the supervisory authority for large European credit institutions and banking groups, including the Issuer, on 4 November 2014. This supervision is expected to be carried out in France in close cooperation with the ACPR (in particular with respect to reporting collection and on-site inspections). The ACPR will retain its competence for anti-money laundering and conduct of business rules (consumer protection).

## **Banking Regulations**

In France, credit institutions such as the Issuer must comply with the norms of financial management set by the Minister of Economy, the purpose of which is to ensure the creditworthiness and liquidity of French credit institutions. These banking regulations are mainly derived from EU directives. New 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 EU member states including France on 1 January 2014. The CRD IV Directive became effective on 1 January 2014 (except for capital buffer provisions which shall apply 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*).

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. Currently, French credit institutions are required to meet a minimum

capital ratio, obtained by dividing the institution's eligible regulatory capital by its risk-weighted assets, of 8%. In addition, the Groupe BPCE, as well as 3 other French banks, is required to maintain a temporary capital buffer and therefore has been subject to a minimum 9% core Tier 1 ratio since 30 June 2012. Since 1 January 2014, pursuant to CRD IV Regulation, credit institutions 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. 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.

Each French credit institution is required to calculate, as of the end of each month, the ratio of the weighted total of certain short-term and liquid assets to the weighted total of 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 ACPR 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 thirty (30) 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, EU member states may maintain or introduce national liquidity requirements.

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 regulatory capital as defined by French capital ratio requirements. Individual exposures exceeding 10% (and in some cases 5%) of the credit institution's regulatory capital are subject to specific regulatory requirements.

French credit institutions are required to maintain on deposit with the *Banque de France* a certain percentage of various categories of demand and short-term deposits. Deposits with a maturity of more than two years are not included in calculating the amount required to be deposited. The required reserves are remunerated at a level corresponding to the average interest rate over the maintenance period of the main refinancing operations of the European System of Central Banks.

The CRD IV Regulation will introduce a leverage ratio from 1 January 2018, if implemented by the Council and European Parliament following an initial observation period beginning 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 average total consolidated assets.

The Issuer's commercial banking operations in France are also significantly affected by monetary policies established from time to time by the ECB in coordination with the *Banque de France*. Commercial banking operations, particularly in their fixing of short-term interest rates, are also affected in practice by the rates at which the *Banque de France* intervenes in the French domestic interbank market.

French credit institutions are subject to restrictions on equity investments and, subject to various specified exemptions for certain short-term investments and investments in financial institutions and insurance companies, "qualifying shareholdings" held by credit institutions must comply with the following requirements: (a) no "qualifying shareholding" may exceed 15% of the regulatory capital of the concerned credit institution and (b) the aggregate of such "qualifying shareholdings" may not exceed 60% of the regulatory capital of the concerned credit institution. An equity investment is a "qualifying shareholding" for the purposes of these provisions if (i) it represents more than 10% of the share capital or voting rights of the company in which the investment is made or (ii) it provides, or is acquired with a view to providing, a

“significant influence” (*influence notable*, presumed when the credit institution controls at least 20% of the voting rights) in such company. Further, the ACPR must authorize certain participations and acquisitions.

French regulations permit only licensed credit institutions to engage in banking activities on a regular basis. Similarly, institutions licensed as banks may not, on a regular basis, engage in activities other than banking, bank-related activities and a limited number of non-banking activities determined pursuant to the regulations issued by the French Minister of Economy. A regulation issued in November 1986 and amended from time to time sets forth an exhaustive list of such non-banking activities and requires revenues from those activities to be limited in the aggregate to a maximum of 10% of total net revenues.

#### *Examination*

In addition to the resolution powers set out below, the principal means used by the ACPR to ensure compliance by large deposit banks with applicable regulations is the examination of the detailed periodic (monthly or quarterly) financial statements, *états périodiques réglementaires* and other documents that these banks are required to submit to the ACPR. In the event that any examination were to reveal a material adverse change in the financial condition of a bank, an inquiry would be made, which could be followed by an inspection. The ACPR may also inspect banks (including with respect to a bank’s foreign subsidiaries and branches, subject to international cooperation agreements) on an unannounced basis.

#### *Deposit Guarantees*

All credit institutions operating in France are required by law to be a member of the deposit and resolution guarantee fund (*Fonds de Garantie des Dépôts et de Résolution*), except branches of European Economic Area banks that are covered by their home country’s guarantee system. Domestic customer deposits denominated in euro and currencies of the European Economic Area are covered up to an amount of €100,000 and securities up to an aggregate value of €70,000, per customer and per credit institution, in both cases. The contribution of each credit institution is calculated on the basis of the aggregate deposits and one-third of the gross customer loans held by such credit institution and of the risk exposure of such credit institution.

#### *Additional Funding*

The governor of the *Banque de France*, as chairman of the ACPR, can request that the shareholders of a credit institution in financial difficulty fund the institution in an amount that may exceed their initial capital contribution. However, credit institution shareholders have no legal obligation in this respect and, as a practical matter, such a request would likely be made to holders of a significant portion of the institution’s share capital.

#### *Internal Control Procedures*

French credit institutions are required to establish appropriate internal control systems, including with respect to risk management and the creation of appropriate audit trails. French credit institutions are required to have a system for analyzing and measuring risks in order to assess their exposure to credit, market, global interest rate, intermediation, liquidity and operational risks. Such system must set forth criteria and thresholds allowing the identification of significant incidents revealed by internal control procedures. Any fraud generating a gain or loss of a gross amount superior to 0.5% of the Tier 1 capital is deemed significant provided that such amount is greater than €10,000.

With respect to credit risks, each credit institution must have a credit risk selection procedure and a system for measuring credit risk that permit, *inter alia*, centralization of the institution’s on- and off-balance sheet exposure and for assessing different categories of risk using qualitative and quantitative data. With respect to market risks, each credit institution must have systems for monitoring, among other things, its proprietary transactions that permit the institution to record on at least a day-to-day basis foreign exchange transactions and transactions in the trading book, and to measure on at least a day-to-day basis the risks resulting from

trading positions in accordance with the capital adequacy regulations. The institution must prepare an annual report for review by the institution's board of directors and the ACPR regarding the institution's internal procedures and the measurement and monitoring of the institution's exposure.

#### *Compensation Policy*

French credit institutions and investment firms are required to ensure that their compensation policy is compatible with sound risk management principles. A significant portion of the compensation of employees whose activities may have a significant impact on the institution's risk exposure must be performance-based and a significant fraction of this performance-based compensation must be non-cash and deferred. Under the CRD IV Directive as implemented under French law, the aggregate amount of variable compensation of the above-mentioned employees cannot exceed the aggregate amount of their fixed salary; the shareholders' meeting may, however, decide to increase this ceiling to two times their fixed salary. The cap of variable compensation will apply to compensation awarded for services or performance as from the year 2014.

#### *Money Laundering*

French credit institutions are required to report to a special government agency (TRACFIN) placed under the authority of the French Minister of Economy all amounts registered in their accounts that they suspect come from drug trafficking or organized crime, from unusual transactions in excess of certain amounts, as well as all amounts and transactions that they suspect to be the result of offence punishable by a minimum sentence of at least one-year imprisonment or that could participate in the financing of terrorism.

French credit institutions are also required to establish "know your customer" procedures allowing identification of the customer (as well as the beneficial owner) in any transaction and to have in place systems for assessing and managing money laundering and terrorism financing risks in accordance with the varying degree of risk attached to the relevant clients and transactions.

#### **European Resolution Directive**

Directive 2014/59/EC of the European Parliament and of the Council dated 15 May 2014 (the "**RRD**") provides for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms. The stated aim of the RRD 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.

The powers provided to "resolution authorities" in the RRD include write down/conversion powers to ensure that capital instruments (including tier 2 capital instruments such as the Notes) and eligible liabilities fully absorb losses at the point of non-viability of the issuing institution (referred to as the "**Bail-In Tool**"). Accordingly, the RRD contemplates that resolution authorities may require the write down of such capital instruments and eligible liabilities in full on a permanent basis, or convert them in full into common equity tier 1 instruments ("**RRD Non-Viability Loss Absorption**"). The RRD provides, *inter alia*, that resolution authorities shall exercise the write down power in a way that results in (i) common equity tier 1 instruments being written down first in proportion to the relevant losses, (ii) thereafter, the principal amount of other capital instruments (including tier 2 capital instruments such as the Notes) being written down or converted into common equity tier 1 instruments on a permanent basis and (iii) thereafter, eligible liabilities being written down or converted in accordance with a set order of priority.

The point of non-viability under the RRD is the point at which the national authority determines that:

- (a) the institution is failing or likely to fail, which includes situations where:
  - (i) the institution 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 are/will be in a near future less than its liabilities;

(iii) the institution is/will be in a near future unable to pay its debts or other liabilities when they fall due; and/or

(iv) the institutions require extraordinary public financial support;

(b) there is no reasonable prospect that a private action would prevent the failure; and

(c) a resolution action is necessary in the public interest.

Except for the Bail-In Tool with respect to eligible liabilities which will apply as from 1 January 2016 at the latest, the RRD contemplates that the measures set out therein, including the Bail-In Tool with respect to capital instruments such as the Notes, will apply as from 1 January 2015.

In addition to RRD Non-Viability Loss Absorption, the RRD provides resolution authorities with broader powers to implement other resolution measures with respect to banks which reach non-viability, which may include (without limitation) the sale of the bank's business, the separation of assets, the replacement or substitution of the bank 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) and discontinuing the listing and admission to trading of financial instruments.

It is not yet possible to assess the full impact of the relevant loss absorption provisions. There can be no assurance that, once implemented, the existence of applicable loss absorption provisions or the taking of any actions currently contemplated or as finally reflected in such provisions would not adversely affect the price or value of a Holder's investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

### **French Bail-In Tool and Other Resolution Measures**

Among other things, the French banking law dated 26 July 2013 (*Loi de séparation et de régulation des activités bancaires*) charges the ACPR with implementing measures for the prevention and resolution of banking crises and gives the ACPR very broad powers with respect to "failing banks," i.e., banks that, currently or in the near future (i) no longer comply with regulatory capital requirements, (ii) are not able to make payments that are, or will be imminently, due or (iii) require extraordinary public financial support.

In particular, the ACPR may implement a write-down of shareholders' equity and thereafter a write-down or conversion into equity of subordinated instruments (such as the Notes), but not unsubordinated debt, in accordance with their seniority. The ACPR will also be entitled to (i) transfer all or part of the bank's assets and activities, including to a bridge bank, (ii) force a bank to issue new equity, (iii) temporarily suspend payments to creditors and (iv) terminate executives or appoint a temporary administrator (*administrateur provisoire*). Conversion ratios and transfer prices are determined by the ACPR on the basis of a "fair and realistic" assessment.

The ACPR must use its powers "in a proportionate manner" to achieve the following objectives: (i) to preserve financial stability, (ii) to ensure the continuity of banking activities, services and transactions of financial institutions, the failure of which would have systemic implications for the French economy, (iii) to protect deposits and (iv) to avoid, or limit to the fullest extent possible, any public bail-out.

Further, recovery and resolution plans are required from credit institutions, or groups of credit institutions, whose balance sheet exceeds a certain threshold that will be fixed by a decree of the French Government. No

separate obligation will arise with respect to an entity within the group that is already supervised on a consolidated basis. Each such bank or banking group must prepare a recovery plan (*plan préventif de rétablissement*) that will be reviewed by the ACPR. The ACPR is in turn required to prepare a resolution plan (*plan préventif de résolution*) for such bank or banking group.

Recovery plans must set out measures contemplated in case of a significant deterioration of a bank's financial situation. Such plans must be updated on a yearly basis (or immediately following a significant change in a bank's organization or business). The ACPR must assess the recovery plan to determine whether its resolution powers could in practice be effective, and, as necessary, can request changes in a bank's organization. More generally, the ACPR will comment on the draft recovery plan and can require modifications.

Resolution plans must set out, in advance of any failure, how the various resolution powers set out above are to be implemented for each bank, given its specific circumstances.

## TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes (the “**Conditions**”) will be as follows:

### 1. Introduction

- 1.1 *Notes:* The issue of the Euro (“**EUR**”) 1,000,000,000 Subordinated Resetable 2.75 per cent. Notes due 8 July 2026 (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 12 (*Further Issues*) and forming a single series with the Notes) of BPCE (the “**Issuer**”) was authorized by a decision of Roland Charbonnel, *Directeur des Emissions et de la Communication Financière* of the Issuer adopted on 26 June 2014 and executed on 27 June 2014, acting pursuant to a resolution of the Management Board (*Directoire*) of the Issuer dated 28 April 2014.
- 1.2 *Issue and Agency Agreement:* The Notes are issued with the benefit of an agency agreement dated on or about the date hereof (as supplemented, amended and/or replaced from time to time, the “**Agency Agreement**”) between the Issuer, BNP Paribas Securities Services as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), BNP Paribas Securities Services as calculation agent (the “**Calculation Agent**”, which expression includes any successor calculation agent appointed from time to time in connection with the Notes) and BNP Paribas Securities Services as paying agent (the “**Paying Agent**”, which expression includes any successor paying agent appointed from time to time in connection with the Notes). Reference below to the “**Agents**” shall be to the Fiscal Agent and/or the Calculation Agent and/or the Paying Agent, as the case may be. Copies of the Agency Agreement are available for inspection at the specified offices of the Agents. References below to “**Conditions**” are, unless the context otherwise requires, to the numbered paragraphs below.

### 2. Interpretation

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

“**5-year Mid-Swap Rate**” means, in relation to the Reset Interest Period and the Reset Rate of Interest Determination Date:

- (i) the rate for EUR swaps with a term of 5 years which is the mean of the bid and ask rates appearing on the Screen Page as of 11:00 a.m. (Paris time) on the Reset Rate of Interest Determination Date; or
- (ii) if the 5-year bid and/or ask rates do not appear on the Screen Page at such time on the Reset Rate of Interest Determination Date, the Reset Reference Bank Rate on the Reset Rate of Interest Determination Date;

“**5-year Mid-Swap Rate Quotations**” means the arithmetic mean of the bid and offered rates for the annual fixed leg of a fixed-for-floating EUR interest rate swap transaction which:

- (i) has a term of 5 years commencing on the Reset Date;
- (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (iii) has a floating leg based on 6-month Euribor;

“**Applicable Banking Regulations**” means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in France including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy then in effect of, and as applied by, the Relevant Regulator;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which the Target System is operating;

“**Call Date**” means 8 July 2021;

“**Capital Event**” means that, by reason of a change in the criteria set out in the Applicable Banking Regulations for Tier 2 Capital which was not reasonably foreseeable by the Issuer at the Issue Date, the Notes cease to comply with such criteria and are fully 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;

“**Clearstream Luxembourg**” has the meaning given to such term in Condition 3.2 (*Title*);

“**CRD IV**” means, taken together, the (i) CRD IV Directive (ii) CRD IV Regulation and (iii) Future Capital Requirements Regulations;

“**CRD IV Directive**” means the Directive (2013/36/EU) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated June 26, 2013 and published in the Official Journal of the European Union on June 27, 2013, as amended or replaced from time to time;

“**CRD IV Regulation**” means the Regulation (2013/575) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated June 26, 2013 and published in the Official Journal of the European Union on June 27, 2013, as amended or replaced from time to time;

“**Day Count Fraction**” means, in respect of the calculation of any amount for any period of time, 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**” has the meaning given to such term in Condition 3.2 (*Title*);

“**Euroclear France**” has the meaning given to such term in Condition 3.2 (*Title*);

“**Euro-zone**” means the region comprised of member states of the European Union which have adopted or adopt the Euro in accordance with the Treaty establishing the European Community, as amended;

“**Future Capital Requirements Regulations**” means any regulatory capital rules, regulations or instructions introduced in France after the Issue Date or which are otherwise applicable to the Issuer (on an unconsolidated or consolidated basis), which prescribe (alone or in conjunction with any other rules, regulations or instructions) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on an unconsolidated or consolidated basis);

“**Holders**” or “**Noteholders**” means holders of the Notes from time to time;

“**Initial Period**” means the period from (and including) the Issue Date to (but excluding) the Reset Date;

“**Initial Rate of Interest**” means 2.75 per cent. *per annum*;

“**Interest Payment Date**” means 8 July in each year from (and including) 8 July 2015;

“**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 8 July 2014;

“**Margin**” means 1.83 per cent. *per annum*;

“**Maturity Date**” means 8 July 2026;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“**Rate of Interest**” means:

- (i) in the case of each Interest Period falling in the Initial Period, the Initial Rate of Interest; or
- (ii) in the case of each Interest Period thereafter, the Reset Rate of Interest;

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

“**Relevant Regulator**” means the *Secrétariat général de l’Autorité de Contrôle Prudentiel et de Résolution* and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer;

“**Reset Date**” means 8 July 2021;

“**Reset Interest Amount**” has the meaning given to such term in Condition 5.5 (*Determination of Reset Rate of Interest*);

“**Reset Interest Period**” means the period from (and including) the Reset Date and ending on (but excluding) the Maturity Date;

“**Reset Rate of Interest**” means the aggregate of (i) 5-year Mid-Swap Rate determined for the Reset Interest Period by the Calculation Agent in accordance with Condition 5 (*Interest*), plus (ii) the Margin;

“**Reset Rate of Interest Determination Date**” means the day falling two Business Days prior to the Reset Date;

“**Reset Reference Bank Rate**” means, in relation to the Reset Interest Period and the Reset Rate of Interest Determination Date, the percentage rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Calculation Agent at approximately 11:00 a.m. (Paris time) on the Reset Rate of Interest Determination Date. If at least three quotations are so provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are so provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is so provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be equal to the last 5-year Mid-Swap Rate available on the Screen Page as determined by the Calculation Agent;

“**Reset Reference Banks**” means five leading swap dealers in the Euro-zone interbank market selected by the Calculation Agent in its discretion after consultation with the Issuer;

“**Screen Page**” means Reuters screen “ISDAFIX2” or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the 5-year Mid-Swap Rate;

“**Special Event**” means either a Tax Event or a Capital Event;

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

“**Tax Event**” has the meaning given to such term in Condition 6.3 (*Redemption upon the occurrence of a Tax Event*); and

“**Tier 2 Capital**” means capital which is treated by the Relevant Regulator as a constituent of tier 2 under Applicable Banking Regulations from time to time (and shall also include any successor or substitute term applicable pursuant to Applicable Banking Regulations) for the purposes of the Issuer.

## 2.2 *Interpretation:* In these Conditions:

- (i) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 8 (*Taxation*);
- (ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 8 (*Taxation*); and
- (iii) references to Notes being “outstanding” shall be construed in accordance with the Agency Agreement.

## 3. **Form, Denomination and Title**

3.1 *Form of Notes and denomination:* The Notes are issued in dematerialised bearer form (*au porteur*) in denomination of EUR 100,000.

3.2 *Title:* Title to the Notes will be evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier* by book entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France S.A. (“**Euroclear France**”) which shall credit the accounts of the Account Holders. For the purpose of these Conditions, “**Account Holder**” shall mean any financial intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”).

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

#### 4. Status of the Notes

The Notes are subordinated notes (constituting *obligations* under French law) issued pursuant to the provisions of Article L. 228-97 of the French *Code de commerce*.

Principal and interest of the Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and ranks *pari passu* without any preference among themselves and *pari passu* with any other present and future direct, unconditional, unsecured and subordinated obligations of the Issuer with the exception of any present and future *prêts participatifs* granted to the Issuer, *titres participatifs* issued by the Issuer and deeply subordinated obligations of the Issuer (*engagements dits "super subordonnés" or engagements subordonnés de dernier rang*).

If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason, the rights of payment of the holders of the Notes shall be subordinated to the payment in full of unsubordinated creditors (including depositors) and, subject to such payment in full, the holders of the Notes shall 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 (*engagements dits "super subordonnés" or engagements subordonnés de dernier rang*).

In the event of incomplete payment of unsubordinated creditors, the obligations of the Issuer in connection with the Notes will be terminated.

The holders of the Notes shall be responsible for taking all steps necessary for the orderly accomplishment of any collective proceedings or voluntary liquidation in relation to any claims they may have against the Issuer.

It is the intention of the Issuer that the Notes shall, for supervisory purposes, be treated as Tier 2 Capital, but that the obligations of the Issuer and the rights of the Noteholders under the Notes shall not be affected if the Notes no longer qualify as Tier 2 Capital.

There is no negative pledge in respect of the Notes.

#### 5. Interest

- 5.1 *Interest rate:* The Notes bear interest at the Rate of Interest from (and including) the Issue Date. Interest shall be payable annually in arrear on each Interest Payment Date, subject in any case as provided in Condition 7 (*Payments*).
- 5.2 *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 whichever is the earlier of:
- (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder; and
  - (ii) the day which is seven (7) days after the Fiscal Agent has notified the Holders in accordance with Condition 13 (*Notices*) that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- 5.3 *Interest to (but excluding) the Reset Date:* The rate of interest from and including, the Issue Date to (but excluding) the Reset Date will be equal to the Initial Rate of Interest and the amount of interest per Note payable on each relevant Interest Payment Date will be EUR 2,750.
- 5.4 *Interest from (and including) the Reset Date:* The rate of interest for each relevant Interest Period from (and including) the Reset Date will be equal to the Reset Rate of Interest. It will not represent a step-up.
- 5.5 *Determination of Reset Rate of Interest:* The Calculation Agent will, as soon as practicable after 11:00 a.m. (Paris time) on the Reset Rate of Interest Determination Date, determine the Reset Rate of Interest for the Reset Interest Period and calculate the amount of interest payable per Note on the Interest Payment Dates in relation to each Interest Period falling in the Reset Interest Period as provided in Condition 5.7 below (each a “**Reset Interest Amount**”).
- 5.6 *Publication of Reset Rate of Interest and Reset Interest Amount:* With respect to the Reset Interest Period, the Calculation Agent will cause the Reset Rate of Interest and the Reset Interest Amount determined by it, together with the Interest Payment Dates in relation to the Interest Periods falling in the Reset Interest Period, to be notified to the Paying Agent and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but in any event not later than the Reset Date. Notice thereof shall also promptly be given to the Holders in accordance with Condition 13 (*Notices*).
- 5.7 *Calculation of amount of interest per Note from (and including) the Reset Date:* The amount of interest payable in respect of a Note on the Interest Payment Dates in relation to each Interest Period falling in the Reset Interest Period shall be calculated by the Calculation Agent:
- (i) applying the applicable Rate of Interest to the principal amount of a Note;
  - (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).
- 5.8 *Certificates to be final:* All certificates, notifications, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purpose of the provisions of this Condition 5 whether by the Calculation Agent or the Reset Reference Banks shall (in the absence of wilful default or manifest error) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agent, and all the Noteholders. No Noteholder shall (in the absence as aforesaid) be entitled to proceed against the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions.

## **6. Redemption and Purchase**

- 6.1 *Maturity date:* Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed on the Maturity Date at their Redemption Amount.
- 6.2 *Redemption upon the occurrence of a Capital Event:* Upon the occurrence of a Capital Event, the Issuer may, at its option (but subject to the provisions of Condition 6.7 (*Conditions to redemption and purchase prior to Maturity Date*)) at any time and having given not more than forty-five (45) nor less than thirty (30) calendar days’ notice to the Holders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their Redemption Amounts, together with accrued interest (if any) thereon.

6.3 *Redemption upon the occurrence of a Tax Event:*

- (i) If by reason of any change in the laws or regulations of the Republic of France, or any political subdivision therein or any authority thereof or therein having power to tax, any change in the application or official interpretation of such laws or regulations, or any other change in the tax treatment of the Notes which is required by law or which is requested in writing by a competent tax authority, enacted and becoming effective on or after the Issue Date, the tax regime of any payments under the Notes is modified and such modification results in the part of the interest payable by the Issuer under the Notes that is tax-deductible being reduced, the Issuer may, at its option (but subject to the provisions of Condition 6.7 (*Conditions to redemption and purchase prior to Maturity Date*)), at any time, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' notice to Noteholders (which notice shall be irrevocable) in accordance with Condition 13 (*Notices*), redeem all, but not some only, of the outstanding Notes at their Redemption Amounts together with accrued interest (if any) thereon, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make such payment with interest payable being tax deductible for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes.
- (ii) If by reason of a change in the laws or regulations of the Republic of France, or any political subdivision therein or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, or any other change in the tax treatment of the Notes which is required by law or which is requested in writing by a competent tax authority, enacted and becoming effective on or after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8 (*Taxation*), the Issuer may, at its option (but subject to the provisions of Condition 6.7 (*Conditions to redemption and purchase prior to Maturity Date*)), at any time, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 13 (*Notices*), redeem all, but not some only, of the outstanding Notes at their Redemption Amounts together with accrued interest (if any) thereon, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes.

The Issuer will not give notice under this Condition 6.3 unless (i) it has demonstrated to the satisfaction of the Relevant Regulator that the change referred to in paragraphs (i) or (ii) above is material and was not reasonably foreseeable at the time of issuance of the Notes or (ii) it otherwise complies, to the satisfaction of the Relevant Regulator, with the requirements applicable to redemption for tax reasons under the Applicable Banking Regulations.

6.4 *Redemption at the option of the Issuer:* The Issuer may, at its option (but subject to the provisions of Condition 6.7 (*Conditions to redemption prior to Maturity Date*)) and having given not more than 45 nor less than 30 calendar days' notice to the Holders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes on the Call Date at their Redemption Amounts, together with accrued interest (if any) thereon.

6.5 *Purchase:* The Issuer may at any time on or after the fifth (5<sup>th</sup>) anniversary of the Issue Date (but subject to the provisions of Condition 6.7 (*Conditions to redemption and purchase prior to Maturity Date*)) purchase Notes in the open market or otherwise and at any price in accordance with applicable

laws and regulations. Notes repurchased by or on behalf of the Issuer may be purchased and held in accordance with Article L.213-1-A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes for a maximum period of one year from the date of purchase in accordance with Article D. 213-1-A of the French *Code monétaire et financier*.

The Issuer or any agent on its behalf shall have the right at all times to purchase the Notes for market making 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 (x) 10% of the initial aggregate principal amount of the Notes and such any further Notes issued under Condition 12 (*Further Issues*), or (y) 3% of the Tier 2 Capital of the Issuer from time to time outstanding.

- 6.6 *Cancellation*: All Notes which are redeemed or (subject to the first paragraph of Condition 6.5 (*Purchase*) purchased) will forthwith (but subject to the provisions of Condition 6.7 (*Conditions to redemption prior to Maturity Date*)) be cancelled.
- 6.7 *Conditions to redemption and purchase prior to Maturity Date*: The Notes may only be redeemed, purchased or cancelled (as applicable) pursuant to Condition 6.2 (*Redemption upon the occurrence of a Capital Event*), Condition 6.3 (*Redemption upon the occurrence of a Tax Event*), Condition 6.4 (*Redemption at the option of the Issuer*) or Condition 6.5 (*Purchase*), as the case may be, if:
- (i) the Relevant Regulator has given its prior written approval to such redemption, purchase or cancellation (as applicable); in this respect, article 78 of the CRD IV Regulation provides that the Relevant Regulator shall grant permission to a redemption or repurchase of the Notes provided that either of the following conditions is met, as applicable to the Notes:
    - a) on or before such redemption or repurchase of the Notes, the Issuer replaces the Notes with instruments qualifying as Tier 2 Capital of an equal or higher quality on terms that are sustainable for the Issuer's income capacity; or
    - b) the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the tier 1 capital and the Tier 2 Capital of the Issuer would, following such redemption or repurchase, exceed the capital ratios required under CRD IV 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; and
  - (ii) in the case of a redemption as a result of a Special Event, the Issuer has delivered a certificate to the Fiscal Agent (with copies thereof being available at the Fiscal Agent's specified office during its normal business hours) not less than five (5) Business Days prior to the date set for redemption that such Special Event has occurred or will occur no more than ninety (90) days following the date fixed for redemption, as the case may be.

## **7. Payments**

- 7.1 *Method of Payment*: Payments in respect of principal and interest on the Notes will be made in Euro by credit or transfer to a Euro denominated account (or any other account to which Euro may be credited or transferred) of the relevant Account Holder. Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments validly made to such Account Holders in favour of Noteholders will be an effective discharge of the Issuer and the Paying Agent, as the case may be, in respect of such payment.

Payments in respect of principal and interest on the Notes will, in all cases, be made subject to any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable in respect

of such payments but without prejudice to the provisions of Condition 8 (*Taxation*). No commission or expenses shall be charged by the Issuer or the Paying Agent to the Noteholders in respect of such payments.

- 7.2 *Payments on Business Days*: If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day, payment shall not be made of the amount due and credit or transfer instructions shall not be given in respect thereof until the next following Business Day and the Noteholder shall not be entitled to any further interest or other sums in respect of any such postponed payment in accordance with Condition 5.1 (*Interest rate*).
- 7.3 *Fiscal Agent, Paying Agent and Calculation Agent*: The name and specified office of the initial Fiscal Agent, the name and specified office of the initial Paying Agent and the name and specified office of the initial Calculation Agent are as follows: BNP Paribas Securities Services, 9, rue du Débarcadère, 93500 Pantin, France.

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent, Calculation Agent and/or appoint a substitute Fiscal Agent, Paying Agent, Calculation Agent or approve any change in the office through which the Fiscal Agent, the Paying Agent or the Calculation Agent acts, provided that there will at all times be a Fiscal Agent having a specified office in a European city. Any notice of a change in Fiscal Agent, Paying Agent, Calculation Agent or their specified office shall be given to Noteholders as specified in Condition 13 (*Notices*).

## **8. Taxation**

### 8.1 *Withholding Tax*

All payments of principal and interest by the Issuer hereunder shall be made free and clear of and without withholding or deduction for any and all present or future taxes, levies, imposts or charges (all such taxes, levies, imposts and charges being hereinafter referred to as “**Taxes**”), except as required by law. If the Issuer shall be required by the laws of a Tax Jurisdiction to deduct any Taxes from or in respect of any sum payable hereunder, the Issuer, shall pay such additional amounts as may be necessary in order that the Holder of each Note, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such withholding or deduction; provided, however, that the Issuer shall not be liable to pay any such additional amounts with respect to any Note:

- (i) to or on behalf of a Holder or beneficial owner who is subject to such Taxes in respect of such Note by reason of the Holder or beneficial owner being connected with the Tax Jurisdiction otherwise than by reason only of the holding of such Note or receipt of payments thereon;
- (ii) presented for payment (where presentation is required) more than thirty (30) days after the Relevant Date, except to the extent that the Holder would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of thirty (30) days;
- (iii) where such withholding or deduction is imposed pursuant to the European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any subsequent meeting of the Council of the European Union on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, or Directives;
- (iv) where such withholding or deduction would not have been so imposed but for the failure to comply, following a timely request by the Issuer, with any applicable certification, identification, documentation, information or other reporting requirement concerning the

nationality, residence, identity or connection with a Tax Jurisdiction of the Holder or beneficial owner if, without regard to any tax treaty, such compliance is required under the tax laws or regulations of a Tax Jurisdiction or any political subdivision or taxing authority thereof or therein to establish an entitlement to an exemption from such withholding or deduction; or

- (v) presented for payment (where presentation is required) by or on behalf of a Holder who would be able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union.

As used herein, “**Tax Jurisdiction**” means the Republic of France or any other jurisdiction in which the Issuer or any of its successors, following a merger or similar event, is or becomes organized or resident for tax purposes, or any political subdivision or taxing authority in or of any of the foregoing.

As used herein the “**Relevant Date**” in relation to any Note means whichever is the later of:

- (i) the date on which the payment in respect of such Note first became due and payable; or
- (ii) if the full amount of the moneys payable on such a date in respect of such Note has not been received by the Paying Agent on or prior to the due date, the date on which notice is duly given to the Noteholders that such moneys have been so received.

## 8.2 *Supply of information*

Each Holder of Notes shall be responsible for supplying to the Paying Agent, in a timely manner, any information as may be reasonably required by the latter in order for it to comply with the identification and reporting obligations imposed on it by European Council Directive 2003/48/EC or any European Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 or any subsequent meeting of the Council of the European Union on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives.

## 9. **Agents**

In acting under the Agency Agreement and in connection with the Notes, each of the Fiscal Agent, the Paying Agent and the Calculation Agent acts solely as agent of the Issuer and no such Agent assumes any obligations towards or relationship of agency or trust for or with any of the Holders and it shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Agency Agreement or other agreement entered into with respect of its appointment or incidental thereto.

## 10. **Event of default**

There are no events of default under the Notes which would lead to an acceleration of the Notes if certain events occur. However, if any judgment were issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer were liquidated for any other reason, then the Notes would become immediately due and payable, subject as described in Condition 4 (*Status of the Notes*).

## 11. **Representation of Noteholders**

The Noteholders will be grouped automatically for the defense of their common interests in a *masse* (the “**Masse**”) and the provisions of the French *Code de commerce* relating to the *Masse* shall apply subject to the below provisions.

The initial representative appointed in respect of the Notes is Sandrine d’Haussy, 69 avenue Gambetta, 94100 Saint Maur des Fossés, France (the “**Representative**”). The alternate representative appointed in respect of the Notes is Sylvain Thomazo, 20 rue Victor Bart, 78000 Versailles, France.

The remuneration of the Representative will be equal to EUR 600 per year.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the general meeting of the Noteholders (the “**General Meeting**”).

In accordance with Article R. 228-71 of the French *Code de commerce*, the right of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the third business day in Paris preceding the date set for the meeting of the relevant General Meeting.

The place where a General Meeting shall be held will be set out in the notice convening such General Meeting.

## **12. Further Issues**

The Issuer may from time to time, subject to the prior written approval of the Relevant Regulator but without the consent of the Noteholders, issue further notes to be assimilated (*assimilées*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated (*assimilées*) notes will for the defense of their common interests be grouped in a single Masse having legal personality.

## **13. Notices**

Any notice to the Noteholders will be valid if delivered to the Noteholders through Euroclear France, Euroclear or Clearstream, Luxembourg, for so long as the Notes are cleared through such clearing systems and, if the Notes are listed and admitted to trading on Euronext Paris, if published in a leading daily newspaper having general circulation in France (which is expected to be *Les Echos*) or following Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the AMF. Any such notice shall be deemed to have been given on the date of such delivery or publication or, if delivered or published more than once or on different dates, on the first date on which such delivery or publication is made.

## **14. Prescription**

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) and 5 years (in the case of interest) from the due date for payment thereof.

## **15. Governing Law and Jurisdiction**

The Notes, and all non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, the laws of the Republic of France.

Any claim in connection with the Notes may exclusively be brought before the competent courts in Paris.

## **USE OF PROCEEDS**

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

## TAXATION

*The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in France or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.*

### 1. EU Savings Directive

Under the Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the “**Savings Directive**”), each Member State of the EU is required to provide to the tax authorities of another EU Member State, *inter alia*, details of interest payments within the meaning of the Savings Directive (including interest, premiums and other similar income) made by a paying agent established within its jurisdiction to, or secured by such a person for the benefit of, an individual resident in or certain limited types of entity established in, that other Member State.

However, for a transitional period, certain Member States (Luxembourg and Austria) will instead apply a withholding system in relation to interest payments, unless during such period they elect otherwise. The beneficial owner of the interest payment may, on meeting certain conditions, request that no tax be withheld and elect instead for an exchange of information procedure. The rate of withholding is 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income. The current Luxembourg government has announced its intention to elect out of the withholding system in favour of automatic exchange of information with effect from 1 January 2015.

A number of third countries and territories have adopted similar measures to the Savings Directive.

The Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

On 24 March 2014, the Council of the European Union adopted a Directive amending the Savings Directive, which when implemented, will amend and broaden the scope of the requirements described above. In particular, additional steps may be required in certain circumstances to identify the beneficial owner of interest payments (through a look through approach). The EU Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with this amending Directive. Investors should inform themselves of, and where appropriate take advice on, the impact of the Savings Directive, and the amending Directive, on their investment.

### 2. French Withholding Tax

*The following is a basic summary of certain withholding tax considerations that may be relevant to holders of Notes who do not concurrently hold shares of the Issuer and are not otherwise affiliated with the Issuer within the meaning of Article 39,12 of the French Code général des impôts. Persons who are in doubt as to their tax position should consult a professional tax adviser.*

The Savings Directive was implemented into French law under Article 242 ter of the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among things, the identity and address of the

beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

Pursuant to Article 125 A III of the French *Code général des impôts*, payments of interest and other revenues made by the Issuer with respect to the Notes are not subject to the withholding tax unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a “**Non-Cooperative State**”), in which case, a 75 per cent. withholding tax is applicable (subject to exceptions, certain of which are set forth below, and to the more favourable provisions of an applicable double tax treaty). The 75 per cent. withholding tax is applicable irrespective of the tax residence of the holder of the Notes. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, in application of Article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes are not deductible from the Issuer's taxable income if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid to a bank account opened in a financial institution located in a Non-Cooperative State (the “**Deductibility Exclusion**”). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts*, at a rate of 30 per cent. or 75 per cent. (subject to more favourable provisions of any applicable double tax treaty).

Notwithstanding the foregoing, the law provides that neither the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts*, the Deductibility Exclusion nor the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts* that may be levied as a result of such non-deductibility, to the extent that the relevant interest or revenues relate to genuine transactions and is not an abnormal or exaggerated amount will apply in respect of the Notes if the Issuer can prove that the principal purpose and effect of the issue of the Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the “**Exception**”). Pursuant to *Bulletin officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50 dated February 11, 2014, BOI-RPPM-RCM-30-10-20-40 dated February 11, 2014 and BOI-ANX-000364 dated September 12, 2012, the Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes, if the Notes are:

- (a) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (b) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (c) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

The Notes, which will be admitted to listing and to trading on Euronext Paris and cleared through Euroclear France, will fall under the Exception. Consequently, payments of interest and other revenues made by the Issuer under the Notes are not subject to the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts*.

Pursuant to Article 125 A of the French *Code général des impôts* and subject to certain exceptions, interest received from 1 January 2013 by French tax resident individuals is subject to a 24 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5 per cent. on interest paid to French tax resident individuals.

## SUBSCRIPTION AND SALE

### 1. Subscription agreement

Pursuant to a subscription agreement dated 4 July 2014 (the “**Subscription Agreement**”) entered into between Natixis (the “**Sole Bookrunner**”), Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft and Nomura International plc (the “**Joint-Lead Managers**” and, together with the Sole Bookrunner, the “**Managers**”) and the Issuer, the Managers have agreed with the Issuer, subject to the satisfaction of certain conditions, to procure subscription and payment for the Notes at an issue price equal to 99.605 per cent. of their principal amount less the commissions agreed between the Issuer and the Managers. The Subscription Agreement entitles, in certain circumstances, the Managers to terminate it prior to payment being made to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

### 2. Selling Restrictions

Each of the Managers has represented and agreed that (in connection with the initial distribution of the Notes only) it will not offer, sell or deliver, directly or indirectly, any Note to any of the following:

- (i) the Issuer, its shareholders (Banques Populaires and Caisses d’Epargne) or its subsidiaries;
- (ii) an undertaking in which the Issuer has participation in the form of ownership, direct or by way of control, of 20 per cent. or more of the voting rights or capital of that undertaking.

#### 2.1 United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may not be offered or sold, directly or indirectly, in the United States, or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws.

Each of the Managers has agreed that it has not offered or sold, and will not offer or sell, the Notes (i) as part of its distribution at any time or (ii) otherwise until forty (40) calendar days after completion of the distribution of the Notes as determined, and certified to the Issuer by the Managers, in the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each distributor or dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons, substantially to the following effect:

“The Notes covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until forty (40) days after the later of the commencement of the offering and the Closing Date, except in either case in accordance with Regulation S under the Securities Act (“**Regulation S**”). Terms used above have the meanings given to them by Regulation S.”

The Notes are being offered and sold only outside the United States to non-U.S. persons in compliance with Regulation S.

In addition, until forty (40) calendar days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if the sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Terms used in this section 2.1 and not otherwise defined in the Prospectus have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

## 2.2 European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each of the Managers has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Managers; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any of the Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

## 2.3 United Kingdom

Each of the Managers has represented, warranted and agreed that (in connection with the initial distribution of the Notes only):

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Notes which are the subject of the offering contemplated by this Prospectus (the “**Offer Notes**”) in circumstances

in which Section 21(1) of the FSMA would not, if the Issuer were not an authorised person, apply to the Issuer; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Notes in, from or otherwise involving the United Kingdom.

## 2.4 France

Each of the Managers has represented and agreed that (in connection with the initial distribution of the Notes only) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

## 2.5 Italy

The offering of the Notes has not been cleared by the *Commissione Nazionale per la Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation. Accordingly, each of the Managers has represented and agreed that it has not offered, sold or delivered, directly or indirectly, any Notes to the public in the Republic of Italy.

For the purposes of this provision, the expression “**offer of Notes to the public**” in Italy means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, including the placement through authorised intermediaries.

Each of the Managers has represented and agreed that it will not offer, sell or deliver, directly or indirectly, any Note or distribute copies of this Prospectus or of any other document relating to the Notes in the Republic of Italy except:

- (i) to qualified investors (*investitori qualificati*), as defined under Article 100 of the Legislative Decree No. 58 of February 24, 1998, as amended (the “**Italian Financial Act**”), as implemented by Article 26, paragraph 1(d) of CONSOB Regulation No. 16190 of October 29, 2007, as amended (“**Regulation No. 16190**”), pursuant to Article 34-ter, first paragraph, letter b), of CONSOB Regulation No. 11971 of May 14, 1999, as amended (“**Regulation No. 11971**”); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Act and its implementing CONSOB regulations including Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restriction under (i) and (ii) above and:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian

Financial Act, Regulation No. 16190, Legislative Decree No. 385 of September 1, 1993 as amended (the “**Banking Act**”) and any other applicable laws or regulation;

- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy or by Italian persons outside of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other Italian authority.

Any investor purchasing the Notes is solely responsible for ensuring that any offer, sale, delivery or resale of the Notes by such investor occurs in compliance with applicable Italian laws and regulations.

## 2.6 Spain

This offering of Notes has not been registered with the *Comisión Nacional del Mercado de Valores* (the “**CNMV**”) and therefore the Notes may not be offered or sold or distributed in Spain except in circumstances which do not qualify as a public offer of securities in Spain in accordance with article 30 bis of the Securities Market Act (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) as amended and restated, or pursuant to an exemption from registration in accordance with Royal Decree 1310/2005 (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*) as amended and restated.

## 2.7 Portugal

Each Manager has represented and agreed that:

- (i) no document, circular, advertisement or any offering material in relation to the Notes has been or will be subject to approval by, nor notified to, the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*, the “**CMVM**”);
- (ii) it has not directly or indirectly taken any action or offered, advertised or sold or delivered and has not and will not directly or indirectly collect investment intentions, offer, advertise or carry on any prospecting activity, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code (*Código dos Valores Mobiliários*, the “**CVM**”), or in circumstances which could (a) qualify the issue of the Notes as an issue or public placement of securities in the Portuguese market, or (b) which could establish the Portuguese authorities as having jurisdiction as competent authority under the CVM;
- (iii) it has not, directly or indirectly, in whole or in part, distributed, reproduced or disclosed its content by any means, and will not, directly or indirectly, in whole or in part, distribute to the public or to undetermined addresses in Portugal the Offering Circular or any document, circular, advertisements or any other offering material relating to the Notes;
- (iv) all offers, sales and distributions of the Notes have been and will only be made in Portugal in circumstances that, pursuant to the CVM, qualify as a private placement of Notes (*oferta particular*), all in accordance with the CVM; in particular the Notes will only be offered, advertised, sold or delivered in Portugal to qualified investors, as defined in the CVM;

- (v) pursuant to the CVM, the private placement in Portugal or near Portuguese residents of Notes by public companies (*sociedades abertas*) or by companies that are issuers of securities listed on a market needs to be notified to the CMVM for statistical purposes;
- (vi) it will comply with all applicable provisions of the CVM and any applicable CMVM Regulations, as applicable, and all relevant Portuguese laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal;
- (vii) any potential investor shall ensure that he/she/it is capable of understanding and assuming the risks associated with such as investment decision and shall seek appropriate investment advice; and
- (viii) for the avoidance of any doubt, Madeira and Azores fall within the jurisdiction of Portugal.

Each Manager has agreed that it shall comply with all applicable laws and regulations in force in Portugal and with the Directive 2003/71/EC, as amended from time to time, regarding the placement of any Notes in the Portuguese jurisdiction or to any entities which are resident or established in Portugal, including the publication of a prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

## 2.8 Germany

Any transaction under this Prospectus is not a public offering of securities in the Federal Republic of Germany. The Notes may be offered and sold in the Federal Republic of Germany only in accordance with the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) (the “**German Securities Prospectus Act**”) and any other applicable German law. Consequently, in Germany, the Notes will only be available to, and this Prospectus and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the German Securities Prospectus Act. Any resale of the Notes in Germany may only be made in accordance with the German Securities Prospectus Act and other applicable laws. The Issuer has not, and does not intend to, file a securities prospectus with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (“**BaFin**”) or obtain a notification to BaFin from another competent authority of a Member State of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 17(3) of the German Securities Prospectus Act.

## 2.9 The Netherlands

The Notes are not and may not be offered in The Netherlands other than to persons or entities who or which are qualified investors as defined in Section 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (which incorporates the term “qualified investors” as used in the Prospectus Directive).

## 2.10 Norway

This Prospectus has not been approved by or registered with the Oslo Stock Exchange, the Norwegian Register of Business Enterprises or any other body or agency of the Kingdom of Norway.

Each of the Managers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in the Kingdom of Norway any Notes other than (i) to “professional investors” as defined in § 7-1 of the Norwegian Securities Regulation of 29 June 2007 no. 876 (“**Professional Investors**”); (ii) to fewer than 150 natural or legal persons (other than

Professional Investors) in Norway or (iii) in reliance on the exemption provided by § 7-4 no. 10 of the Norwegian Securities Trading Act of 29 June 2007 no. 75.

## **2.11 Sweden**

Each of the Managers has confirmed and agreed that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale in Sweden except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*).

## **2.12 Switzerland**

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange Ltd. or on any other exchange or regulated trading facility in Switzerland. This Prospectus is being communicated in or from Switzerland to a small number of selected investors only. Each copy of this Prospectus is addressed to a specifically named recipient and may not be passed on to third parties. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a Prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd. or of any other regulated trading facility in Switzerland, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

## **2.13 General**

No action has been taken in any jurisdiction that would permit an offer to the public of any of the Notes. Neither the Issuer nor the Managers represents that Notes may at any time lawfully be resold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such resale.

Each of the Managers has agreed that it will, to the best of its knowledge, comply with all relevant securities laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any other offering material relating to the Notes and obtain any consent, approval or permission required for the purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction in which it makes such purchase, offer or sale and the Issuer shall have no responsibility therefore.

## **3. Potential 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 Groupe BPCE. 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 Groupe BPCE or (iii) act as financial advisers to the Issuer or other companies of Groupe BPCE. In the context of these transactions, certain of such Managers have or may hold shares or other securities issued by entities of Groupe BPCE. Where applicable, they have or will receive customary fees and commissions for these transactions.

**4. Legality of purchase**

None of the Issuer, the Managers or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of 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.

## GENERAL INFORMATION

1. The Notes have been accepted for clearance through Clearstream, Luxembourg (42 avenue JF Kennedy, 1855 Luxembourg, Luxembourg), Euroclear (1, boulevard du Roi Albert II, 1210 Bruxelles, Belgium) and Euroclear France (66, rue de la Victoire, 75009 Paris, France) with the common code 108415649. The International Securities Identification Number (ISIN) code for the Notes is FR0012018851.
2. The issue of the Notes was authorised by a decision of Roland Charbonnel, *Directeur des Emissions et de la Communication Financière* of the Issuer, adopted on 26 June 2014 and executed on 27 June 2014, acting pursuant to a resolution of the Management Board of the Issuer dated 28 April 2014.
3. Application has been made for the Notes to be listed and admitted to trading on Euronext Paris on 8 July 2014.
4. For the sole purpose of the admission to trading of the Notes on Euronext Paris, and pursuant to Articles L.412-1 and L.621-8 of the French *Code monétaire et financier*, this Prospectus has been submitted to the AMF and received visa no. 14-360 dated 4 July 2014.
5. The total expenses related to the admission to trading of the Notes are estimated to €14,000 (including AMF fees).
6. The members of the Management Board (*Directoire*) of the Issuer have their business addresses at the registered office of the Issuer.
7. The statutory auditors of the Issuer for the period covered by the historical financial information are PricewaterhouseCoopers AUDIT (63, rue de Villiers, 92208 Neuilly-sur-Seine, Cedex, – France), Mazars (Exaltis, 61, rue Henri Regnault, 92075 La Défense Cedex – France) and KPMG Audit, a department of KPMG S.A. (1, Cours Valmy – 92923 Paris La Défense Cedex – France). They have audited and rendered unqualified audit reports on the financial statements of the Issuer for each of the financial years ended 31 December 2012 and 31 December 2013.
8. The yield of the Notes until the Reset Date is 2.813 per cent. *per annum*, as calculated at the Issue Date on the basis of the issue price of the Notes. It is not an indication of future yield.
9. Save for any fees payable to the Managers, as far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue of the Notes.
10. There has been no significant change in the financial or trading position of the Issuer, BPCE SA Group or Groupe BPCE since 31 December 2013.
11. There has been no material adverse change in the prospects of the Issuer, BPCE SA Group and/or Groupe BPCE since 31 December 2013.
12. Save as disclosed in item 11.6 of the cross-reference table on page 10 of the Prospectus, there have been no governmental, legal or arbitration proceedings of which the Issuer is aware (including any such proceedings which are pending or threatened) which, to the Issuer's knowledge, may have, or have had, significant effects on the Issuer, BPCE SA Group and/or Groupe BPCE's financial position or profitability during the period of twelve (12) months prior to the date of this Prospectus.
13. There are no material contracts entered into otherwise than in the ordinary course of the Issuer's business, which could result in any member of the Groupe BPCE SA and/or the Groupe BPCE being

under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

14. For so long as any of the Notes are outstanding, copies of this Prospectus, the Documents Incorporated by Reference, the Agency Agreement, and the *statuts* (by-laws) of the Issuer will be available for inspection and copies of the most recent annual financial statements of the Issuer will be obtainable, free of charge, at the specified offices for the time being of the Paying Agent during normal business hours. This Prospectus and all the Documents Incorporated by Reference are also available (i) on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) and (ii) on the Issuer's website ([www.bpce.fr](http://www.bpce.fr)).

**ISSUER**

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France

**SOLE BOOKRUNNER**

**Natixis**

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France France

**JOINT-LEAD MANAGERS**

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Canary Wharf  
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**Commerzbank Aktiengesellschaft**

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60311 Frankfurt am Main  
Federal Republic of Germany

**Nomura International plc**

1 Angel Lane  
London EC4R 3AB  
United Kingdom

**FISCAL AGENT, PAYING AGENT AND CALCULATION AGENT**

**BNP Paribas Securities Services**

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93500 Pantin  
France

**AUDITORS TO THE ISSUER**

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France

**PricewaterhouseCoopers Audit**

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**LEGAL ADVISER  
TO THE ISSUER**

*As to French law*

**LEGAL ADVISER  
TO THE MANAGERS**

*As to French law*

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