

## Prospectus dated 26 November 2010



### LA BANQUE POSTALE

(a société anonyme à directoire et conseil de surveillance)

#### EUR 750,000,000 Ordinary Subordinated 4.375 per cent. Notes due 2020

Issue price: 99.310 per cent.

This prospectus (including the information incorporated by reference) constitutes a prospectus (the “**Prospectus**”) for the purposes of Article 5.3 of Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading (the “**Prospectus Directive**”).

The EUR 750,000,000 Ordinary Subordinated 4.375 per cent. Notes due 2020 (the “**Notes**”) of La Banque Postale (the “**Issuer**”) will be issued outside the Republic of France on 30 November 2010 (the “**Issue Date**”) and will bear interest at a rate of 4.375 per cent. per annum (the “**Interest Rate**”) from and including the Issue Date payable annually in arrear on 30 November in each year (each, an “**Interest Payment Date**”), commencing on the Issue Date up to (and including) 30 November 2020, provided, however, that from and after the Interest Payment Date on which a Change in Status Notice (as defined in “Terms and Conditions of the Notes – Condition 3.2– Status of the Notes following a Capital Disqualification Event”) becomes effective, the Interest Rate shall be 4.075 per cent. per annum. Upon the effectiveness of such Change in Status Notice, the status of the Notes will change from Ordinary Subordinated Notes to Senior Notes (see “Terms and Conditions of the Notes – Condition 3.2 – Statuts of the Notes following a Capital Disqualification Event”).

Application has been made to the *Autorité des marchés financiers* (“**AMF**”), in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive, for the approval of this Prospectus.

Application has been made to list and admit the Notes to trading on Euronext Paris. Euronext Paris is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

The Notes are expected to be assigned a rating of “A” by Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc. (“**S&P**”). The long term debt of the Issuer has been assigned a rating of A+ by S&P and AA- by Fitch Ratings Ltd. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

**Prospective investors should have regard to the risk factors described under the section headed “Risk Factors” in this Prospectus, in connection with any investment in the Notes.**

The Notes have been accepted for clearance through Euroclear France S.A. (“**Euroclear France**”), Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A./N.V. (“**Euroclear**”). The Notes will, on the Issue Date, be entered (*inscrites en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in “Terms and Conditions of the Notes – Condition 2 – Form, Denomination and Title” below).

The Notes will be issued in dematerialised bearer form in the denomination of EUR 100,000 each. The Notes will, at all times, be represented in book entry form (*dématérialisé*) in the books of the Account Holders in compliance with Articles L. 211-3 and R. 211-1 of the French *Code monétaire et financier*. 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.

This Prospectus will be available on the websites of the Issuer ([www.labanquepostale.fr](http://www.labanquepostale.fr)) and the AMF ([www.amf-france.org](http://www.amf-france.org)). The 2010 Semi-Annual Statements, the 2009 Financial Report and the 2008 Financial Report containing the Information Incorporated by Reference will be available on the website of the Issuer ([www.labanquepostale.fr](http://www.labanquepostale.fr)). So long as any of the Notes are outstanding, this Prospectus, the 2010 Semi-Annual Statements, the 2009 Financial Report and the 2008 Financial Report will also be available during usual business hours on any weekday (except Saturdays, Sundays and public holidays) for inspection and collection free of charge, at the specified office of the Fiscal Agent.

**THE NOTES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). SEE “SUBSCRIPTION AND SALE”.**

*Structuring Adviser*

**Société Générale Corporate & Investment Banking**

*Joint Bookrunners and Joint Lead Managers*

**Credit Suisse**

**Natixis**

**HSBC**

**Société Générale Corporate & Investment Banking**

This Prospectus should be read and construed in conjunction with any supplement that may be published from time to time and with all information incorporated by reference herein (see "Information Incorporated by Reference") (together, the "**Prospectus**").

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 of 4 November 2003 and the relevant implementing measures in France, in respect of, and for the purposes of giving information with regard to, the Issuer and the Group (as defined below) and the Notes.

Certain information contained in this Prospectus and/or information incorporated by reference in this Prospectus has been extracted from sources specified in the sections where such information appears. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the above sources, no facts have been omitted which would render the information reproduced inaccurate or misleading. The Issuer has also identified the source(s) of such information.

References herein to the "**Issuer**" are to La Banque Postale. References to the "**Group**" are to the Issuer, together with its fully consolidated subsidiaries taken as a whole.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Lead Managers (each as defined in "Subscription and Sale "). Neither the delivery of this Prospectus nor any offering or sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or those of the Group since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or that of the Group since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the issue of the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Joint Lead Managers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom and France, see the section entitled "Subscription and Sale".

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS, NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR

FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT IN TRANSACTIONS EXEMPT FROM OR NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS AND SALES OF NOTES AND ON DISTRIBUTION OF THIS PROSPECTUS, SEE "SUBSCRIPTION AND SALE".

The Joint Lead Managers have not separately verified the information contained in this Prospectus. None of the Joint Lead Managers makes any representation, warranty or undertaking, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the issue and sale of the Notes.

Neither this Prospectus nor any information incorporated by reference in this Prospectus is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any information incorporated by reference should subscribe for or purchase the Notes. Neither this Prospectus nor any other information supplied in connection with the issue and sale of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Joint Lead Managers to any person to subscribe for or to purchase any Notes. In making an investment decision regarding the Notes, prospective investors must rely on their own independent investigation and appraisal of the (a) the Issuer, the Group, its business, its financial condition and affairs and (b) the terms of the offering, including the merits and risks involved. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer or the Group after the date of this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers. **Potential investors should, in particular, read carefully the section entitled "Risk Factors" set out below before making a decision to invest in the Notes and satisfy themselves that they understand all the risks associated with making investments in the Notes.**

References herein to "EUR", "euro" and "€" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union of 1 January 1999.

In connection with the issue of the Notes, Société Générale (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time, but must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted in accordance with applicable laws and rules.

### **Forward-Looking Statements**

This Prospectus contains forward-looking statements based on estimates and assumptions. Forward-looking statements include, among other things, statements concerning the business, future financial condition, results of operations and prospects of the Issuer and the Group. These statements usually contain the words "believes", "plans", "expects", "anticipates", "intends", "estimates" or other similar expressions. For each of these statements, you should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although it is believed that the expectations reflected in these forward-looking statements are reasonable, there is no assurance that the actual results or developments anticipated will be realised or, even if

realised, that they will have the expected effects on the business, financial condition, results of operations or prospects of the Issuer and the Group.

These forward-looking statements speak only as of the date on which the statements were made, and no obligation has been undertaken to publicly update or revise any forward-looking statements made in this Prospectus or elsewhere as a result of new information, future events or otherwise, except as required by applicable laws and regulations. In addition to other factors and matters contained or incorporated by reference in this Prospectus, it is believed that the following factors, among others, could cause actual results to differ materially from those discussed in the forward-looking statements.

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## RISK FACTORS

*Prior to making an investment decision, prospective investors should consider carefully all of the information set out and incorporated by reference in this Prospectus, including in particular the following risk factors. This section is not intended to be exhaustive and prospective investors should make their own independent evaluations of all risk factors 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. Certain information incorporated by reference in this Prospectus also contains useful information pertaining to the risk factors relating to the Issuer and its operations. See “Information Incorporated by Reference”.*

### **Risks Related to the Issuer**

*Despite the risk management measures and procedures implemented by the Issuer certain risks may affect the Issuer's profitability and its capacity, sometimes to a material extent, to perform its obligations under the Notes. The risks described below are those identified by the Issuer that could have an adverse effect on the Group's situation. Additional risks, which are either not currently known or not considered likely to materialise, as at the date of this Prospectus may also exist, such additional risks could materially and adversely affect the Group's business, financial condition or the results of its operations. The occurrence of one or more of these risks could also have an adverse effect on the Group's situation.*

### ***Risks relating to the general economic situation***

Due to the fact that the Issuer offers services to the general public, it is exposed to the general risk of a deterioration in its situation as a result of economic recessions, large-scale natural disasters, armed conflict, slowdown of the French, European or world economy, fluctuations in unemployment rates and the consumer credit trend and price competition in the market segments where the Issuer is active. Actual or potential such adverse changes have resulted and could result in particular from a deterioration in credit market conditions, regional or global recessions, fluctuations in commodity prices, increases or decreases in interest rates and inflation or deflation.

Adverse changes in market or economic conditions could create a challenging operating environment for financial institutions in the future. Such adverse changes could result, in particular, from high volatility in commodities prices (including oil), increases in interest rates, adverse geopolitical events (such as natural disasters, acts of terrorism and military conflicts), or a deterioration in credit market conditions. The Issuer faces a number of specific risks, with respect to adverse future market or economic conditions. Financial markets in France, in Europe and elsewhere may decline or experience increased volatility, which could lead to a decline in capital markets transactions, cash inflows and commissions. Adverse economic conditions could reduce demand for loans by borrowers or increase the rate of defaults by borrowers. These developments would adversely affect the Issuer's net banking income. Revenues and profitability could also be depressed by market losses in the Issuer's securities portfolio or proprietary positions, all resulting from adverse market and/or economic developments.

In response to the financial crisis, governments and regulators have enacted legislation and taken measures to help stabilise the financial system and increase the flow of credit to the economy. These measures have included the purchase or guarantee of distressed or illiquid assets; government guarantees of debt issued by financial institutions; recapitalisation through the purchase of securities issues by financial institutions. There can be no assurance as to the actual impact that these measures and related actions will have on the financial markets generally and on the Issuer specifically.

Certain countries in Europe currently have large sovereign debts and/or fiscal deficits and this has led to uncertainties in the markets as to whether or not the governments of those countries will be able to pay in full

and on time the amounts due in respect of those debts. These concerns have led to significant spikes in secondary market yields for sovereign debt of the affected countries and also to significant exchange rate volatility, especially with respect to the Euro. Further, the continued concern about the fiscal positions of the governments of the affected countries has also raised concerns regarding the exposures of banks to such countries, especially banks domiciled within Europe. These concerns may lead to such banks being unable to obtain funding in the interbank market or inter bank funding may become available only at elevated interest rates, which may cause such banks to suffer liquidity stress and potentially insolvency. If this were to happen, investors may suffer market value losses in respect of the Notes.

***Regulatory, legal and tax risk***

The Issuer is also exposed to the risk of regulatory changes. Regulatory risk is the risk of non-compliance or inability to comply fully with applicable regulations. Any general changes to regulatory requirements in particular with respect to prudential rules in relation to capital adequacy or financial reporting, could entail costs which may have a negative impact on profitability.

The Issuer's activity may be affected, even to a major extent, by measures or decisions in particular disciplinary, tax, administrative or judicial measures or decisions taken by the regulatory authorities, governments or courts. Such measures or decisions may also affect the reputation and impair the competitiveness of the Issuer.

The failure to manage the risks associated with changes in taxation rates or law, or misinterpretation of the law, could materially and adversely affect the Group's results of operations, financial condition and prospects.

The nature and impact of futures changes in regulatory, legal and tax rules and regulatory action are unpredictable and are beyond the Group's control. Such changes could include but are not limited to, the following:

- (i) general changes in regulatory requirements such as prudential rules relating to capital adequacy (including recent changes made to implement the Basel III process or other capital requirement rules);
- (ii) changes in government or regulatory policy that may significantly influence investor decisions in particular in France;
- (iii) changes in rules and procedures relating to internal control;
- (iv) changes in pricing practices and in the competitive environment;
- (v) any adverse change in the political environment creating instability or an uncertain legal situation capable of affecting the demand for the products and services offered by the Group; and
- (vi) exchange controls or nationalisation.

### ***Credit ratings of the Issuer***

The Issuer is rated A+ by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("**S&P**") and AA- Fitch Ratings Ltd ("**Fitch**").

In determining the ratings assigned to the Issuer, these rating agencies consider and will continue to review various indicators of the Group's performance, the Issuer's profitability and its ability to maintain its consolidated capital ratios within certain target levels. If the Issuer fails to achieve or maintain any or a combination of more than one of the indicators, including if the Issuer is unable to maintain its consolidated capital ratios within certain target levels, this may result in a downgrade of the ratings assigned by S&P and Fitch.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time.

### ***Market activity related risks***

(i) Credit and counterparty risks

Credit risk refers to the risk that a debtor (the State, corporate entity or physical person) will be unable to meet its financial obligations. Market activity risk refers to the risk of default by, on the one hand, issuers on securities purchased for their own account or for balance sheet management purposes and, on the other hand, default by counterparties on cash or securities lending transactions entered into for cash management purposes.

Counterparty risk means the risk of a transaction counterparty defaulting prior to final settlement of all cash flows under the transaction. The Issuer is also exposed to this risk due to its frequent activity in over-the-counter markets.

(ii) Market risks

Market risk for the trading portfolio of the Issuer is the risk of suffering loss caused by fluctuations in the price of financial instruments as a result of fluctuations in interest rates, credit spreads, exchange rate or raw materials prices, stock markets and more generally variations in market parameters.

For the banking portfolio, market risks mean the risk of exposure to changes in interest rates as a result of all balance sheet and off-balance sheet transactions with the exception, if applicable, of "Held For Trading" portfolio transactions. This definition therefore includes the interest rate risk borne by "Available For Sale" and "Held To Maturity" securities subscribed to guarantee the Issuer's clients' cash deposits and accounts.

Liquidity of financial instruments also constitutes an important part of market risk because insufficient liquidity can render it difficult or even impossible to trade an asset at its market value.

(iii) Liquidity risk

For the Issuer liquidity risk means the risk of not being able to meet its commitments notably to its depositors or of not being able to finance itself at an acceptable cost.

Due to the structure of its balance sheet made up in the majority of on demand financial resources set against instruments with various maturities, the Issuer is exposed to liquidity risk. In addition, the Issuer businesses are subject to inherent risks concerning liquidity, particularly if the availability of traditional sources of funding such as retail deposits or the access to wholesale money market continues to be limited or becomes more limited.



(iv) Hedging risk

If any of the variety of instruments and strategies that the Issuer uses to hedge its exposure to various types of risk in its businesses is not effective, the Issuer may incur losses. Many strategies are based on historical trading patterns and correlations and may turn out to be wrong or not sufficient. Accordingly, the hedge may only be partial or the strategies used may not protect against all future risks or may not be fully effective in mitigating the Issuer's risk exposure in all markets environments or against all types of risk in the future.

***Credit risk on retail clients***

In the context of its property lending, current account overdraft facilities and consumer credit for retail clients, the Issuer is also exposed to credit risk as a result of clients being unable to reimburse their debts.

***Operational risk***

Operational risk is the risk of suffering loss as a result of an operational malfunction, unsuitable procedures, inadequate systems, human error or external events (such as a natural disaster, terrorist attack or other serious situations) which do not relate to a credit, market or liquidity risk.

Operational risk includes notably the risk of failure of the Issuer's IT or communications systems which could lead to errors in or interruptions of the client management, accounting or deposit taking systems and in general affect activities of the Issuer. In particular, an interruption in or a breach of the Issuer's information systems, or those of third parties, may result in lost business and other losses. As with most other banks, the Issuer relies heavily on communications and information systems to conduct its business, as its activities require it to process a large number of increasingly complex transactions. Any failure or interruption or breach in security of these systems could result in failures or interruptions in customer relationship management, deposit, trading and/or loan organisation systems. If, for example, the Issuer information systems failed, even for a short period of time, it would be unable to serve some customers' needs in a timely manner and could thus lose their business. Likewise, a temporary shutdown of the Issuer's information systems, despite back-up recovery systems and contingency plans, could result in considerable information retrieval and verification costs, and even a decline in its proprietary businesses if, for instance, such a shutdown occurs during the implementation of its hedging policies. The inability of the Issuer's systems to accommodate an increasing volume of transactions could also constrain its ability to expand its businesses. The Issuer also faces the risk of operational failure or termination of any of the clearing agents, exchanges, clearing houses, depositaries or other financial intermediaries or outside vendors it uses to execute or facilitate its securities transactions. As its interconnectivity with its customers grows, the Issuer may also increasingly face the risk of operational failure with respect to its customers' systems. The Issuer cannot provide assurances that such failures or interruptions in its systems or in those of such other parties will not occur or, if they do occur, that they will be adequately addressed.

***Insurance risk***

Insurance risk is the risk of a negative impact on profits caused by the differential between forecast and actual disaster events. In spite of the great care exercised by the Issuer over its insurance policy, it cannot guarantee that such risk will not materialise. Furthermore, unforeseen and therefore uninsured events may occur, which would affect the Issuer's profits.

***Risks relating to the competitive environment***

The Issuer's principal activities all face fierce competition. If competition continues to intensify in France, in particular in response to competitor behaviour, consumer demand, technological changes, which is the Issuer's principal market, this could negatively impact on its profits should the Issuer not manage to maintain its competitiveness.

### ***Risks related to the Issuer and its industry***

- (i) The Issuer may incur significant losses on its trading and investment activities due to market fluctuations and volatility

The Issuer's business is centered on retail banking in France.

However, the Issuer may from time to time maintain trading and investment positions in the debt, asset management, currency and equity markets, and in other assets. These positions could be adversely affected by volatility, i.e. the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. Volatility trends that prove substantially different from the Issuer's expectations may also lead to losses relating to a broad range of other trading and hedging products the Issuer may use, including swaps, forwards and futures, options and structured products.

- (ii) The Issuer 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 the Issuer executes for its clients and, therefore, to a decline in its net banking income from this activity. In addition, because the fees that the Issuer charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues the Issuer receives from its asset management, insurance and other banking businesses. Even in the absence of a market downturn, below-market performance by the Group's mutual funds may result in increased withdrawals and reduced inflows, which would reduce the revenues the Issuer receives from its asset management division, through La Banque Postale Asset Management (LBP-AM) sub-group. Likewise, below-market performance by the Group's life insurance products may result in lower revenues received from its insurance division.

### ***Risks related to the retaining existing clients and attracting new clients***

A key part of the Group's strategy involves growing in all its retail banking activities. This involves maintaining existing clients as much as attracting new clients. If the Group is not successful in retaining and strengthening customer relationships, it will not be able to deliver on its strategy and may lose market share, incur losses on some or all of its activities or fail to attract new and retain existing clients, which could have a material adverse effect on its business, financial condition and results of operations.

### ***Other risks***

- (i) The Issuer's ability to attract and retain qualified employees is critical to the success of its business and failure to do so may materially affect its performance.

The Issuer's employees are its most important resource and, in many areas of the financial services industry, competition for qualified personnel is intense. The Issuer's results depend on its ability to attract new employees and to retain and motivate its existing employees. This may impact the Issuer's ability to take advantage of business opportunities or potential efficiencies.

- (ii) Future events may be different than those reflected in the management assumptions and estimates used in the preparation of the Issuer's financial statements, which may cause unexpected losses in the future.

Pursuant to IFRS rules and interpretations in effect as at the present date, the Issuer is required to use certain estimates in preparing its financial statements, including accounting estimates to determine loan loss reserves, reserves related to future litigation, and the fair value of certain assets and liabilities,

among other items. Should the Issuer's estimated values for such items prove substantially inaccurate, particularly because of significant and unexpected market movements, or if the methods by which such values were determined are revised in future IFRS rules or interpretations, the Issuer may experience unexpected losses.

- (iii) Significant interest rate changes could adversely affect the Issuer's net banking income or profitability.

The amount of net interest income earned by the Issuer 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 Issuer. Interest rates are highly sensitive to many factors beyond the Issuer's control. 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 the Issuer's net interest income from lending activities. In addition, decreases in the interest rates at which long-term lending is made and long term assets are purchased and maturity mismatches may adversely affect the Issuer's profitability. Decreasing or low interest rates over the long term may create a less favorable environment for certain of the Issuer businesses.

- (iv) Unforeseen events can interrupt the Issuer's operations and cause substantial losses and additional costs.

Unforeseen events like severe natural disasters, pandemics, terrorist attacks or other states of emergency can lead to an abrupt interruption of the Issuer's operations 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 Issuer'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 the Issuer's costs (such as insurance premiums). Such events may also make insurance coverage for certain risks unavailable and thus increase the Issuer's global risk.

- (v) The Issuer's profitability and business prospects could be adversely affected by reputational and legal risk.

Various issues may give rise to reputational risk and cause harm to the Issuer and its business prospects. These issues include inappropriately dealing with potential conflicts of interest, legal and regulatory requirements, ethical issues, money laundering laws, information security policies and sales and trading practices. Failure to address these issues appropriately could also give rise to additional legal risk to the Issuer, which could increase the number of litigation claims and the amount of damages asserted against the Issuer, or subject the Issuer to regulatory sanctions.

- (vi) The net banking income of the Issuer may be affected by changes to the rules governing the *Livret A*. The *Livret A* is an interest bearing regulated and tax exempted savings account: the amount that can be deposited is capped, the rate of interest paid to the customer, set by the State, is revised four times each year.

Following the enactment of the law dated 4 August 2008 relating to the modernisation of financial activities which allowed all credit institutions which are authorised to receive funds from the public and which enter into an agreement with the French State to distribute *Livret A* to their clients as from 1 January 2009, the Issuer, Caisses d'Épargne and Crédit Mutuel (through the so-called *Livret Bleu*) are no longer the exclusive distributors of *Livret A*. Although the impact of this reform on the Issuer's 2009 banking income is lower than expected, it cannot be ruled out that this reform will lead to a reduction in the market share of the Issuer for *Livret A* deposits on the long term which could affect the total amount of commissions that it receives.

## **Risks Related to the Notes**

### ***Independent Review and Advice***

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. A prospective investor may not rely on the Issuer or the Joint Lead Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

### ***The Notes are ordinary subordinated obligations***

The Issuer's obligations under the Notes are ordinary subordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other present and future ordinary subordinated indebtedness of the Issuer, but will be paid in priority to the present and future *prêts participatifs* granted to the Issuer, *titres participatifs* and deeply subordinated notes issued by the Issuer.

In the event of judicial liquidation (*liquidation judiciaire*) of the Issuer, the Noteholders may recover proportionately less than the holders of more senior indebtedness of the Issuer. In the event that the Issuer has insufficient assets to satisfy all of its claims in liquidation of the Issuer, the Noteholders may receive less than the principal amount of the Notes and may incur a loss of their entire investment. Thus, holders of the Notes generally face a higher performance risk than holders of Senior Notes.

### ***Eligibility as Tier 2 Capital depends upon a number of conditions being satisfied***

The Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Lower Tier 2 Capital for the Issuer, subject to the limits on the portion of the Issuer's Lower Tier 2 Capital out of the Issuer's total Tier 2 Capital and also the Issuer's total regulatory capital (comprising Tier 1, Tier 2 and Tier 3 Capital) in accordance with the capital adequacy regulations then in effect (the "Applicable Banking Regulations") of the *Secrétariat Général de l'Autorité de Contrôle Prudentiel* (the "SGACP") and the interpretations of the SGACP.

Such eligibility depends upon a number of conditions being satisfied, which are reflected in the terms and conditions of the Notes. In particular, Noteholders are ordinary subordinated creditors of the Issuer.

### ***Fixed Rate***

The Notes bearing interest at a fixed rate; investment in such Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

### ***For so long as the Notes remain Ordinary Subordinated Notes there will be no events of default under the Notes, except in the event of liquidation of the Issuer***

For so long as the Notes remain Ordinary Subordinated Notes the Notes do not provide for events of default allowing acceleration of the Notes, except in the event of a liquidation of the Issuer. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment or principal of, or interest on, the Notes will be the institution of proceedings to enforce such payment.

***For so long as the Notes remain Ordinary Subordinated Notes they do not restrict the Issuer’s ability to incur additional indebtedness, to guarantee indebtedness or to pledge its assets***

For so long as the Notes remain Ordinary Subordinated Notes there is no restriction on the amount of debt that the Issuer may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank senior in priority of payment to the Notes. If the Issuer’s financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including, if the Issuer were liquidated (whether voluntarily or involuntarily), loss by the Noteholders of their entire investment. In addition for so long as the Notes remain Ordinary Subordinated Notes, the Notes do not contain any “negative pledge” or similar clause, meaning that the Issuer may pledge its assets to secure other obligations without granting similar security in respect of the Notes.

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

In certain circumstances for taxation reasons (see “Terms and Conditions of the Notes – Condition 6 – Redemption and Purchase”), the Issuer will be required to redeem the Notes in whole (but not in part). In each case, early redemption of the Notes is subject to the prior approval of the SGACP. There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Notes.

***Potential Step Down affecting the rate of interest under the Notes***

The original rate of interest may be lowered to 4.075 per cent. per annum if, subject to certain limitations, as a result of any change in French law, or any change in the official application or interpretation thereof, the proceeds of the Notes cease to be eligible as Tier 2 Capital for the Issuer. Any change in the rate of interest will be subject to Condition 5 of the Notes (*Interest*).

***Redemption for taxation reasons***

The Issuer may, and in certain circumstances shall be required to, redeem the Notes in whole (but not in part) if (i) the Issuer becomes obliged to pay additional amounts in respect of French withholding tax as a result of a change in French tax law or official application or interpretation of such law becoming effective after the issue date of the Notes or (ii) the Issuer is prevented by French law from making payment to the Noteholders of the full amounts then due and payable (including any additional amounts which would be payable pursuant to Condition 8 (*Taxation*) but for the operation of such French law). Any redemption of the Notes will be subject to Condition 6 of the Notes (*Redemption and Purchase*).

In each of the above cases, there can be no assurance that, at the relevant time, investors will be able to reinvest the amounts received upon redemption at a rate that will provide the same returns as their investment in the Notes.

***Currency risk***

Prospective investors of the Notes should be aware that an investment in the Notes may involve exchange rate risks. The Notes may be denominated in a currency other than the currency of the purchaser’s home jurisdiction. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Notes.

***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***

The long term debt of the Issuer has been assigned a rating of A+ by S&P and AA- by Fitch Ratings Ltd. 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 may affect the market value of the Notes.

The Issuer expects that S&P assign a rating of A to the Notes on issue. This rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. In addition, any other rating agencies may assign in the future a lower rating to the Notes which may have a negative impact on 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 relevant rating agency at any time. In addition, a rating agency may change its methodologies for rating securities with features similar to the Notes in the future. If a rating agency were to change its practices for rating such securities in the future and its rating of the Notes were to be subsequently lowered, 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 market interest and yield rates.

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 listed. The price at which a Noteholder will be able to sell the Notes may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

***Potential Conflicts of Interest***

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

***There can be no assurance that any market will develop for the Notes***

There is currently no existing market for the Notes, and there can be no assurance that any market will develop for the Notes or that Noteholders will be able to sell their Notes in the secondary market, in which case the market or trading price and liquidity of the Notes may be adversely affected. Investors may be unable to sell their Notes easily or with satisfactory price conditions, in particular in respect of the yield available in similar investments with a secondary market. The sale price of the Notes prior to maturity will be equal to their market price, which may entail either a gain or a loss for the selling Noteholders. There is no obligation to make a market in the Notes. While application shall be made for the Notes to be listed and admitted to trading on Euronext Paris, there can be no assurance that an active market will develop for the Notes.

***No voting rights***

The Notes do not give the Noteholders the right to vote at meetings of the shareholders of the Issuer.

***Taxation***

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial notes such as the Notes. The tax impact on an individual noteholder may differ from the situation described for Noteholders generally. Potential investors are advised not

to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

### ***EU Savings Tax Directive***

On 3 June 2003, the European Council of Economic and Finance Ministers adopted a directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the "**Directive**"). The Directive requires Member States, subject to a number of conditions being met, to provide to the tax authorities of other Member States details of payments of interest and other similar income made by a paying agent located within their jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with other countries).

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

The European Commission has adopted a proposal for amendments to the Directive, which, if adopted, would amend or broaden the scope of the Directive.

### ***French Insolvency Law***

Under French insolvency law as amended by ordinance n°2008-1345 dated 18 December 2008 and by law n°2010-1249 dated 22 October 2010 applicable as from 1<sup>st</sup> March 2011, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") during a preservation procedure (*procédure de sauvegarde*), an accelerated financial preservation procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer, in order to defend their common interests.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (EMTN) and regardless of their governing law. The Assembly deliberates on the draft safeguard plan (*projet de plan de sauvegarde*), draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or draft judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

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

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending such Assembly or represented thereat). No quorum is required on convocation of the Assembly. For the avoidance of doubt, the provisions relating to the Masse described in this Prospectus will not be applicable in these circumstances.

### ***Change of law***

The Terms and Conditions of the Notes are based on the laws of France 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 to the laws of France or administrative practice after the date of this Prospectus. Furthermore, the Issuer operates in a heavily regulated environment and has to comply with extensive regulations in France and elsewhere. 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.

### ***Future capital adequacy requirements for Tier 2 instruments***

The Notes will be issued for capital adequacy regulatory purposes in accordance with Directives no. 2006/48/EC of 14 June 2006 and no. 2006/49/EC of 14 June 2006 (together, “**CRD I**”) and Directive no. 2009/111/EC of 16 September 2009 (“**CRD II**”) as transposed into France by Règlement n° 90-02 dated 23 February 1990, as amended, of the *Comité de la Réglementation Bancaire et Financière*. The European Commission intends in a near future to implement further possible changes to CRD I and CRD II (“**CRD IV**”) as regards, *inter alia*, certain own funds items. The possible changes of CRD IV are closely aligned with the expected amendments to the Basel framework and focus, *inter alia*, in relation to Tier 2 Capital, to eliminate the distinction between Upper Tier 2 instruments (i.e. certain undated ordinary subordinated instruments) and Lower Tier 2 instruments (i.e. dated ordinary subordinated instruments) and to phase out Tier 2 capital instruments which will not meet the CRD IV requirements. To this end, the European Commission intends to adopt and publish a legislative proposal between the second half of 2010 and the first quarter of 2011.

In addition, the Group of Governors and Heads of Supervision, oversight body of the international Basel Committee on Banking Supervision, published on 12 September 2010 a press release announcing a package of reforms designed to reinforce the agreements it reached on 26 July 2010 (together “**Basel III**”). The new agreements combine a much stronger definition of capital, higher minimum requirements and the introduction of new capital buffers.

For the implementation of such guidelines that may require banks, such as the Issuer, to raise significant amount of additional capital, the Basel Committee agreed on transitional agreements. Under the new standards, capital instruments that no longer qualify as Tier 2 capital will be phased out over a 10 year horizon beginning 1 January 2013. Their recognition will be capped at 90 per cent. of their outstanding principal amount from that date, with the cap reducing by 10 percentage points in each subsequent year. However, only those instruments issued before the date of the press release and that no longer qualify as Tier 2 capital should qualify for the transition arrangements. Member countries must transpose the rules into national legislation no later than 1 January 2013. When transposed, those transitional arrangements are likely to have an impact on the Notes.

Although it is the Issuer’s intention that the Notes qualify as Tier 2 Capital, there can be no representation that this is or will remain the case during the life of the Notes or that the Notes will be grandfathered under the implementation of future CRD regulations or Basel III guidelines. If the Notes are not grandfathered or for any other reason cease to qualify as Tier 2 Capital, the Issuer will have the right to, subject to certain limitations, change the status of the Notes from Ordinary Subordinated Notes to Senior Notes (See “Status of the Notes following a Capital Disqualification Event”) in which event the rate of interest applicable to the Notes will be changed from 4.375 per cent. to 4.075 per cent. per annum in accordance with Condition 3.2 of the Notes (*Status of the Notes following a Capital Disqualification Event*) and Condition 5 (*Interest*).



## DESCRIPTION OF THE NOTES

<b>Description:</b>	EUR 750,000,000 Ordinary Subordinated 4.375 per cent. Notes due 2020, the proceeds of which will constitute Lower Tier 2 Capital, subject to the limits on the portion of the Issuer's Lower Tier 2 Capital within Tier 2 Capital (whether Upper or Lower Tier 2 Capital) on the one hand and total regulatory capital (i.e. Tier 1, Tier 2 and Tier 3 Capital) on the other hand in accordance with Applicable Banking Regulations as interpreted by the <i>Secrétariat Général de l'Autorité de Contrôle Prudentiel</i> (the "SGACP"). The initial principal amount of the Notes could exceed those limits at the time the Notes are issued.
<b>The Issuer:</b>	La Banque Postale
<b>Principal amount:</b>	EUR 750,000,000
<b>Structuring Adviser:</b>	Société Générale
<b>Joint Bookrunners and Joint Lead Managers:</b>	Credit Suisse Securities (Europe) Limited, HSBC Bank plc, Natixis and Société Générale
<b>Issue Price:</b>	99.310 per cent.
<b>Fiscal Agent and Paying Agent:</b>	Société Générale
<b>Denomination:</b>	EUR 100,000.
<b>Maturity:</b>	30 November 2020.
<b>Status of the Notes:</b>	<p>The Notes are ordinary subordinated notes (constituting <i>obligations</i> under French law) issued pursuant to the provisions of Article L. 228-97 of the French <i>Code de commerce</i>.</p> <p>The principal and interest on the Notes are direct, unconditional, unsecured and ordinary subordinated obligations of the Issuer and rank, and will rank <i>pari passu</i> among themselves <i>pari passu</i> with all other present and future ordinary subordinated notes of the Issuer but in priority to the present and future <i>prêts participatifs</i> granted to the Issuer, <i>titres participatifs</i> and deeply subordinated notes issued by the Issuer.</p>
<b>Status of the Notes following a Capital Disqualification Event:</b>	If a Capital Disqualification Event (as defined in Condition 3.2) occurs, the Issuer may, subject to the prior approval of the SGACP and to certain limitations, provide notice to such effect to Noteholders. Such notice (a "Change in Status Notice") shall become effective on the Interest Payment Date specified therein, and must be given at least 30 days prior to the Interest Payment Date on which it is to become effective. Upon the effectiveness of such Change in Status Notice, the Notes shall automatically become Senior Notes.
<b>Regulatory Treatment:</b>	The proceeds of the issue of the Notes are expected to be treated, for regulatory purposes, as consolidated <i>fonds propres complémentaires de deuxième niveau</i> for the Issuer. <i>Fonds propres complémentaires de</i>

*deuxième niveau* (“**Lower Tier 2 Capital**”) shall have the meaning given to that expression in Article 4(d) of *Règlement* no. 90-02, dated 23 February 1990, as amended, of the *Comité de la Réglementation Bancaire et Financière* (the “**Regulation N° 90-02**”) or otherwise recognised as *fonds propres complémentaires de deuxième niveau* by SGACP. In the event of a Capital Disqualification Event, the proceeds of the issue of the Notes will no longer be treated as Lower Tier 2 Capital.

**Interest:**

Interest on the Notes will be payable from and including 30 November 2010 (the “**Issue Date**”) at a rate of 4.375 per cent. per annum annually in arrear on 30 November in each year (each, a “**Interest Payment Date**”), commencing on 30 November 2011 until the Maturity Date, provided however, that from and after the Interest Payment Date on which a Change in Status Notice becomes effective pursuant to Condition 3.2 the Interest Rate shall be 4.075 per cent. per annum.

**Early Redemption:**

The Issuer will have the right, and in certain circumstances the obligation, to redeem the Notes at par on any Interest Payment Date (in whole but not in part) in case of imposition of withholding tax. Any such redemption will be at the Principal Amount plus unpaid interest.

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

**Negative Pledge:**

There is no negative pledge in respect of the Notes for so long as the Notes remain Ordinary Subordinated Notes. Should the Notes become Senior Notes following a Capital Disqualification Event there will be a negative pledge as set out in Condition 4.

**Events of Default (including cross default)**

There will be no event of default except in the case of the liquidation of the Issuer in respect of the Notes for so long as the Notes remain Ordinary Subordinated Notes. Should the Notes become Senior Notes following a Capital Disqualification Event there will be events of default and a cross default in respect of the Notes as set out in Condition 9.

**Risk Factors relating to the Notes:**

There are risk factors that are material for the purpose of assessing the risks associated with the Notes, including the following (each of which is described in more detail under “Risk Factors”):

- (a) The Notes are ordinary subordinated obligations and will be subordinated to the Issuer's existing and future indebtedness (except *prêts participatifs*, *titres participatifs* and deeply subordinated notes issued by the Issuer);
- (b) There is no limitation on issuing or guaranteeing debt for so long as the Notes remain Ordinary Subordinated Notes;
- (c) The potential step down affecting the rate of interest under the Notes;
- (d) The Notes may be redeemed under certain circumstances (for taxation, reasons); and

(e) There is no prior market for the Notes.

<b>Taxation:</b>	All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. See “Taxation”.
<b>Representation of Noteholders:</b>	The Noteholders will be grouped automatically for the defense of their respective common interests in a <i>masse</i> governed by the provisions of the French <i>Code de commerce</i> subject to certain exceptions and provisions (the “ <b>Masse</b> ”). The Masse will be a separate legal entity, and will be acting in part through one representative and in part through a general meeting of the Noteholders.
<b>Form of Notes:</b>	<p>The Notes will, upon issue, be entered in the books of Euroclear France, which shall credit the accounts of the Account Holders, including Euroclear and the depositary bank for Clearstream, Luxembourg.</p> <p>The Notes will be issued in bearer dematerialised form (<i>au porteur</i>) and will, at all times, be represented in book entry form in compliance with Articles L. 211-3 and R. 211-1 of the French <i>Code monétaire et financier</i>. No physical document of title (including <i>certificats représentatifs</i> pursuant to Article R. 211-7 of the French <i>Code monétaire et financier</i>) will be issued in respect of the Notes.</p>
<b>Listing and Admission to Trading:</b>	Application has been made to list and admit the Notes to trading on Euronext Paris. Such listing and admission to trading is expected to occur on the Issue Date.
<b>Selling Restrictions:</b>	There are restrictions on the sale of the Notes and the distribution of offering material in various jurisdictions. See “Subscription and Sale”.
<b>Rating:</b>	The Notes are expected to be assigned a rating of “A” by Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc. The long term debt of the Issuer has been assigned a rating of A+ by S&P and AA- by Fitch Ratings Ltd. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.
<b>Governing Law:</b>	French law.

## INFORMATION INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the sections referred to in the table below included in

- the *comptes consolidés groupe au 30 juin 2010*, in French language, filed with the AMF on 16 September 2010, which contains the unaudited consolidated condensed semi-annual financial statements of the Issuer for the six-month period ended 30 June 2010 and the related auditors' limited review report (the “**2010 Semi-Annual Statements**”);
- the 2009 *Rapport financier*, in French language, filed with the AMF on 16 September 2010, which contains the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2009 and the related statutory auditors' report (the “**2009 Financial Report**”); and
- the 2008 *Rapport financier*, in French language, filed with the AMF on 16 September 2010, which contains the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2008 and the related statutory auditors' report (the “**2008 Financial Report**”),

which have been previously published or is published simultaneously with this Prospectus and shall be incorporated in, and form part of, this Prospectus (the “**Information Incorporated by Reference**”).

Such information shall be deemed to be incorporated in, and form part of this Prospectus, save that any statement contained in the information which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

This Prospectus will be available on the websites of the Issuer ([www.labanquepostale.fr](http://www.labanquepostale.fr)) and the AMF ([www.amf-france.org](http://www.amf-france.org)). The 2010 Semi-Annual Statements, the 2009 Financial Report and the 2008 Financial Report containing such Information Incorporated by Reference will be available on the website of the Issuer ([www.labanquepostale.fr](http://www.labanquepostale.fr)). So long as any of the Notes are outstanding, this Prospectus, the 2010 Semi-Annual Statements, the 2009 Financial Report and the 2008 Financial Report will also be available during usual business hours on any weekday (except Saturdays, Sundays and public holidays) for inspection and collection free of charge, at the specified office of the Fiscal Agent.

The free English translations of the 2010 Semi-Annual Statements, the 2009 Financial Report and the 2008 Financial Report are available on, and may be obtained without charge from, the website of the Issuer ([www.labanquepostale.fr](http://www.labanquepostale.fr)).

For the purposes of the Prospectus Directive, the information incorporated by reference in this Prospectus is set out in the following cross-reference table:

	<b>Annex XI of the European Regulation 809/2004/EC of 29 April 2004</b>	Page n° of the 2010 Semi-Annual Statements	Page n° of the 2009 Financial Report	Page n° of the 2008 Financial Report
<b>11</b>	<b>FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>			
<b>11.1</b>	<b><u>Historical Financial Information</u></b>  Audited historical financial information covering the latest 2 financial years:  (a) the balance sheet;  (b) the income statement;   (c) the accounting policies and explanatory notes.		110 111  114 to 182	46 47  65 to 107
<b>11.2</b>	<b><u>Financial statements</u></b>  If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.		186 to 191	111 to 116
<b>11.3</b>	<b><u>Auditing of historical annual financial information</u></b>			
<b>11.3.1</b>	A statement that the historical financial information has been audited.		183 to 184	108 to 109
<b>11.5</b>	Interim and other financial statements			
<b>11.5.1</b>	Interim Financial Statements	3 to 23		
<b>11.5.2</b>	Statutory Auditors limited review report	24 to 25		

## TERMS AND CONDITIONS OF THE NOTES

The issue outside the Republic of France of the Euro (“EUR”) 750,000,000 Ordinary Subordinated 4.375 per cent. Notes due 2020 (the “Notes”) was decided on 19 November 2010 by Philippe BAJOU, member of the Management Board (*Directoire*) of La Banque Postale (the “Issuer”), acting pursuant to a resolution of the Supervisory Board (*Conseil de surveillance*) of the Issuer dated 3 November 2010 and a resolution of the Management Board (*Directoire*) of the Issuer dated 3 November 2010. The Notes are issued with the benefit of a fiscal agency agreement (the “Fiscal Agency Agreement”) dated on or about 30 November 2010 between the Issuer, Société Générale as fiscal agent and paying agent (the “Fiscal Agent”, the “Paying Agent”, which expressions shall, where the context so admits, include any successor for the time being of the Paying Agent or the Fiscal Agent). Reference below to the “Agents” shall be to the Fiscal Agent and/or the Paying Agent, as the case may be. Copies of the Fiscal 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.

### 1 DEFINITIONS

For the purposes of these Conditions:

“**Applicable Banking Regulations**” means the current capital adequacy regulations in effect of the regulatory authority in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other jurisdiction) having authority to adopt capital adequacy regulations with respect to the Issuer.

“**Business Day**” means a day (other than Saturday or Sunday) on which commercial banks are open for business in Paris and on which the TARGET2 System is operating.

“**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 Tier 2 Capital Regulations**” means the capital adequacy regulations which may in the future be introduced into France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other jurisdiction) and applicable to the Issuer, which would lay down the requirements to be fulfilled by financial instruments for inclusion in Tier 2 capital (or whatever the terminology that may be retained).

“**Lower Tier 2 Capital**” means *fonds propres complémentaires* within the meaning of Article 4(d) of the Regulation N° 90-02 (as defined in Condition 3 (*Status of the Notes and Subordination*)).

“**Noteholders**” means the holders of the Notes.

“**Ordinary Subordinated Notes**” mean Notes which are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and *pari passu* with all other present and future direct, unconditional, unsecured and ordinary subordinated indebtedness of the Issuer. Subject to applicable law, in the event of the voluntary liquidation of the Issuer, bankruptcy proceedings, or any other similar proceedings affecting the Issuer, the rights of the Noteholders including the right to receive interest payments will be subordinated to the full payment of the unsubordinated creditors (including depositors) of the Issuer and, subject to such payment in full, such Noteholders will be paid in priority to *prêts participatifs* granted to the Issuer, *titres participatifs* and deeply subordinated notes issued by the Issuer.

“**Senior Notes**” mean notes which are direct, unconditional, unsecured and unsubordinated obligations of the issuer which shall rank *pari passu* among themselves and at least *pari passu* with all other direct, unconditional, unsecured and unsubordinated indebtedness of the Issuer, present and future (save for statutorily preferred exceptions).

“**SGACP**” means the *Secrétariat Général de l’Autorité de Contrôle Prudentiel* established by Ordinance n°2010-76 dated 21 January 2010 which reference shall, where applicable, include any other authority having supervisory authority with respect to the Issuer.

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

“**Tier 2 Capital**” means (i) Upper Tier 2 Capital and Lower Tier 2 Capital under Applicable Banking Regulations or (ii) Tier 2 capital (or whatever the terminology that may be retained) under Future Tier 2 Capital Regulations.

“**Upper Tier 2 Capital**” means *fonds propres complémentaires* within the meaning of Article 4(c) of the Regulation N° 90-02 (as defined in Condition 3 (*Status of the Notes and Subordination*)).

## 2 FORM, DENOMINATIONS AND TITLE

The Notes are issued in dematerialised bearer form (*au porteur*) in denomination of EUR 100,000. Title to the Notes will be evidenced in accordance with Articles L. 211-3 and R. 211-1 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 intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. (“**Euroclear**”) and the depository bank for 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.

## 3 STATUS OF THE NOTES AND SUBORDINATION

### 3.1 Ordinary Subordinated Notes

Subject to Condition 3.2 the Notes are Ordinary Subordinated Notes (constituting *obligations* under French law) issued pursuant to the provisions of Article L. 228-97 of the French *Code de commerce*.

In the event of incomplete payment of unsubordinated creditors on the *liquidation judiciaire* of the Issuer, the obligations of the Issuer in connection with principal and interest on the Notes, will be terminated by operation of the law.

It is the intention of the Issuer that the proceeds of the issue of the Notes shall, for regulatory purposes, be treated as Lower Tier 2 Capital of the Issuer within the meaning of Article 4(d) of *Règlement* n° 90-02 dated 23 February 1990, as amended, of the *Comité de la Réglementation Bancaire et Financière* (the “**Regulation N° 90-02**”), or otherwise be recognised as *fonds propres complémentaires* by the SGACP.

### 3.2 Status of the Notes following a Capital Disqualification Event

- (a) If at any time on or after 1 January 2013, the SGACP (or any successor authority) decides, having regard to the applicable regulatory framework, that the Notes no longer qualify as

Lower Tier 2 Capital (the “**Capital Disqualification Event**”), subject to paragraph (b) below, the Issuer may, subject to the prior approval of the SGACP, provide notice to such effect to Noteholders in accordance with Condition 11. Such notice (a “**Change in Status Notice**”) shall become effective on the Interest Payment Date specified therein, and must be given at least 30 days prior to the Interest Payment Date on which it is to become effective. Upon the effectiveness of such Change in Status Notice, Condition 3.1 will no longer apply (except that the Notes will continue to constitute *obligations* under French law), and the Notes shall automatically become Senior Notes.

- (b) Notwithstanding the foregoing, a Capital Disqualification Event shall not be deemed to have occurred and the Issuer may not give a Change in Status Notice due to the following reasons:
- (i) Amortisation applicable to Lower Tier 2 Capital status as contemplated in Regulation N° 90-02, or any successor regulation that contemplates amortisation of Tier 2 Capital status prior to the Maturity Date of the Notes; or
  - (ii) Amortisation due to transitional arrangements for future amendments to Regulation N° 90-02 relative to the status of the Notes as of the date of issue of the Notes, except after such transitional arrangements have caused the full principal of the Notes to be disqualified from Tier 2 Capital; or
  - (iii) Where such exclusion is only due to the application of regulatory limitations on the amount of Tier 2 Capital that may be included in the calculation of own funds (*fonds propres*) of the Issuer.

#### 4 **NEGATIVE PLEDGE**

If the Notes become Senior Notes pursuant to Condition 3.2 above and any of the Notes remains outstanding, the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other security interest upon the whole or any part of its undertaking, revenues or assets, present or future, in order to secure any Indebtedness, without at the same time according to the Senior Notes the same, or substantially the same, security.

For the purposes of this Condition 4 :

“**Indebtedness**” means any indebtedness of the Issuer which is in the form of or represented by any bond (*obligation*) or note or any other security which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) ; and

“**outstanding**” means, in relation to the Notes, all the Notes issued other than (a) those that have been redeemed in accordance with Condition 6.1 (*Final Redemption*) and 6.2 (*Redemption for Taxation Reasons*), (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid to the relevant Account Holders on behalf of the Noteholders as provided in Condition 2, (c) those which have become void or in respect of which claims have become prescribed and (d) those which have been purchased and cancelled as provided in Condition 6.4 (*Cancellation*).

This Condition 4 does not apply to the Notes so long as they remain Ordinary Subordinated Notes.



## 5 INTEREST

### 5.1 Interest Payment Dates

The Notes bear interest at a rate of 4.375 per cent. per annum (the “**Interest Rate**”) from (and including) 30 November 2010 payable annually in arrear on 30 November in each year (each an “**Interest Payment Date**”), commencing on 30 November 2011 up to (and including) the Maturity Date, provided, however, that from and after the Interest Payment Date on which a Change in Status Notice becomes effective pursuant to Condition 3.2, the Interest Rate shall be 4.075 per cent. per annum.

The period beginning on (and including) 30 November 2010 and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an “**Interest Period**”.

### 5.2 Interest Payments

Interest will cease to accrue on the Notes on the due date for redemption thereof unless, upon such due date, payment of principal is improperly withheld or refused or if default is otherwise made in respect of payment thereof. In such event, interest will continue to accrue at the relevant rate as specified in the preceding paragraph (as well after as before judgment) on the principal amount of the Notes until the day on which all sums due in respect of the Notes up to that day are received by or on behalf of the relevant Noteholder.

Interest will be calculated on an Actual/Actual (ICMA) basis. If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a day count fraction which will be calculated by taking the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, 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).

Payments of interest will be made in accordance with Condition 7 (*Payments*).

## 6 REDEMPTION AND PURCHASE

### 6.1 Final Redemption

Unless previously redeemed, purchased and cancelled as provided below each Note shall be finally redeemed on 30 November 2020 (the “**Maturity Date**”) at its principal amount.

### 6.2 Redemption for Taxation Reasons

- (i) If as a result of any change in, or in the official interpretation or administration of, any laws or regulations of the Republic of France or any other authority thereof or therein, the Issuer would be 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 provided in Condition 8 (*Taxation*) below, the Issuer may at its option on any Interest Payment Date but subject to the prior approval of the SGACP, on giving not more than 45 nor less than 15 calendar days’ notice to the Noteholders (in accordance with Condition 11 (*Notices*)) which notice shall be irrevocable, redeem all, but not some only, of the Notes at their principal amount together with any amounts outstanding thereon, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest

practicable date upon which the Issuer could make payment of principal and interest without withholding for such taxes.

- (ii) If the Issuer would, on the next due date for payment of principal or interest in respect of the Notes, be prevented by French law from making such payment notwithstanding the undertaking to pay additional amounts as provided in Condition 8 (*Taxation*) below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and shall, subject to the prior approval of the SGACP, on any Interest Payment Date, redeem all, but not some only, of the Notes then outstanding at their principal amount together with any amounts outstanding thereon, upon giving not less than 7 calendar days' prior notice to the Noteholders (in accordance with Condition 11 (*Notices*)), provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes or, if such date is already past, as soon as practicable thereafter.

### **6.3 Purchases**

The Issuer may at any time purchase Notes in the open market or otherwise at any price provided that the prior approval of the SGACP shall have to be obtained if the purchase relates (individually or when aggregated with any previous purchases) to 10 per cent. or more of the principal amount of the Notes originally issued. Such provisions shall not apply and such prior approval of the SGACP shall not be required from the date on which a Change in Status Notice (if any) becomes effective pursuant to Condition 3.2 above.

### **6.4 Cancellation**

All Notes which are purchased or redeemed by the Issuer pursuant to this Condition 6 will be cancelled.

## **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) specified by the payee with a bank in a country within the TARGET2 System. 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 Settlement days**

If the due date for payments in respect of principal or interest of any Note is not a TARGET Settlement Day (as defined below), the Noteholder shall not be entitled to payment until the next following TARGET Settlement Day nor to any interest or other sum in respect of such postponed payment.

For the purposes of this Condition, “**TARGET Settlement Day**” means a day (other than a Saturday or a Sunday) on which Euroclear France is open for business and on which is the TARGET2 System is operating.

### **7.3 Fiscal Agent and Paying Agent**

The name and specified office of the initial Fiscal Agent and the name and specified office of the other initial Paying Agent are as follows:

#### **FISCAL AGENT AND PAYING AGENT**

**Société Générale**  
32 rue du Champ de Tir  
44312 Nantes Cedex 3  
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent and/or appoint a substitute Fiscal Agent, Paying Agent or approve any change in the office through which the Fiscal Agent or the Paying 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 or their specified office shall promptly be given to Noteholders as specified in Condition 11 (*Notices*).

## **8 TAXATION**

### **8.1 Withholding Tax**

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

### **8.2 Additional Amounts**

If French law should require that payments of principal or interest in respect of any Note be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required; except that no such additional amounts shall be payable in respect of any Note:

- (a) to, or to a third party on behalf of, a Noteholder who is subject to such taxes, duties, assessments or other governmental charges in respect of such Note by reason of his having some present or former connection with the Republic of France other than the mere holding of such Note; or
- (b) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC as may be amended from time to time or any law implementing or complying with, or introduced in order to conform to, such Directive as may be amended from time to time; or
- (c) to, or to a third party on behalf of, a Noteholder who would avoid such deduction or withholding by making a declaration of non-residence or similar claim for exemption or reduction of the applicable deduction or withholding but fails to do so.

References in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 8 (*Taxation*).

### 8.3 Additional Information

Each Noteholder shall be responsible for supplying to the relevant Paying Agent, in a timely manner, any information as may be required by the latter in order for it to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/CE as may be amended from time to time or any law implementing or complying with, or introduced in order to conform to, such Directive as may be amended from time to time.

## 9 EVENTS OF DEFAULT

### 9.1 Ordinary Subordinated Notes

So long as the Notes remain Ordinary Subordinated Notes, if any judgment shall be issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason then the Notes shall become immediately due and payable, in accordance with Condition 3 (*Status of the Notes and Subordination*), at their principal amount together with any accrued interest to the date of payment.

### 9.2 Senior Notes

Should the Notes have become Senior Notes in accordance with Condition 3.2, the holder of any such Note may give written notice to the Issuer and the Fiscal Agent that the Senior Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together, if appropriate, with interest accrued to the date of repayment, in any of the following events ("**Events of Default**"):

- (i) the Issuer fails to pay any amount payable in respect of the Senior Notes or any of them when due and payable and such default is not remedied within 30 days after the relevant due date; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Senior Notes and such default is not remedied within 45 days after notice of such default has been given to the Fiscal Agent by any Noteholder; or
- (iii) any indebtedness of the Issuer in excess of € 50,000,000, or any guarantee by the Issuer of any such indebtedness shall become due and is not paid on the date which is the later of (i) its stated maturity, and (ii) the expiry of applicable grace periods (the term "**indebtedness**" as used herein shall mean any note or other debt instrument issued by the Issuer or any credit facility granted to the Issuer by banks); or
- (iv) the Issuer sells, transfers or otherwise disposes of, directly or indirectly, the whole or a substantial part of its assets, or the Issuer enters into, or commences any proceedings in furtherance of, forced or voluntary liquidation or dissolution, except in the case of a disposal, dissolution, liquidation, merger (*fusion-absorption*) or other reorganisation in which all of or substantially all of the Issuer's assets are transferred to a legal entity which simultaneously assumes all of the Issuer's debt and liabilities including the Notes and whose main purpose is the continuation of, and which effectively continues, the Issuer's activities; or
- (v) the Issuer makes any proposal for a general moratorium in relation to its debt or applies for, or is subject to, the appointment of a *mandataire ad hoc* or enters into a conciliation procedure (*procédure de conciliation*) or a judgement is issued for the

judicial liquidation (*liquidation judiciaire*) or the transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer, or, to the extent permitted by applicable law, if the Issuer is subject to any other insolvency or bankruptcy proceedings or makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors.

## 10 REPRESENTATION OF THE NOTEHOLDERS

The holders of the Notes will be grouped for the defence of their common interest in a masse (the “**Masse**”).

The Masse will be governed by the provisions of the French *Code de Commerce* (with the exception of the provisions of Articles L. 228-48, L. 228-59, R. 228-63, R. 228-67, R. 228-69, R. 228-76 and the second sentence of Article L. 228-65 II) subject to the following provisions.

### 10.1 Legal Personality

The Masse will be a separate legal entity and will be acting in part through one representative (hereinafter called “**Representative**”) and in part through a general meeting of the Noteholders (the “**General Meeting**”).

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

### 10.2 Representative

The office of Representative may be conferred on a Person of any nationality. However, the following Persons may not be chosen as Representative:

- (a) the Issuer, the members of its Management Board (*Directoire*), its Supervisory Board (*Conseil de Surveillance*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or
- (b) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors (*Conseil d'Administration*), Management Board (*Directoire*) or Supervisory Board (*Conseil de Surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouse; or
- (c) companies holding 10 per cent. or more of the share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or
- (d) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The following person is designated as Representative of the Masse:

Raphaël de Riberolles  
33 rue Anna Jacquin  
92100 Boulogne Billancourt  
France

The following person is designated as alternative representative of the Masse (the “**Alternative Representative**”):

Gilbert Labachotte  
8 boulevard Jourdan

In the event of death, retirement or revocation of appointment of the Representative, the Alternative Representative shall act as Representative and all references to the “Representative” will be deemed to be references to the “Alternative Representative”. The Alternative Representative shall have the same powers as the Representative.

In the event of death, incompatibility, resignation or revocation of the Alternative Representative, a replacement representative will be elected by a General Meeting of the General Meeting.

The Representative will be remunerated EUR 600 payable on 30 November of each year and for the first time, on 30 November 2010.

All interested parties will at all times have the right to obtain the name and address of the Representative and the Alternative Representative at the head office of the Issuer and at the office of the Paying Agent.

### **10.3 Powers of the Representative**

The Representative shall, in the absence of any decision to the contrary of the General Meeting, have the power to take all acts of management to defend the common interests of the Noteholders. All legal proceedings against the Noteholders or initiated by them, must be brought against the Representative or by it.

The Representative may not be involved in the management of the affairs of the Issuer

### **10.4 General Meetings**

General Meetings may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of outstanding Notes may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months from such demand, such Noteholders may commission one of themselves to petition a competent court in Paris to appoint an agent (*mandataire*) who will call a General Meeting.

Notice of the date, hour, place, agenda of any General Meeting will be published as provided under Condition 11 (*Notices*).

Each Noteholder has the right to participate in a General Meeting in person, by proxy, by correspondence, or if the *statuts* of the Issuer so specify, by videoconference or by any other means of telecommunications allowing the identification of participating Noteholders Each Note carries the right to one vote.

### **10.5 Powers of General Meetings**

A General Meeting is empowered to deliberate on the dismissal or replacement of the Representative and the Alternative Representative, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act as plaintiff or defendant.

A General Meeting may further deliberate on any proposal relating to the modification of the Terms and Conditions of the Notes including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it

being specified, however, that a General Meeting may not increase amounts payable by Noteholders, nor establish any unequal treatment between the Noteholders, nor decide to convert the Notes into shares, and that no amendment to the terms and conditions of the Notes may be approved until the consent of the SGACP has been obtained in relation to such amendment.

Meetings of a General Meeting may deliberate validly on first convocation only if Noteholders present or represented hold at least a fifth of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by the Noteholders attending such meeting or represented thereat. 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.

Decisions of the General Meetings must be published in accordance with the provisions set forth in Condition 11 (*Notices*).

#### **10.6 Information to the Noteholders**

Each Noteholder or representative thereof will have the right, as from the date specified in the notice of the General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, which will be available for inspection at the principal office of the Issuer, at the specified office of the Paying Agent and at any other place specified in the notice of the General Meeting given in accordance with Condition 11 (*Notices*).

#### **10.7 Expenses**

The Issuer will pay all expenses incurred in the operation of the Masse, including expenses relating to the calling and holding of General Meetings, and more generally all administrative expenses resolved upon by a General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes.

### **11. 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 as long as the Notes are admitted to trading on Euronext Paris, such notice shall also be published in a leading daily newspaper having general circulation in France (which is expected to be *La Tribune* or *Les Echos*) or, at the option of the Issuer, on the website of the Issuer. Any such notice shall be deemed to have been given on the date of delivery of such notice to Euroclear France, Euroclear and Clearstream, Luxembourg or, where relevant and if later, the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

### **12. PRESCRIPTION**

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed ten years (in the case of principal) and five years (in the case of interest) from the due date for payment thereof.

### **13. FURTHER ISSUES**

The Issuer may from time to time, subject to the prior written approval of the SGACP 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 defence of their common interests be grouped in a single Masse having legal personality. Such prior approval of the SGACP shall not be required from the date on which a Change in Status Notice (if any) becomes effective pursuant to Condition 3.2 above.

#### **14 GOVERNING LAW AND JURISDICTION**

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

Any claim against the Issuer in connection with any Notes shall be brought exclusively before any competent court in Paris.



## **USE OF PROCEEDS**

The Issuer intends to use the net proceeds of the issuance of the Notes for general corporate purposes.

## CAPITAL ADEQUACY OF THE ISSUER

French bank regulatory authorities, like authorities in most countries, impose minimum levels of capital that must be maintained by banks within their jurisdiction. Required levels of capital are determined by reference to the relative risk associated with specified categories of assets owned by the institutions, with market risks, and operational risks since 2008. These requirements are generally referred to as risk-based capital requirements, and are regarded by bank regulatory authorities as an important supervisory tool in measuring the safety and soundness of banking institutions.

La Banque Postale which applies CRBF Regulation no. 2000-03 on financial conglomerates reported a solvency ratio of 13.4% as of 31 December 2009 (based on Basel II/CRD standards).

The expected introduction in a near future of further possible changes to Directive no. 2006/48/EC of 14 June 2006 and Directive no. 2006/49/EC of 14 June 2006 (“**CRD I**”) by the European Commission (“**CRD IV**”) which will supplement its revision introduced by Directive no. 2009/111/EC of 16 September 2009 (“**CRD II**”) as regards, *inter alia*, certain own funds items is likely to bring changes to banks' capital adequacy ratios, including those of the Issuer. The direction and magnitude of these changes will depend on the particular asset structures of each bank and its precise impact on the Issuer cannot be quantified with certainty at this time.

## DESCRIPTION OF THE ISSUER

La Banque Postale (“**La Banque Postale**” or the “**Issuer**”) is a French law *société anonyme à Directoire et Conseil de Surveillance* (limited company with an Executive Board and Supervisory Board), registered with the companies and commercial registry of Paris under no. 421 100 645. It is governed by the laws and regulations applicable to commercial companies and to credit institutions currently in force, but also by the provisions of the *loi n° 2005-516 du 20 mai 2005 relative à la régulation des activités postales* (law regulating postal service activities – the “**RAP law**”), the provisions of the *loi n°83-675 du 26 juillet 1983 relative à la démocratisation du secteur public* (law relating to the democratisation of the public sector – the “**DSP law**”) and the provisions of the *loi n° 90-568 du 2 juillet 1990 relative à l'organisation du service public de la poste et à France Télécom* (law relating to the organisation of the public service of La Poste) as amended by the *loi n°2010-123 du 9 février 2010 relative à l'entreprise publique La Poste et aux activités postales* (law relating to public utility company La Poste and to postal services - the “**LP law**”).

La Banque Postale is authorised to act as a bank and to provide investment services by the *Autorité de contrôle prudentiel* (the “**ACP**”, formerly the *Comité des établissements de crédit et des entreprises d'investissement* – “**CECEI**”).

The Issuer's share capital as at the date of this Prospectus is €2,342,454,090 divided into 20,369,166 shares of one single category, all fully paid up.

The head office of the Issuer is located at 115, rue de Sèvres, 75275 Paris Cedex 06 and its administrative headquarters are located at 30, boulevard Galliéni, 92130 Issy-les-Moulineaux (telephone number: +33(0) 1 57 75 67 00).

### 1. HISTORY AND INCORPORATION OF LA BANQUE POSTALE

La Banque Postale was created on 31 December 2005 by the transformation of the company Efiposte, an investment business created in 2000 to manage the funds deposited by customers with the La Poste group's (the “**Group**”). La Banque Postale has been incorporated for a term ending on 10 December 2097. It was created pursuant to the RAP law which provided for the establishment by La Poste of a subsidiary and for the transfer to such subsidiary of all assets, rights and obligations relating to La Poste's financial services business including those relating to the accounts, savings accounts and contracts opened or entered into by La Poste.

The RAP law also invested La Poste and its subsidiaries, including La Banque Postale, with a mission to provide services of general public interest in addition to its competitive business. The public interest mission of La Banque Postale is to "propose and offer services to as many people as possible" notably the "*Livret A*"<sup>1</sup>, an interest bearing regulated and tax exempted savings account.

In 2009, La Banque Postale created La Banque Postale Financement in partnership with Société Générale (65-35 per cent.). La Banque Postale Financement obtained its licence to offer consumer credit from the CECEI in April 2009. The first offers were marketed at the end of 2009 and marketing at national level is scheduled throughout 2010.

The Group's objectives, through La Banque Postale, are to offer a unique form of retail banking to its customers. By remaining true to the Group's values of trust, accessibility and proximity, La Banque Postale offers banking, asset management and insurance services to the widest possible public. Such policy is evidenced by La Banque Postale's steady strategy of low prices and its openness to all types of customers as well as its design of simple products available to everyone.

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<sup>1</sup> This provision is codified in Article L.518-25 of the French *Code monétaire et financier*.

La Banque Postale in a few key figures:

- 30.3 million customers (including about 526,200 corporate entities);
- 11.3 million post office current accounts;
- 9.9 million customers having La Banque Postale as their main bank;
- 5,343 automatic telling machines (ATM)/automatic banking machines (ABM);
- 7,502 financial advisers and 1,476 specialist property and asset portfolio advisers;
- 17,107 points of contact;
- Total consolidated balance sheet as at 31 December 2009 standing at €171 billion;
- Total consolidated shareholders' equity group share (excluding Funds for general banking risks) as at 31 December 2009 of €4.4 billion.

## 2. STATUTORY AUDITORS AND PUBLICATION OF ACCOUNTS

The statutory auditors of the Issuer are currently:

PricewaterhouseCoopers Audit	Mazars	KPMG Audit
Represented by Mr Gérard Hautefeuille	Represented by Mr Guy Isimat-Mirin and Mr Pierre Masieri	Represented by Isabelle Goalec
63, rue de Villiers 92208 Neuilly-sur-Seine cedex	Tour Exaltis, 61, rue Henri Regnault 92075 Paris La Défense cedex	1, Cours Valmy 92923 La Défense Cedex

The statutory auditors for the financial years ended on 31 December 2008 and 31 December 2009 were PricewaterhouseCoopers Audit and Mazars. PricewaterhouseCoopers Audit's mandate expired at the Ordinary General Meeting held to approve the accounts for the financial year ended on 31 December 2009 and they have been re-appointed for a six year term. Mazars's mandate will expire at the Ordinary General Meeting held to approve the accounts for the financial year ending on 31 December 2011.

In addition, KPMG Audit has been appointed as third auditors of the Issuer, as from the financial year ending 31 December 2010 and for a six year term.

These auditors are duly authorised as *commissaires aux comptes* and member of the *compagnie régionale des commissaires aux comptes de Versailles* and are placed under the authority of the *Haut Conseil du Commissariat aux Comptes*.

La Banque Postale publishes audited non-consolidated and consolidated financial statements annually and it also publishes semi-annual consolidated financial statements subject to a limited review by the auditors. Each financial year begins on 1 January and ends on 31 December in each year.

### 3. CORPORATE OBJECTS

The corporate objects of La Banque Postale both in France and abroad as set out in article 2 of its by-laws are essentially:

- banking activities (deposit taking from the public, lending transactions, providing customers with and managing means of payment),
- operations connected to banking activities including, in particular, foreign exchange transactions, purchase and sale of securities, advice and assistance in relation to portfolio asset management and financial planning,
- the provision of investment services for receipt-transmission of orders for third parties, execution of orders for third parties, own account trading, underwriting and placement in relation to all types of financial instruments,
- services connected to investment services including notably custody and administration of financial instruments, making loans available to investors to enable them to enter into transactions relating to financial instruments where La Banque Postale acts as lender and underwriting related services,
- account-keeping/custody activities,

but excluding:

- consumer credit transactions not linked to either regulated saving scheme (*Livret de Développement Durable* and *Prêt Epargne Logement*) or overdraft facilities,
- corporate client lending transactions other than overdraft facilities,
- property loan transactions for individual entrepreneurs for their professional requirements other than financing falling under article L.315-1 of the French *Code de la construction*,
- client order guarantee and financing undertakings other than performance guarantees that may be provided in relation to financial products both issued and marketed by the Group and other than deposits, notably rental deposits, that may be provided to existing customers,

however:

- it may provide consumer credit to employees of companies of the Group,
- it may provide property loans to corporate entities controlled by physical persons where the principal purpose is management of such individuals' personal assets and it may also provide financing for the Group,
- it may grant micro-credits for the financing of personal projects of people in financial difficulties.

### 4. PRINCIPAL ACTIVITIES

La Banque Postale Group's primary focus is on the French retail banking market, and specifically on retail customers. This core business is complemented by its insurance and asset management divisions.

## 4.1 Retail Banking

### (a) Description of banking activities

La Banque Postale carries on all retail banking activities. It is particularly active in the savings, housing loans and means of payment sectors.

#### (i) Retail deposit taking

Funds received from the public break down as follows:

- On La Banque Postale's balance sheet<sup>1</sup>:
  - Current accounts (€43.8 billion);
  - Regulated savings: *Livret A* (€55.6 billion) Housing Savings Account (*Compte Epargne Logement or CEL* – €6.4 billion), Housing Savings Plan (*Plan d'Epargne Logement or PEL* – €18.4 billion), Peoples Savings Account (*Livret d'Epargne Populaire or LEP* – €11.4 billion), Sustainable Development Account (*Livret de Développement Durable or LDD* – €4.1 billion). LEP, *Livret A* and LDD savings are centralised at the Caisse des Dépôts et Consignations in accordance with common rules, subject to transitory provisions for LDD.

The *Livret A* is an interest bearing regulated and tax exempted savings account: the amount that can be deposited is capped, the rate of interest paid to the customer, set by the State, may be revised up to four times each year. Interest paid on savings is net of tax and social security contributions. Until January 2009, the Issuer, Caisses d'Epargne and Crédit Mutuel (through the *Livret Bleu*) were the exclusive distributors of *Livret A*. Following the enactment of the *loi n° 2008-776 du 4 août 2008 de modernisation de l'économie* (law relating to the modernisation of financial activities), all credit institutions which are authorised to receive funds from the public and which enter into an agreement with the French State are entitled to distribute *Livret A* to their clients as from 1 January 2009.

La Banque Postale entered the amount of *Livret A* deposits on its balance sheet for the first time as at 1 January 2009 thereby boosting its balance sheet by over €59 billion.

- Other savings products (€6.7 billion) including Young Persons Savings Accounts (*Livrets Jeunes*), Peoples Savings Plans (*Plans d'Epargne Populaire or PEP*), Savings Accounts (which include two savings accounts known as “*Livret B*” and “*Compte sur livret*”) and deposit accounts.

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<sup>1</sup> All of the figures in this section 4.1(a) are figures as at 31 December 2009 taken from the Issuer's consolidated accounts

- La Banque Postale's Off-Balance Sheet
  - Life Insurance (€102 billion): life insurance contracts are managed almost exclusively by CNP Assurances, a subsidiary of La Banque Postale.
  - Undertakings for the collective investment of transferable securities (*Organismes de Placement Collectif en Valeurs Mobilières*, “OPCVM”) and securities (€26.1 billion): OPCVM distributed through the La Banque Postale network are managed principally by the Group's management company known as La Banque Postale Asset Management and its subsidiaries.

After the strong rise in deposit inflows into regulated savings products observed at the height of the financial crisis in 2008, when the interest rate environment was favourable, 2009 was characterised by a stabilisation in mortgage savings plans and mortgage savings account deposits, and by a decrease in funds invested in short-term savings products (particularly *Livret A* savings accounts).

(ii) Credit

La Banque Postale offers to its customers:

(A) property loans

La Banque Postale's outstanding property loans are of an amount of almost €32 billion at the end of the 2009 fiscal year, with a total aggregate amount of €8.35 billion in new loans for 2009. With 730 specialist real-estate advisers (*Conseillers spécialisés en immobilier*, “CSI”), La Banque Postale is one of the rare banking networks to have a dedicated real estate sales force. Among these loans, almost 70% (69.72%) were guaranteed by a corporate (mostly *Crédit Logement*) at end 2009.

In the context of the development of its offers targeted at private banking and high net worth clients, La Banque Postale now offers real estate investment products benefiting from specific tax regimes such as “*Scellier*”, non professional renting of furnished goods (“*loueur en meublé non professionnel*”), “*Girardin DOM-TOM*”.

(B) overdraft facilities;

(C) deferred debit cards; and

(D) consumer credit.

The total amount of customer financing represented €33.1 billion as at 31 December 2009, a 14.86 per cent increase compared to 2008.

(iii) Means of Payment

(A) La Banque Postale distributes payment cards (6.3 million in 2009) and packages combining several banking products (4.8 million in 2009) such as, for example, a current account, means of payment

(bank card, cheque book), insurance covering loss or theft of means of payment, multimedia facilities (Internet, telephone) to allow accounts to be consulted at any time.

- (B) In addition, La Banque Postale holds 50 per cent. of the company SAS Titres Cadeaux, a joint-venture with Natixis, whose object is to create, promote, issue, distribute, process and reimburse all gift vouchers and other special payment vouchers that are not subject to the banking monopoly as defined by the French *Code monétaire et financier*, and which entitle the holder to purchase specific items or services from a list of stores or other businesses.
- (C) La Banque Postale is authorised to issue *Chèques Emploi-Service Universel* (“CESU”), a system which facilitates payment by individual employers of salaries and related social charges of house employees. It also holds 16.66 per cent. of the economic interest grouping, GIE CESU, an organisation established with five other partners to process and reimburse CESU.
- (D) In December 2007, La Banque Postale and Société Générale created a joint venture to face the new challenges in the cards and payments industry such as the Single Euro Payment Area (SEPA), a project whose aim is to create a single European set of euro-denominated payment instruments. Transactis pools together the two partners' resources for the development of payment systems.

(b) Activities connected to banking activities

La Banque Postale carries out the following activities connected to banking activities:

- (i) Foreign exchange transactions
- (ii) Business Advisory Services

While La Banque Postale may not grant credit to corporate clients, it offers them three kinds of commercial services:

- **Cash management:** La Banque Postale's range of collective investment schemes (OPCVM) is growing with investment terms ranging from a few days to eight years and thus meeting the requirements of its favoured customers (funds for Low Rent Housing (*Habitations à Loyer Modéré* – “HLM”), ethical funds for religious associations, etc.). At the same time, La Banque Postale carries on the strategy initiated by La Poste's financial services in 2003 of offering alternative management. In addition, La Banque Postale markets term deposit accounts.
- **Employee financial engineering:** This activity allows the implementation of employee savings schemes with specific products for each client segment. La Banque Postale plans to widen its services to cover the whole range of employee financial engineering products.
- **Money flows:** La Banque Postale is positioned as one of the specialists of large-scale money processing whether for cash collection (bank giro transfer



slips, direct debits or international money orders) or for cash payment (bank transfers and cheque payment letters).

La Banque Postale also opted to make a strong commitment to new products aimed at supporting *auto-entrepreneurs* in 2009. That commitment was reflected in the signing of a partnership agreement in early February 2009, the aim of which is to provide active support to future entrepreneurs and to develop a range of banking and insurance products and services that is adapted to their needs. This new product range was launched in March 2009.

(iii) Brokerage online

La Banque Postale's financial information internet portal, Easybourse, offers an online brokerage platform for customers wishing for their own independent management of their market investments. Easybourse provides an easy access to foreign stock markets, to a wide range of financial products and instruments, to deferred and extended settlement services as well as to information through articles, theme files and experts' interviews.

(iv) Social micro-credit

La Banque Postale, the natural pioneer of the development of this activity in France, received, in May 2007, the approval of the "*Fonds de Cohésion Sociale*" (Fund for social cohesion) to be a beneficiary of the guarantee of such fund. In this context, La Banque Postale has entered into over fifty agreements relating to micro-credit with regional associations. It also participates with Ingeus to the "*Espoir Banlieues*" plan for the specialised support of unemployed youth in difficult areas and is a partner of the *Union nationale des centres communaux d'action sociale* (National union of local social aid centres).

(c) Other activities: Transfers of funds

(i) Money orders

Le Banque Postale inherited from La Poste the management of the international money order business within Universal Postal Union.

(ii) Western Union Transfers

La Banque Postale sells some Western Union money transfer products.

## 4.2 Asset Management

(a) Asset Management

La Banque Postale has an important private banking client base. A special sales team of advisers specialising in asset management (*Conseillers Spécialisés en Patrimoine*, "CSPs") is dedicated to this area of business, 750 CSPs throughout France with an additional sales team of 54 wealth management advisers (*Conseillers en Gestion de Patrimoine*, "CGPs") dedicated to clients with assets over € 500,000. They are run centrally by a service forming part of the Sales and Marketing division whose principal task is to organise and develop wealth management services throughout the network.

The CSPs and CGPs may offer the full range of La Banque Postale's products, starting with the La Banque Postale's OPCVM. As regards life insurance contracts, advisers promote CNP Assurances' products.

Innovative Technologies Mutual Funds (*Fonds Communs de Placement en Innovation* or *FCPI*), Non-Trading Property Investment Companies (*Sociétés Civiles de Placement Immobilier* or *SCPI*) and, more recently Real Estate Investment Schemes (*Organismes de Placements Collectifs en Immobilier* or *OPCI*) complete the traditional range.

In this respect, the business of La Banque Postale Gestion Privée has been set up with a double goal:

- managing discretionary portfolio mandates for high net worth clients;
- supervising and training CGPs.

In order to assist its customers with the utmost level of professionalism, La Banque Postale, through La Banque Postale Gestion Privée, established a joint venture (51-49 per cent.) with Oddo et Cie, in July 2008. In addition, in November 2009, La Banque Postale acquired a majority participation of about 70 per cent. in Tocqueville Finance. This transaction has enabled La Banque Postale to acquire recognised knowhow and a range of products in the asset management sector and to develop distribution channels through a new network of independent CGPs, by capitalising on a company with an established reputation and with a customer base which complements its own.

(b) Related investment services

(i) Receipt and transmission of orders for third parties

La Banque Postale carries on receipt and transmission of orders activity for third parties, either addressed directly to it or received through agents of La Poste. The financial instruments which La Banque Postale processes are, principally, shares, bonds, La Banque Postale OPCVM, other OPCVM and La Banque Postale Business Investment Mutual Funds (*Fonds Communs de Placement d'Entreprise* or “**FCPE**”) listed on regulated markets.

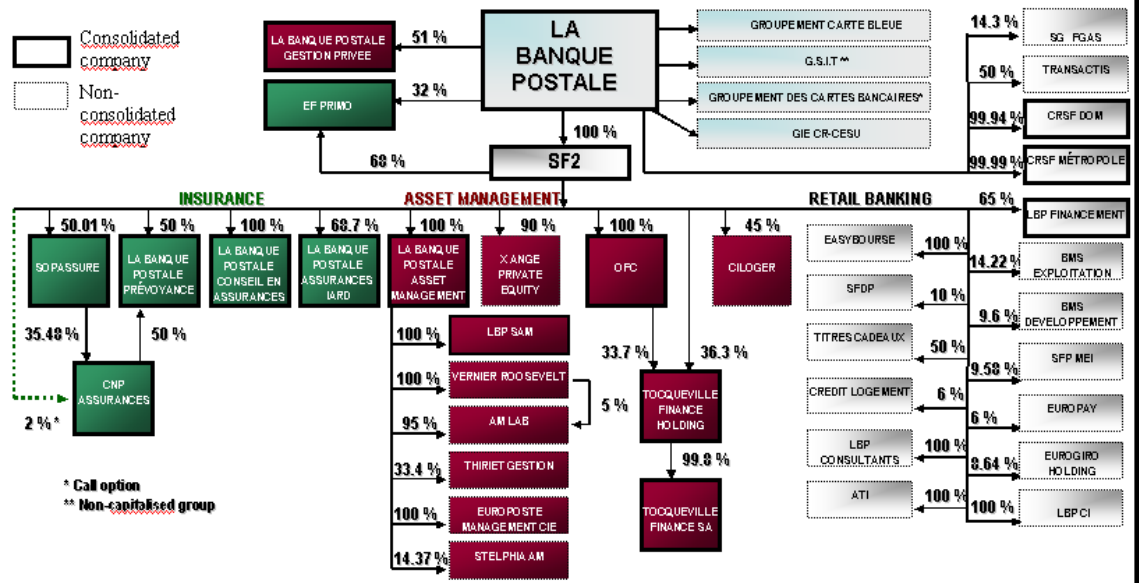
(ii) Execution of orders on behalf of third parties,

(iii) Underwriting,

(iv) Own account trading,

(v) Portfolio management on behalf of third parties

La Banque Postale, through the SF2 company (see structure chart below), holds 100 per cent. of La Banque Postale Asset Management which is a management company authorised by the Financial Markets Authority (*Autorité des marchés financiers* or “**AMF**”), but it does not directly carry on management activity for third parties.



as at the date of this Prospectus

(vi) Related services

La Banque Postale carries on the account keeping/custody activity previously conducted by La Poste. The financial instruments for which this service is offered are shares, bonds, La Banque Postale OPCVM, other OPCVM and La Banque Postale FCPE listed on regulated markets.

### 4.3 Insurance Activities

**Health Insurance:** This division includes the health and personal risk insurance activities that were introduced from 1998 onwards via a company owned jointly with CNP Assurances, La Banque Postale Prévoyance which offers life, health and other insurance cover. It also includes the Group's interest in CNP Assurances.

In order to reorganise its business in this sector and to capitalise on its structural potential through the establishment of a new joint venture dedicated to such activity. La Banque Postale entered into exclusive negotiations with La Mutuelle Générale in May 2009 with a view to set up a partnership during the second semester of 2010 and to enter the market at the end of the year. La Banque Postale would be the majority holder in the contemplated joint venture which would use the know-how of La Mutuelle Générale to develop a high quality offer to as many customers as possible.

**Payment Insurance:** The division includes the brokerage activities of La Banque Postale Conseil en Assurances (formerly, Sogerco), a company that operates primarily in the payment insurance sector, with products like Alliatys, for example, and that has particularly distinguished itself through providing insurance products specifically designed for post office staff.

**Casualty Insurance:** A new joint venture (La Banque Postale Assurances IARD) was created with Groupama as the result of a partnership agreement signed on 12 October 2009, the aim of which is to offer La Banque Postale customers a policy range that covers their essential casualty insurance requirements and that is distributed through all the channels accessible to them. The remote marketing activity (through internet and telephone) of the joint venture is scheduled to start end-2010 or at the beginning of 2011 and marketing through the post office and financial services network is scheduled to be carried out gradually from end-2010 to mid-2011.

## 5. SUBSIDIARIES AND PRINCIPAL SHAREHOLDINGS

Besides the creation of La Banque Postale Financement and La Banque Postale Assurances IARD and the acquisition of Tocqueville, La Banque Postale has two main subsidiaries: La Banque Postale Asset Management and La Banque Postale Prévoyance.

### (a) La Banque Postale Asset Management

La Banque Postale Asset Management is the 100 per cent. asset management subsidiary of La Banque Postale. It has developed two lines of investment management for third parties:

- (i) investment management for the general public with a wide range of open ended investment trusts (*SICAV*) and mutual funds (*FCP*) in the traditional categories of shares, bonds, diversified, guaranteed, monetary and dynamic monetary.
- (ii) investment management for institutional clients and businesses with specific OPCVM products, ranges of products reserved for a particular type of client (*HLM*, for example, with our top category products), alternative management or venture capital funds of funds, dedicated funds or management mandates for specific purposes and FCPE.

In 2009 La Banque Postale Asset Management recorded a turnover of €180.1 million and net earnings of €22.5 million.

### (b) La Banque Postale Prévoyance

La Banque Postale Prévoyance, a joint subsidiary of La Poste and CNP Assurances (50 per cent each) offers a range of providential products. La Banque Postale Prévoyance achieved net earnings of €25.7 million in 2009.

### (c) Shareholding in CNP Assurances

La Banque Postale holds 17.75 per cent of the share capital of CNP Assurances through the holding company Sopassure. CNP Assurances is the top ranking insurer for individuals in France and has €271.6 billion under management and recorded an annual turnover of €32.6 billion in 2009. Its net earnings for 2009 were over €1 billion (source: CNP Assurances 2009 annual report).

## 6. CORPORATE STRUCTURE CHART AND SHAREHOLDERS

### 6.1 Corporate structure chart

As at the date of this Prospectus, La Banque Postale is a 100 per cent. subsidiary of La Poste. Pursuant to the RAP law, La Poste must hold at least "the majority of the share capital" of La Banque Postale.

In accordance with French law, notably the requirement to obtain an express legislative authorisation for each guarantee, the Notes do not benefit from any guarantee of any kind, direct or indirect, from the French State.

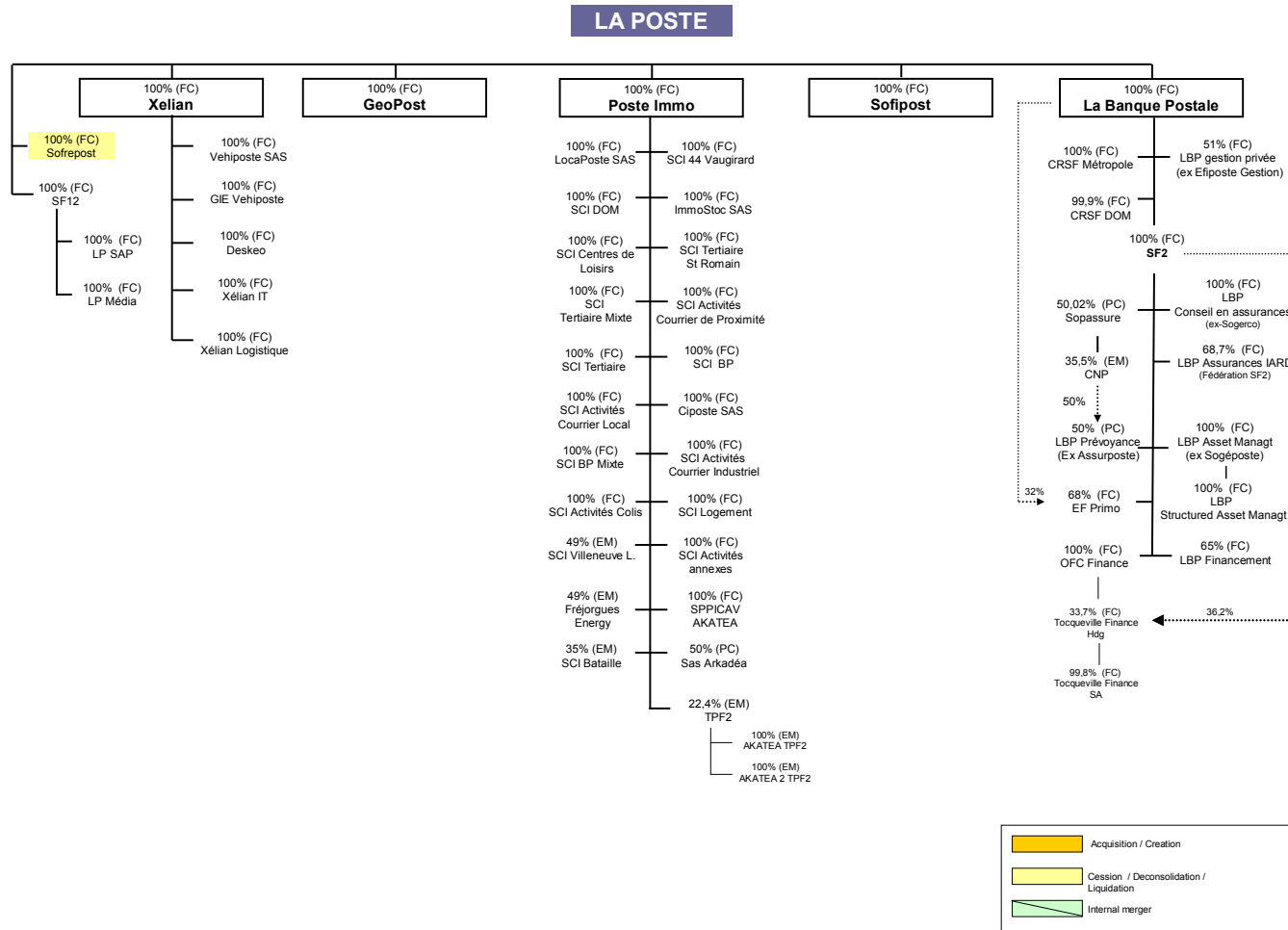
To the knowledge of the Issuer, no arrangements exist that, if implemented, may lead to a change of control of La Banque Postale at a future date.

The Issuer's equity securities are not currently traded on any regulated market.

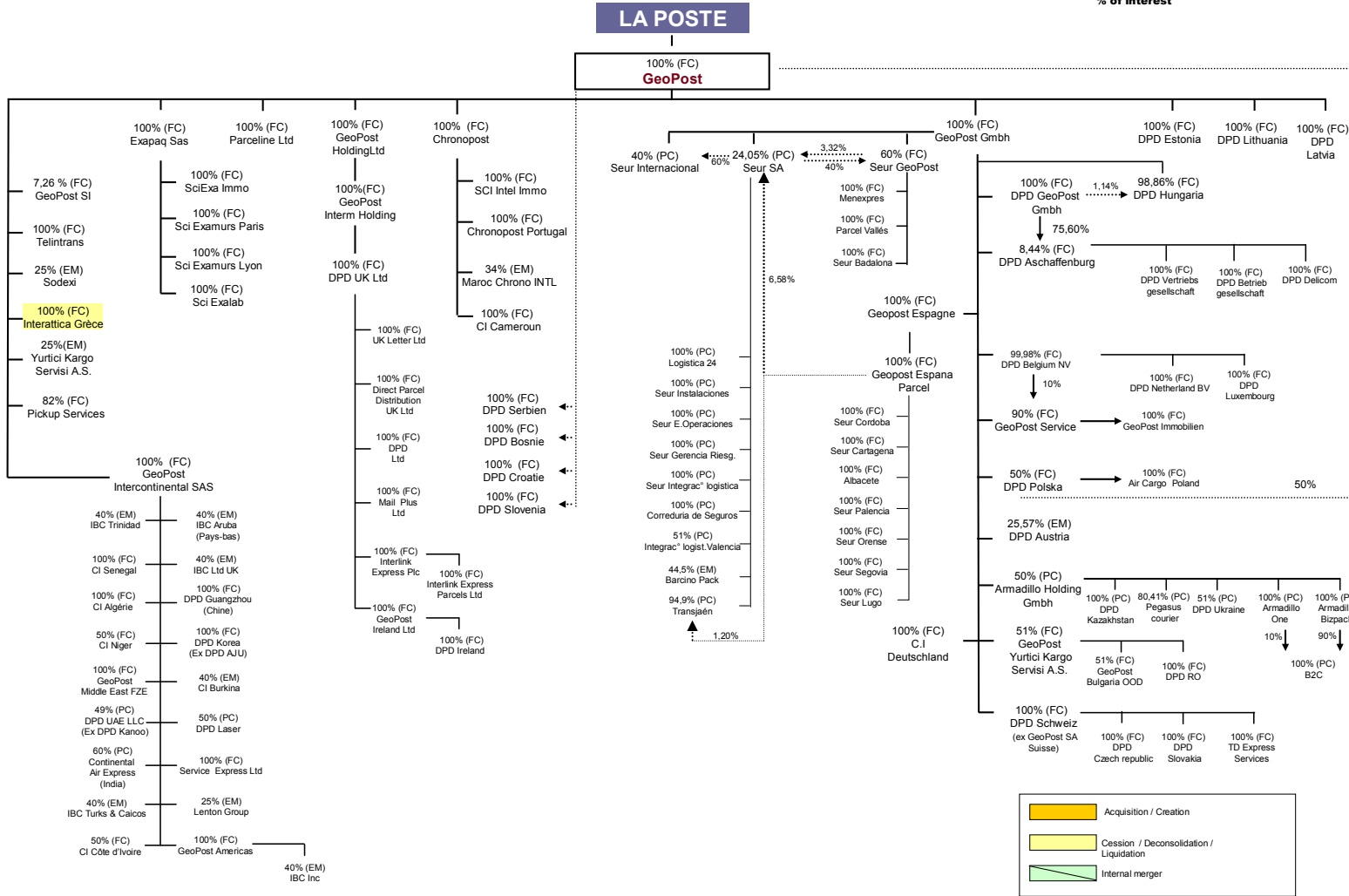
The corporate structure chart below shows the companies held, directly or indirectly, by La Poste as well as the percentage shareholdings as at 31 December 2009.

# ORGANISATION CHART

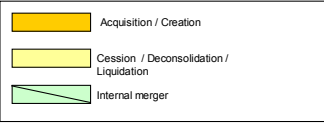
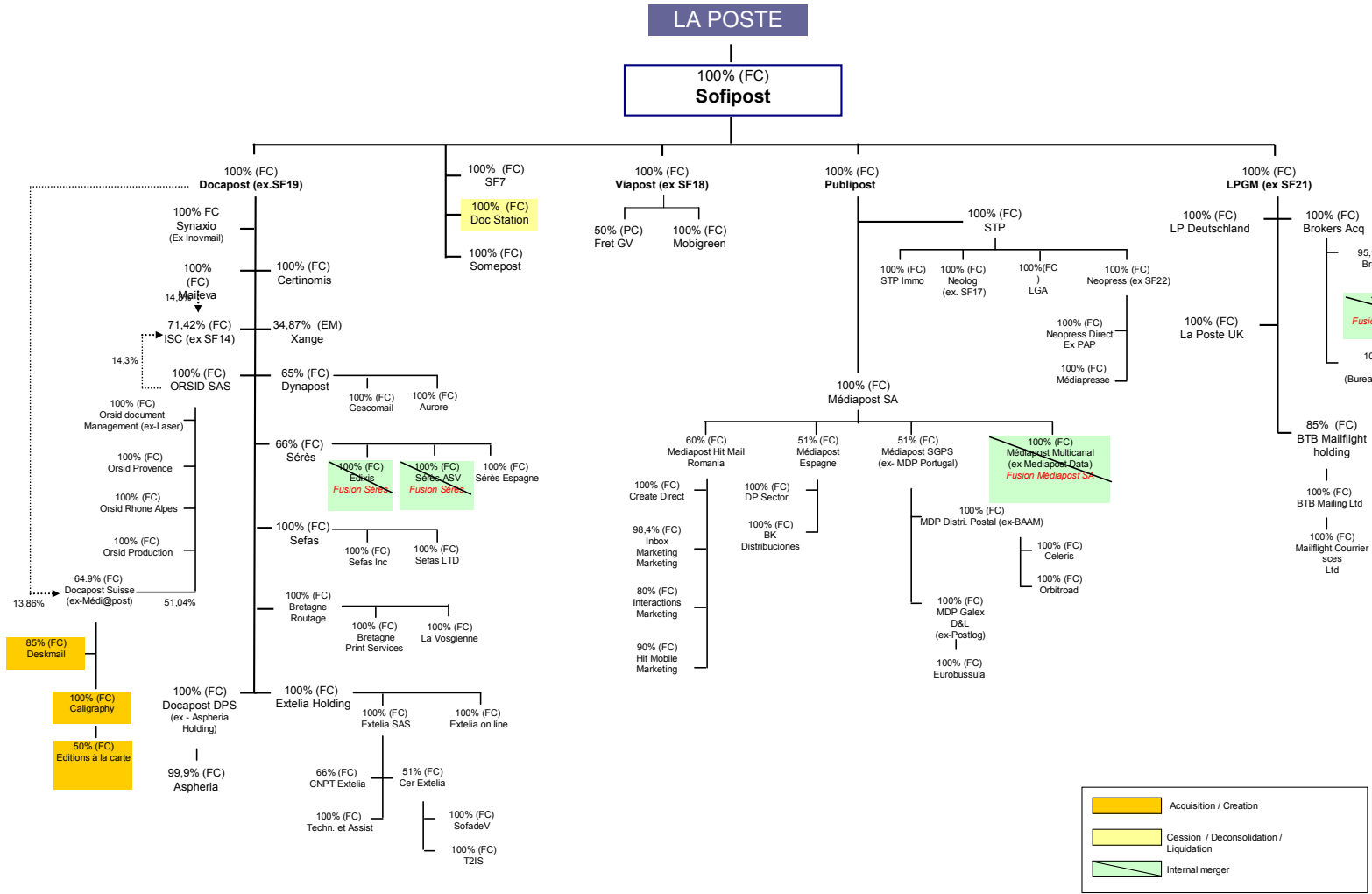
Scope of consolidation at 30 June 2010  
% of interest



Scope of consolidation at 30 June 2010  
% of interest



Scope of consolidation at 30 June 2010  
% of interest



## 6.2 Shareholders – description of La Poste (source: La Poste)

La Poste is registered with the Paris Trade and Companies Register under the number Paris B 356 000 000. La Poste registered office is located 44 boulevard de Vaugirard, 75757 Paris cedex 15, France (phone number: 33 1 55 44 00 00).

La Poste is a limited liability company (*société anonyme*) created pursuant to Law no. 2010-123 of 9 February 2010. Until 1st March 2010, La Poste was a public entity (*établissement public*) created pursuant to Law 90-568 of 2 July 1990. La Poste share capital as of 1 March 2010 amounts to EUR 1 billion, the share capital of La Poste is entirely owned by the French State at the date of the base prospectus.

The principles on which were based the law are those laid down by the government when announcing the reform at end December 2008 and at the adoption of the draft legislation at the Council of Ministers, meeting in the summer of 2009:

- continuity of assets, and from the legal and financial standpoints, between La Poste and La Poste SA;
- the capital to be held entirely by the State or by public-sector legal entities (except for the share of capital that may be held under employee-shareholding schemes);
- the rights and status of public servants and employees are to be maintained;
- the four public-service missions given to La Poste are to be upheld, in consistency with their defining instruments: universal postal service, the regional-development role, the carrying and distribution of the press and the provision of access to banking services.

In this context, the French Minister for the Economy, Industry and Employment reminded the State's commitment to provide La Poste with the means to continue its modernisation and development in order to make La Poste one of the foremost postal operators in Europe. In this goal, the Minister confirmed the €2.7 billion capital increase which will be made possible by the conversion of La Poste into a limited liability company (*société anonyme*). The Group has four major activities:

- Mail;
  - Parcels and Express;
  - La Poste Retail Brand; and
  - La Banque Postale.
- (a) Mail: In accordance with its obligations as "universal service operator", La Poste guarantees everywhere in France the collection, sorting, transport and delivery of mail six days a week. Mail business and its subsidiaries posted in 2009, revenue of €11,665 million, down 4.7 per cent. at constant scope and exchange rates. The fall-off in traffic already seen in 2008 became more pronounced in 2009. Economic volumes (excluding subsidiaries of the Sofipost holding company) were down - 5.3 per cent., comprised of a -4.5 per cent. decline in volumes and a negative product mix effect of -0.8 per cent. This performance was not offset by the tariff increases



that had an average positive effect of +1.3 per cent. The structural decline in the mail market was magnified by the economic crisis. All mail categories (business mail, direct marketing and press) have been hit by this trend. On the other hand, mail delivery performance continues to improve: 84.4 per cent. of first class mail was delivered in D+1, a +0.6 point improvement on 2008, representing the best performance ever.

- (b) **Parcels and Express:** This Division combines the activities of transport and delivery of parcels and express deliveries in France and Europe. La Poste, through its subsidiaries in more than 30 countries, is the second largest European operator in this sector. Parcels/Express recorded revenue of €4,479 million, down 3.5 per cent. at constant scope and exchange rates. The economic crisis affected all of GeoPost's markets, the Group's Express subsidiary. GeoPost posted revenue of €3,093 million, down 4.6 per cent. at constant scope and exchange rates. The decline was particularly marked in Germany, Spain and the United Kingdom. In France, where the recession wasn't as severe, and thanks to a policy of product innovation, Chronopost recorded a growth in its volumes. ColiPoste's business (B to C and C to C in France) saw traffic fall on the back of a decline in mail order sales, partly offset by the dynamism of e-commerce, which was up 16 per cent.. Revenue amounted to €1,387 million, down 1.4 per cent..ColiPoste's D+2 delivery performance was 92.8 per cent., +0.3 points better than in 2008;
- (c) **La Poste Retail Brand: "Enseigne La Poste"** (La Poste Retail Brand) is the new name introduced on 1 January 2008 for the business conducted by the network of post offices. It gathers together all of the postal outlets, and aims to replace the notion of a distribution network based on products with the notion of a trade name built on customer relations. "Enseigne La Poste" has an essential role in providing advice and selling financial products and services on behalf of La Banque Postale. Through its 17,107 outlets, the La Poste retail brand plays a key role in distributing to the general public the products offered by the various Group businesses. La Poste retail brand represents the front line as regards providing advice and selling the products and services of La Banque Postale and generated over 29 per cent. of ColiPoste's revenue, over 18 per cent. of Mail's revenue and close to 13 per cent. of Chronopost's revenue. In 2009, La Poste retail brand generated €2,525 million in sales for Mail, Parcels/Express and third-party products, down 2.2 per cent. while counter activity was down 3.7 per cent.. As part of a major programme to modernise and improve customer service, La Poste retail brand managed to significantly cut average waiting times across its 1,000 largest offices. Accordingly, on Mail and Parcel drop-offs and pick-ups, which represent close to half of transactions, waiting times went from 6 minutes 50 seconds at the end of 2008 to 4 minutes 30 seconds at the end of 2009.
- (d) **La Banque Postale.**

## **7. INFORMATION RELATING TO TRENDS**

Since 31 December 2009, there has been no material adverse change that has affected the Issuer's prospects.

## **8. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

La Banque Postale is managed by a *Directoire* (Executive Board), which carries out its functions under the supervision of a *Conseil de Surveillance* (Supervisory Board). The members of the Supervisory

Board and Executive Board may be contacted at the Issuer's registered office at 115, rue de Sèvres in Paris (75275 Paris cedex 06).

### 8.1 List of members of the Supervisory Board

- **Mr. Jean-Paul Bailly, Chairman of the Supervisory Board and member of the Appointments and Remuneration Committee of La Banque Postale:**
  - Chairman and Chief Executive Officer of La Poste Group;
  - Director of Sopassure (a limited company);
  - Member of the Supervisory Board of La Banque Postale Asset Management (a limited company with Executive and Supervisory Boards);
  - Director and member of the Appointments and Remuneration Committee of CNP Assurances (a limited company);
  - Permanent representative of La Poste , Director of GeoPost (a limited company);
  - Permanent representative of La Poste, Director of Sofipost (a limited company);
  - Permanent representative of La Poste , Director of Poste Immo (a limited company);
  - Permanent representative of La Poste, Director of SF12 (a simplified joint-stock company);
  - Director of Systar (a limited company);
  - Permanent representative of La Poste, Director of Xelian (a limited company);
  - Director representing the Government and Member of the Ethics, Environment and Sustainable Development Committee of GDF Suez (a limited company);
  - Director, member of Audit and risk committee, and member of remuneration nomination , corporate governance committee of Accor (a limited company)
  - Director, member of commitments committee and audit and risk committee, of Edenred (a limited company).
  - Chairman of La Poste Foundation
  - Chairman of Association Entreprise et Personnel
- **Mr Gérard Barbot, member of the Supervisory Board and Audit Committee and Chairman of the Appointments and Remuneration Committee of La Banque Postale:**
  - Member of the Supervisory Board and Chairman of the Audit Committee of La Banque Postale Asset Management (a limited company with Executive and Supervisory Boards);
  - Director and Chairman of the Audit Committee of GeoPost (a limited company);
  - Member of the Supervisory Board of Oddo & Cie (a limited share partnership);
  - Member of the Supervisory Board of Crédit Foncier de France (a limited company with Executive and Supervisory Boards);

- Chairman of the Supervisory Board of Vauban Mobilisation Garanties (a limited company with Executive and Supervisory Boards);
- Managing Partner of Gimar Capital Investissement (a limited share partnership);
- Chairman of the board of directors of CFCAL (a limited company).
- **Mr Didier Brune, member of the Supervisory Board of La Banque Postale:**
  - Head of Strategy at La Poste Group;
  - Director of Sofipost (a Limited company);
  - Director of Somepost (a limited company).
- **Mr Paul-Marie Chavanne, member of the Supervisory Board and Strategy Committee of La Banque Postale:**
  - Executive Vice-President - Director of the Parcels Division of La Poste Group;
  - Chairman and Chief Executive Officer of GeoPost (a limited company);
  - Member of the Supervisory Board of GeoPost Imdh GmbH;
  - Director of GeoPostUK;
  - Member of the Supervisory Committee of Exapaq (a simplified joint-stock company);
  - Permanent representative of GeoPost, Director of Chronopost (a limited company);
  - Director of Sofipost (a limited company);
  - Director of Generali Assurances IARD (a limited company);
  - Director of Generali Assurances Vie (a limited company);
  - Director of ASL Aviation Group Ltd (a private limited company governed by English Law);
- **Mr Bernard Delpit, member of the Supervisory Board and Audit Committee of La Banque Postale:**
  - Executive Vice-President and Chief Financial Officer of La Poste Group;
  - Member of the Supervisory Board of La Banque Postale Asset Management (a limited company with Executive and Supervisory Boards);
  - Director of La Banque Postale Prévoyance (a limited company);
  - Director and member of the Audit Committee of GeoPost (a Limited company);
  - Director and member of the Audit Committee of Poste Immo (a limited company);
  - Director of Sofipost (a limited company);
  - Director of Renault SA (a limited company).

- **Mr Marc-André Feffer, Vice-Chairman of the Supervisory Board and Chairman of the Strategy Committee of La Banque Postale:**
  - Executive Vice-President, Director of Strategy, Development, International and Legal Affairs and Regulation of La Poste Group;
  - Chairman and Chief Executive Officer of Sopassure (a limited company);
  - Permanent representative of Sopassure, Director of CNP Assurances (a limited company) and member of the Strategy Committee;
  - Director of GeoPost (a limited company);
  - Chairman of the Executive Board of Poste Immo (a limited company);
  - Chairman of the Supervisory Board of XAnge Capital (a limited company);
  - Member of the Committee of Directors of Hypios (a simplified joint stock company);
  - Non-voting director of Xelian (a limited company).
- **Mr Jean-Robert Larangé, Head of non-Post Office Banking Operations (Marketing Department), employee-elected member of the Supervisory Board and member of the Strategy Committee of La Banque Postale.**
- **Mr Georges Lefebvre, Permanent Representative of La Poste , member of the Supervisory Board and Appointments and Remuneration Committee of La Banque Postale:**
  - Senior Vice-President, Director of Human Resources and Employee Relations of La Poste Group;
  - Director and member of the Appointments and Remuneration Committee of Geopost (a limited company);
  - Director and member of the Appointments and Remuneration Committee of Poste Immo (a limited company);
  - Director and member of the Appointments and Remuneration Committee of Sofipost (a limited company);
  - Chairman of the Executive Board of the following UCITs: LBPAM Actions Europe Monde, LBPAM Profil 50, LBPAM Profil 80 and LBPAM Profil 15;
  - Chairman of the Executive Board of Xelian (a limited company).
- **Mr Sylvain Lemoyne de Forges, member of the Supervisory Board and the Audit and Strategy Committees of La Banque Postale:**
  - Chairman and Chief Executive Officer of Veolia PPP Finance (a limited company);
  - Director and member of the Strategy Committee of La Monnaie de Paris (a State-owned industrial and commercial entity);
  - Managing Partner of the Fond Vert limited property investment partnership;
  - Vice Chief Executive Officer of AG2R La Mondiale (a mutualist insurance company).

- **Mr Steeve Maigne, Head of the Internal Synergies Project (Business, Local Authorities and Voluntary Organizations Department), employee-elected member of the Supervisory Board and member of the Strategy Committee of La Banque Postale.**
- **Ms Maryvonne Michelet, lawyer (Legal Department) and employee-elected member of the Supervisory Board of La Banque Postale.**
- **Mr Didier Négiar, member of the Supervisory Board of La Banque Postale:**
  - Director of Purchasing, Cost Optimisation and Information Systems and Head of Shared Services of La Poste Group;
  - Director and Chief Executive Officer of Xelian (a limited company);
  - Permanent representative of Véhiposte SAS, Director of Véhiposte EIG;
  - Permanent representative of Xelian, Chairman of Véhiposte (a simplified joint-stock company);
  - Permanent representative of Xelian, Chairman of Xelian IT (a simplified joint-stock company);
  - Permanent representative of Xelian, Chairman of Xelian Logistique (a simplified joint-stock company);
  - Permanent representative of Xelian, Chairman of Deskéo (a simplified joint-stock company).
- **Ms Françoise Paget Bitsch, banking supervisor (RTB Méditerranée) and employee-elected member of the Supervisory Board of La Banque Postale.**
- **Mr Didier Ribadeau Dumas, member of the Supervisory Board and Chairman of the Audit Committee of La Banque Postale:**
  - Managing Partner of DRD Conseil (a limited property investment partnership)
  - Managing Partner of Sauvigny (a limited property investment partnership);
  - Non-voting director of ABC Arbitrage (a limited company).
- **Ms Hélène Wolff, Head of the Quality Assurance and Multi-Channel Innovation Unit (Marketing Department), employee-elected member of the Supervisory Board and member of the Audit Committee of La Banque Postale.**
- **Mr Christian Bodin, a Government commissioner appointed by the Finance Minister pursuant to article L.511-32 of the French *Code monétaire et financier*, also attends meetings of the Supervisory Board but without a right to vote. Pursuant to this article and as a general rule, he ensures that La Banque Postale complies with the laws and regulations by which it is governed and that it carries on its activities in compliance with its public interest mission (as described in section 1 above).**

## 8.2 List of members of the Executive Board

- **Mr Patrick Werner, Chairman of the Executive Board of La Banque Postale:**
  - Executive Vice-President, Financial Services Director of La Poste Group;
  - Chairman and Chief Executive Officer of SF2 (a limited company);

- Chairman of the Supervisory Board of La Banque Postale Asset Management (a limited company with Executive and Supervisory Boards);
- Chairman of the Supervisory Board of La Banque Postale Gestion Privée (a limited company with Executive and Supervisory Boards);
- Chairman of the Supervisory Board of XAnge Private Equity (a limited company with Executive and Supervisory Boards);
- Permanent representative of SF2, Director of Sopassure (a limited company);
- Chairman of the Board of Directors of La Banque Postale Prévoyance (a limited company);
- Chairman of the Board of Directors of La Banque Postale Assurance IARD (a limited company);
- Director and member of the Audit Committee of CNP Assurances (a limited company);
- Vice - Chairman of the Supervisory Board of Société Financière de Paiements (a simplified joint-stock company);
- Chairman of BMS Développement (a simplified joint-stock company);
- Chairman of BMS Exploitation (a simplified joint-stock company);
- Chairman of SFPMEI (a simplified joint-stock company);
- Representative of La Banque Postale, the Managing Partner of CRSF Dom (a limited property investment partnership);
- Representative of La Banque Postale, the Managing Partner of CRSF Métropole (a limited property investment partnership);
- Member of the Supervisory Board of Oddo & Cie (a limited share partnership);
- Permanent representative of La Banque Postale, Director of the AFPEN charity;
- Member of the Supervisory Board and Audit Committee of the Fonds de Garantie des Dépôts (the deposit guarantee fund);
- Vice-Chairman of the Board of Directors of Mutuelle des Sportifs (mutualist insurance company)
- Director of Monnet Project (association)
- **Mr Philippe Bajou, member of the Executive Board of La Banque Postale:**
  - Member of the Supervisory Board of La Banque Postale Gestion Privée (a limited company with Executive and Supervisory Boards);
  - Vice-Chairman of the Supervisory Board of La Banque Postale Asset Management (a Limited company with Executive and Supervisory Boards);
  - Vice-Chairman of the Committee of Directors of Titres-Cadeaux (a simplified joint-stock company);
  - Chief Executive Officer of EF Primo (a limited company);

- Permanent representative of SF2, Director of La Banque Postale Assurances IARD (formerly Fédération-SF2, a limited company) and member of the Finance Committee;
- Chairman of the Committee of Directors of EasyBourse (a simplified joint-stock company);
- Permanent representative of SF2, Director of Tocqueville Finance SA and Chairman of the Audit and Compliance Committee;
- Permanent representative of SF2, Director of Tocqueville Finance Holding (a simplified joint-stock company);
- Director of the La Poste Foundation.
- Permanent representative of La Banque Postale, Director of Office de coordination bancaire et financière (OCBF).

### **8.3 Conflicts of interest or declaration of no-conflict of interest**

The Issuer certifies that, to the best of its knowledge, there are no potential conflicts of interest between the duties of its corporate officers towards the Issuer and their private interests and other duties.

## **9. LEGAL AND ARBITRATION PROCEEDINGS**

Save as disclosed in the recent development section below under “*Decision of the Autorité de la Concurrence*”, the Issuer is not aware of any legal, governmental or arbitration proceedings, pending or threatened, which may have significant effects on the Issuer and/or the Group's financial position.

## **10. MATERIAL CONTRACTS**

The resources of La Poste are available to La Banque Postale through various services contracts.

### **10.1 Legal Framework**

Pursuant to Article 16 of the RAP Law, La Banque Postale must use La Poste's resources to carry out its corporate objects and enter into agreements with La Poste for this purpose (within the meaning of article L.518-25 paragraph 2 of the French *Code monétaire et financier*). Consequently services contracts have been entered into which govern how the activities of La Banque Postale will be subcontracted to La Poste, acting as agent of La Banque Postale in its name and on its behalf.

The central agreements govern relations between La Banque Postale and La Poste with respect to the core businesses of La Banque Postale. These contracts have a term of several years (generally ten) and are intended to give La Banque Postale and La Poste economic visibility and stability.

In addition, ancillary contracts deal with the operational aspects of other activities in relation to which La Banque Postale has total freedom to contract with other services providers than La Poste. However, from the outset, La Banque Postale chose La Poste as its partner for such activities to ensure continuity of service and to maintain good labour relations.

These agreements belong to two common rules categories:

- Secondment of La Poste staff to La Banque Postale,
- Provision of services.

## **10.2 Secondment of La Poste staff to La Banque Postale**

This involves the staff of the Financial Services (*Centres Financiers*), of the National Centres (*Centres Nationaux*), the staff of the Financial Services Information Systems Division of the La Poste Retail Brand Commercial Chain (*Chaîne Commerciale Enseigne La Poste*) of the La Poste Retail Brand.

The La Poste staff used by La Banque Postale implements La Banque Postale's policies in the name and on behalf of La Banque Postale. These staff members are managed by the postal services hierarchy in accordance with human resources rules of the Group and also with specific rules made by La Banque Postale in line with conduct of banking activities requirements (training, recruitment, etc.).

La Banque Postale bears the entire cost relating to such staff members including training, support and property related costs.

La Banque Postale establishes a forecast of the number of staff it will require thus ensuring a degree of foreseeability in the required resources and social security charges. La Poste owes La Banque Postale a duty to use reasonable endeavours to make such staff members available.

## **10.3 Provision of services**

La Poste acts as a service provider on behalf of La Banque Postale. Agreements for each activity lay down the services to be provided, the unitary price, the manner and quality of services. Pricing of the services must, *ad minima*, cover La Poste's costs.

The main services contract covers over-the-counter services. It is signed for a ten-year term with fixed prices for three years to ensure economic visibility for both parties. These over-the-counter services are governed by common rules and include notably banking and financial transactions (negotiation and granting of loans, managing loans, transactions including the negotiation of cash deposits, current accounts, payments, transfers, debts, cheques and other commercial instruments, with the exception of debt recovery etc).

La Poste is entirely responsible for managing its personnel. La Banque Postale lays down the qualifications required for counter staff to carry out over-the-counter transactions in the name and on behalf of La Banque Postale.

Similar agreements of a shorter duration have been agreed for other activities carried on by the Group (operational management of automatic banking or telling machines, printing of cheque payment letters, stocking financial centres with supplies and printed forms, ...).

## **10.4 Principle of responsibility**

La Banque Postale is responsible for the proper execution of its banking, financial and insurance transactions with its customers. La Poste is responsible to La Banque Postale for the operations it carries out for and on behalf of La Banque Postale. The respective role and responsibility of La Banque Postale and of La Poste for each matter are allocated at the outset.

# **11. GOVERNANCE, CONTROL AND RISK MANAGEMENT**

## **11.1 Governance**

La Banque Postale's system of governance is based on a *Conseil de surveillance* (Supervisory Board) and a *Directoire* (Executive Board). It also relies on three Supervisory Board committees and nine internal Executive Board committees.



(a) Supervisory Board Committees

The Supervisory Board has three committees whose task is to prepare and simplify its work:

- The *Comité stratégique* (Strategic Committee):
  - studies the multi-year strategic plan and monitors its implementation,
  - monitors the progress of major strategic projects,
  - examines the methods adopted by the Issuer and its subsidiaries' for carrying out strategic operations.
- The *Comité d'audit* (Audit Committee):
  - ensures that all information supplied is clear and understandable and assesses the relevance of the accounting methods applied,
  - assesses the quality of internal controls,
  - validates the Issuer's internal control Charter.
- The *Comité de nomination-rémunération* (Appointment and Remuneration Committee):
  - proposes criteria to the Supervisory Board for the remuneration of corporate officers,
  - prepares corporate officers' performance appraisals,
  - prepares decisions relating to potential addition remuneration based on the value of the company,
  - organises the procedure for selection of independent directors,
  - analyses the remuneration practices and policies of financial markets professionals.

(b) Internal Executive Board Committees

There are nine such committees:

- the *Comité exécutif* (Executive Committee),
- the *Comité de direction* (Management Committee),
- the *Comité des risques* (Risks Committee),
- the *Comité de conformité et déontologie* (Compliance and Ethics Committee),
- the *Comité ALM* (Asset and Liability Management Committee),
- the *Comité stratégique des systèmes d'information* (Strategic Information Systems Committee),
- the *Comité marketing et commercial* (Marketing and Commercial Committee),
- the *Comité qualité client* (Customer Quality Control Committee), and

- the *Comité développement responsable* (Responsible Development Committee).

## 11.2 Internal Control

In addition to the Audit Committee, internal control and risk management are the responsibility of the following committees:

(a) The Compliance and Ethics Committee

The Compliance and Ethics Committee under the management of the Head of Compliance, reports to La Banque Postale's Executive Board. Its mission is to:

- ensure that actions taken with regard to laws and regulations relating to banking and finance activities are coherent and effective, in particular with respect to money laundering and financing of terrorism,
- coordinate internal control activities,
- validate the banking ethics policy and ensure it is implemented,
- examine the annual internal control reports and the reports prepared by the head of investment services and banking ethics compliance.

(b) The Risks Committee

The Risks Committee reports to La Banque Postale's Executive Board. This committee's task is to:

- define the credit, market and operational risks management policy,
- examine appreciable risks and approve the main (credit and market) commitments,
- validate risk management measures (delegations and limits) and collect compliance information.

## 11.3 Risk Management

Management and supervision of market, credit and operational risks at La Banque Postale are the responsibility of the Risks Department. By virtue of its direct attachment to the Executive Board, this Department is independent from La Banque Postale's operational entities.

Risks relating to market activities which are monitored by the Market and Counterparty Risks Department, are controlled on a daily basis which allows risk exposure levels to be assessed at all times.

Retail client credit risk management is based on:

- lending criteria and allocation procedures in accordance with pre-determined rules for commitments;
- a duly documented delegation system, and
- automatic filtering and scoring systems which simplify the allocation procedure.

Control procedures complete this loans portfolio related credit risk management system. Its purpose is to maintain the quality of the loans portfolio despite the growth in size of outstanding funds and the introduction of new products.

Operational risks are controlled regularly at different hierarchical levels to minimise La Banque Postale's exposure.

## RECENT DEVELOPMENTS

### 1. THE FOLLOWING IS THE FREE ENGLISH TRANSLATION OF AN EXTRACT OF A *DOSSIER DE PRESSE* DISTRIBUTED ON 9 SEPTEMBER 2010 AT A PRESS CONFERENCE:

"CORPORATE FINANCING: LA BANQUE POSTALE GIVEN A GREEN LIGHT BY THE GOVERNMENT

With over 364,000 associations, 99,000 very small businesses ("**VSB**") and professionals, 17,000 SMB, and 2,000 large corporate entities, La Banque Postale has a significant place on the legal entities market.

In 2009, the corporate and association market represented 6 per cent. of the net banking results of La Banque Postale. Over the first half of 2010, the results from the commercial activity "Enterprise" were particularly successful, notably banking commissions amounted to 68.5 millions euro and the Daily Average Balance (*Avoir Moyen Journalier*) to 11.4 billion euro.

In line with the policy announced by the President of the Republic of France in February 2010, La Banque Postale received in early August, from Mrs Christine Lagarde, the French Finance Minister, the State's go-ahead to prepare an offer for the provision of financing products and services to enterprises. This will allow La Banque Postale to make a further contribution to financing the economy and to consolidate its development in that sector. La Banque Postale already has the human and financial resources (around 7 billion euro from savings accounts "*Livret A*", "*LDD*", as at end June 2010) to achieve this.

However, ever concerned to bring the highest levels of professionalism to this new area of activity consistent with its high standards in other areas, La Banque Postale has decided to enter this market only gradually with the first operations to take place in 2011. The appropriate licence will be sought from the *Autorité de Contrôle Prudenciel* as soon as possible. For medium term credit for the establishment or acquisition of very small businesses, the Bank will seek to establish local partnerships. To this end, the Bank has entered into a non-exclusive partnership agreement with *France Initiative*, first association network for financing and support of the establishment or acquisition of businesses. Such partnership confirms La Banque Postale's policy of increasing its participation in supporting of new business initiatives. The partnership agreement which is intended to be implemented also at local level, identifies several lines of cooperation. *France Initiative* will lend its support and expertise in particular to business creation and development projects carried out by customers of La Banque Postale and will provide specific information to project participants on the business services that the Bank can offer. La Banque Postale will bring its skills to the work of *France Initiative*, assisting in the setting-up of business creation files and participating in the selection committees responsible for selecting the nature of the support to be granted. The partners will also carry out various actions to improve economic development in vulnerable areas (less well-off neighbourhoods, rural districts, both in mainland France and overseas territories)."

A copy of the *Dossier de Presse* in French is available from the Issuer's website ([www.labanquepostale.fr](http://www.labanquepostale.fr)).

### 2. DECISION OF THE *AUTORITE DE LA CONCURRENCE*

In a decision dated 20 September 2010, the French competition authority, the *Autorité de la concurrence* (the **Autorité**) has imposed a fine on the French central bank (*la Banque de France*) and on ten French retail banks, including *La Banque Postale*, for having colluded from January 2002 to

July 2007 on the enforcement of a fee on 80 per cent. of cheques cashed in France, during the transition to a new digital system for the processing of cheques.

The *Autorité* has also fined these banks for enforcing two other kinds of bank fees for related services, known as "AOTC" (*annulation d'opérations compensées à tort*, i.e. the cancellation of incorrectly cleared transactions), and has requested a revision of such fees based on the costs of the most efficient bank as a benchmark.

The fines for these two infringements amount to a total of 384.9 million Euros, of which 32.87 million are owed by *La Banque Postale* (32.54 million Euros being due for the first infringement and 330 000 Euros for the second).

*La Banque Postale* has decided to lodge an appeal against the *Autorité's* decision.

The *Autorité* has decided that six other fees charged for related services were justified on the basis that these fees represented a fair proportion of the costs of new services given by one bank to another (such as the clearance of blocked cheques) and that such fees compensated the cost transfers caused by the transition to the new system of cheque processing (such as the storage of cheques). Finally, the *Autorité* has explained that a new investigation is underway regarding the issue of multilateral interbank commissions that banks receive in the context of the use of bank cards. The *Autorité* expects to issue its decision in this regard in 2011.

## TAXATION

*The following is a general description of certain tax considerations relating to the Notes and to the holders of the Notes which are not shareholders or otherwise affiliated with the Issuer. 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*

### **European Union**

On 3 June 2003, the European Council of Economic and Finance Ministers adopted the Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”). Pursuant to the Savings Directive and subject to a number of conditions being met, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Savings Directive (interest, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident or certain limited types of entities established in that other Member State (the “**Disclosure of Information Method**”).

For these purposes, the term “paying agent” is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method or for the tax certificate procedure, withhold an amount on interest payments. The rate of such withholding is currently 20 per cent. for a period of three years, starting on 1 July 2008, and 35 per cent. thereafter.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the “**OECD Model Agreement**”) with respect to interest payments within the meaning of the Savings Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

On November 13, 2008 the European Commission published a detailed proposal for amendments of the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on April 24, 2009. If any of those proposed changes are made in relation to the Savings Directive they may amend or broaden the scope of the requirement described above.

## **Luxembourg**

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to individual Noteholders or Noteholders that are Residual Entities (as defined below), there is no withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of interest paid to individual Noteholders or Noteholders that are Residual Entities (as defined below), upon repayment of the principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

### *Luxembourg non-resident individuals*

Under the Savings Directive and the Luxembourg laws, dated 21 June 2005, implementing the Savings Directive, as defined above, and several agreements concluded between Luxembourg and certain dependent or associated territories (the “**Associated Territories**”) of the European Union (“**EU**”), a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State of the EU or in an Associated Territory unless the beneficiary of the interest payments elects for the procedure of exchange of information or for the tax certificate procedure. The same treatment applies to payments of interest and other similar income made to a residual entity (“**Residual Entity**”) within the meaning of Article 4.2 of the Savings Directive (i.e., entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, that are not and have not opted to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC), established in another Member State of the EU or in an Associated Territory. The Associated Territories are currently the following: Aruba, British Virgin Islands, Guernsey, Isle of Man, Jersey, Montserrat and the Netherlands Antilles.

Where withholding tax is applied, it is levied at a rate of 20 per cent. increasing to 35 per cent. as from 1 July 2011. The withholding tax system only applies during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain other countries.

### *Luxembourg resident individuals*

A 10 per cent. withholding tax is levied on interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC or for the exchange of information regime). Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his or her private wealth.

Pursuant to the Luxembourg law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. tax on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area other than an EU Member State or in a State or territory which has concluded an international agreement directly related to the Savings Directive.

## **France**

The Savings Directive has been implemented in French law under Article 242 *ter* of the French *Code Général des Impôts* and Articles 49 I *ter* to 49 I *sexies* of Schedule III of the French *Code Général des Impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State,

including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

Since the Notes are issued after 1 March 2010, they fall under the new French withholding tax regime pursuant to the French *loi de finances rectificative pour 2009 no. 3* (n°2009-1674 dated 30 December 2009), applicable as from 1 March 2010 (the “**Law**”). Payments of interest and other revenues made by the Issuer on such Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code Général des Impôts* unless such payments are made outside France in a non-cooperative State or territory (*État ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code Général des Impôts* (a “**Non-Cooperative State**”). If such payments are made in a Non-Cooperative State, a 50% withholding tax may be applicable (subject to the exception described below and the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French *Code Général des Impôts*.

Furthermore, interest and other revenues on the Notes may no longer be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French *Code Général des Impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the French *Code Général des Impôts*, at a rate of 25% or 50%, subject to the more favourable provisions of any applicable tax treaty.

Notwithstanding the foregoing, the Law provides that neither the 50% withholding tax nor the non-deductibility will apply in respect of an issue of notes if the relevant issuer can prove that the principal purpose and effect of such issue of notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the “**Exception**”). Pursuant to the ruling no. 2010/11 (FP and FE) (*rescrit*) of the French tax authorities dated 22 February 2010, an issue of notes will benefit from the Exception without the relevant issuer having to provide any proof of the purpose and effect of such issue of notes, if the notes are:

(i) 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;

(ii) 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

(iii) admitted, at the time of their issue, to the 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 that are not located in a Non-Cooperative State.

Payments of interest and other similar revenues in respect of the Notes are accordingly exempt from the withholding tax set out under Article 125 A III of the French *Code Général des Impôts* and from the non-deductibility rule mentioned above.



## SUBSCRIPTION AND SALE

Credit Suisse Securities (Europe) Limited, HSBC Bank plc, Natixis and Société Générale (the “**Joint Lead Managers**”) have, pursuant to a Subscription Agreement dated 26 November 2010 (the “**Subscription Agreement**”), agreed with the Issuer (subject to satisfaction of certain conditions) to subscribe and pay for the Notes at a price equal to 99.310 per cent. of their nominal amount, less any applicable management and underwriting commission. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

### **General Restrictions**

Each Joint Lead Manager has agreed to observe all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Notes or have in its possession or distribute this Prospectus or any other offering material relating to the Notes. No action has been, or will be, taken in any country or jurisdiction that would permit a public offering of the Notes, or the possession or distribution of this Prospectus or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required other than as specified herein. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any circular, prospectus, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

### **France**

Each of the Joint Lead Managers has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, the Notes to the public in France, and 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 that such offers, sales and distributions have been, and will only be, made in France to (i) persons licensed to provide investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in, and in accordance with, Articles L. 411-2, and D. 411-1 to D. 411-4 of the French *Code monétaire et financier* and applicable regulations thereunder, except that qualified investors shall not include individuals. The direct or indirect distribution to the public in France of any Notes so acquired may be made only as provided by Articles L. 411-1 to L. 411-4, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.

### **United Kingdom**

Each Joint Lead Manager has represented, warranted and agreed that:

(i) 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 any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

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

## United States

The Notes have not been, and will not be, registered under the Securities Act or the securities laws of any U.S. state, and may not be offered or sold, directly or indirectly, in the United States of America 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. The Notes are being offered and sold only outside of the United States to non-U.S. persons in reliance upon an exemption from registration under the Securities Act pursuant to Regulation S.

Each Joint Lead Manager has represented and agreed that:

(i) it has not offered or sold, and will not offer or sell, the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons; and

(ii) it will have sent to each distributor or dealer to which it sells Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

Terms used in this paragraph and not otherwise defined in this Prospectus have the meanings given to them in Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

## Italy

The offering of the Notes has not been registered with CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (A) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998 as amended (the “**Financial Services Act**”) and the relevant implementing CONSOB regulations, as amended from time to time, and in Article 2 of Directive No. 2003/71/EC of 4 November 2003; or
- (B) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of the Financial Services Act and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended (Regulation No. 11971).

Any 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 under (i) or (ii) above must be:

- i. made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993 as amended (the “**Banking Act**”);
- ii. in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- iii. in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

## GENERAL INFORMATION

### 1. Listing and admission to trading of the Bonds

For the sole purpose of the listing and 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 a *visa* n°10-413 dated 26 November 2010.

### 2. Clearing of the Bonds

The Notes have been accepted for clearance through Euroclear France, Euroclear and Clearstream, Luxembourg with the Common Code number of 056346651. The International Securities Identification Number (ISIN) for the Notes is FR0010969410.

The address of Euroclear France is 155, rue Réaumur, 75081 Paris Cedex 02, France. The address of Euroclear is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, 1855 Luxembourg, Grand-Duchy of Luxembourg.

The estimated costs for the admission to trading are EUR 12,500.

### 3. Corporate authorisations

The issue of the Notes has been authorised pursuant to a decision of Philippe BAJOU, member of the Management Board (*Directoire*) of the Issuer on 19 November 2010, acting pursuant to a resolution of the Supervisory Board (*Conseil de surveillance*) of the Issuer dated 3 November 2010 and a resolution of the Management Board (*Directoire*) of the Issuer dated 3 November 2010.

### 4. Documents available

So long as any of the Notes is outstanding, copies of the unaudited consolidated accounts of the Issuer for the six-month period ended 30 June 2010, the audited consolidated accounts of the Issuer for the years ended 31 December 2009 and 31 December 2008, the constitutional documents (*statuts*) of the Issuer, this Prospectus (including the 2010 Semi-Annual Statements, the 2009 Financial Report and the 2008 Financial Report containing the Information Incorporated by Reference and any supplement hereto) and any reports, letters and other documents included herein may be obtained free of charge, or will be available for inspection, at the registered office of the Issuer during usual business hours on any weekday (except Saturdays, Sundays and public holidays). This Prospectus, the 2010 Semi-Annual Statements, the 2009 Financial Report and the 2008 Financial Report containing the Information Incorporated by Reference and copies of the Fiscal Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours on any weekday (except Saturdays, Sundays and public holidays). The Prospectus is also available on the websites of the AMF ([www.amf-france.org](http://www.amf-france.org)) and of the Issuer ([www.labanquepostale.fr](http://www.labanquepostale.fr)). The 2010 Semi-Annual Statements, the 2009 Financial Report and the 2008 Financial Report containing the Information Incorporated by Reference are available on the website of the Issuer ([www.labanquepostale.fr](http://www.labanquepostale.fr)).

### 5. Auditors

PricewaterhouseCoopers Audit and Mazars, statutory auditors of the Issuer, have audited and rendered an unqualified audit report on the consolidated financial statements of the Issuer for the years ended 31 December 2008 and 2009. In addition, KPMG Audit has been appointed as third auditors of the Issuer, as from the financial year ending 31 December 2010. The French auditors carry out their duties in accordance with the principles of *Compagnie Nationale des Commissaires aux Comptes* (CNCC).

**6. Significant change**

Except as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer or the Group since the end of the last financial period for which interim financial information has been published.

**7. Material adverse change**

Except as disclosed in this Prospectus, there has been no material adverse change in the prospects of the Issuer since the date of its last published audited consolidated financial statements.

**8. Litigation**

Except as disclosed in this Prospectus, neither the Issuer nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous twelve (12) months which may have, or have had in the recent past, significant effects on the Issuer and/or the Group's financial position or profitability..

**9. Yield**

There is no explicit yield to maturity. The Notes do not carry a fixed date for redemption and the Issuer is not obliged, and under certain circumstances is not permitted, to make payments on the Notes at the full stated rate.

**10. Conflict of Interest**

As far as the Issuer is aware, at the date of this Prospectus, the members of Issuer's management and supervisory bodies have no conflict of interest between their duties to the Issuer and their private interests and/or other duties.

As far as the Issuer is aware, at the date of this Prospectus, there is no conflict of interest that is material to the issue of the Notes.

## RESPONSIBILITY STATEMENT

To the best of my knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus are in accordance with the facts and contains no omission likely to affect its import.

The consolidated financial statements for the year ended 31 December 2008 were audited by statutory auditors who issued an audit report which is reproduced on pages 105 to 109 of the 2008 Financial Report. This report contains two observations.

**La Banque Postale**

115, rue de Sèvres  
75275 Paris Cedex 06  
France

Represented by Mr. Philippe Bajou  
*Membre du Directoire* (Member of the Management Board)

Dated 26 November 2010



In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the French *Autorité des marchés financiers* (“AMF”), in particular Articles 211-1 to 216-1, the AMF has granted to this Prospectus the *visa* n°10-413 on 26 November 2010. 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.

## REGISTERED OFFICE OF THE ISSUER

**La Banque Postale**  
115 rue de Sèvres  
75275 Paris Cedex 06  
France

## STRUCTURING ADVISER

**Société Générale**  
29 boulevard Haussmann  
75009 Paris  
France

## JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

### **Credit Suisse Securities (Europe) Limited**

One Cabot Square  
London E14 4QJ  
United Kingdom

### **HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

### **Natixis**

30 avenue Pierre Mendès France  
75013 Paris  
France

### **Société Générale**

29 boulevard Haussmann  
75009 Paris  
France

## FISCAL AGENT AND PAYING AGENT

### **Société Générale**

32 rue du Champ de Tir  
44312 Nantes Cedex 3  
France

## LEGAL ADVISORS TO THE ISSUER

*as to French law*

### **Allen & Overy LLP**

26 boulevard des Capucines  
75009 Paris  
France

## LEGAL ADVISORS TO THE JOINT LEAD MANAGERS

*as to French law*

### **Linklaters LLP**

25 rue de Marignan  
75008 Paris  
France

## AUDITORS TO THE ISSUER

### **PricewaterhouseCoopers Audit**

63 rue de Villiers  
92208 Neuilly-sur-Seine Cedex  
France

### **Mazars**

Exaltis  
61 rue Henri Regnault  
92075 La Défense Cedex  
France

### **KPMG Audit**

1 cours Valmy  
92923 La Défense Cedex  
France