

Base Prospectus dated 28 June 2012



LA BANQUE POSTALE

€ 10,000,000,000

Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Base Prospectus (the "**Programme**"), La Banque Postale (the "**Issuer**" or "**La Banque Postale**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed € 10,000,000,000 (or the equivalent in other currencies at the date of issue of any Notes).

This Base Prospectus supersedes and replaces the Base Prospectus dated 22 December 2010 as supplemented and shall be in force for a period of one year as of 28 June 2012.

Application has been made to the *Autorité des marchés financiers* (the "**AMF**") in France for approval of this Base Prospectus in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements Directive 2003/71/EC of 4 November 2003 (as amended by Directive 2010/73/EC (to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area) (the "**2010 PD Amending Directive**")) on the prospectus to be published when securities are offered to the public or admitted to trading (the "**Prospectus Directive**").

Application may be made for Notes issued under the Programme during a period of 12 months from the date of this Base Prospectus to be listed and/or admitted to trading on Euronext Paris and/or on the Regulated Market (as defined below) in another Member State of the European Economic Area ("**EEA**"). Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC (a "**Regulated Market**"). However, Notes may be issued pursuant to the Programme which are not admitted to trading on any Regulated Market. The relevant final terms (the "**Final Terms**") (a form of which is contained herein) in respect of the issue of any Notes will specify whether or not such Notes will be admitted to trading, and, if so, the relevant Regulated Market.

In the case of any Notes which are to be admitted to trading on a Regulated Market within the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be € 100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

This Base Prospectus constitutes a base prospectus for the purposes of article 5.4 of the Prospectus Directive.

Notes may be issued either in dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**") as more fully described herein. Dematerialised Notes will at all times be in book-entry form in compliance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier*. No physical documents of title will be issued in respect of the Dematerialised Notes.

Dematerialised Notes may, at the option of the Issuer, be in bearer dematerialised form (*au porteur*) inscribed as from the issue date in the books of Euroclear France ("**Euroclear France**") (acting as central depository) which shall credit the accounts of Account Holders (as defined in "Terms and Conditions of the Notes — Form, Denomination(s)", "Title and Redenomination") including Euroclear Bank S.A./N.V. ("**Euroclear**") and the depository bank for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder (as defined in "Terms and Conditions of the Notes — Form, Denomination(s), Title and Redenomination"), in either fully registered form (*au nominatif pur*), in which case they will be inscribed either with the Issuer or with the registration agent (designated in the relevant Final Terms) for the Issuer, or in administered registered form (*au nominatif administré*) in which case they will be inscribed in the accounts of the Account Holders designated by the relevant Noteholders.

Materialised Notes will be in bearer materialised form only and may only be issued outside France. A temporary global certificate in bearer form without interest coupons attached (a "**Temporary Global Certificate**") will initially be issued in connection with Materialised Notes. Such Temporary Global Certificate will be exchanged for Definitive Materialised Notes in bearer form with, where applicable, coupons for interest attached, on or after a date expected to be on or about the 40th day after the issue date of the Notes (subject to postponement as described in "Temporary Global Certificates issued in respect of Materialised Bearer Notes") upon certification as to non U.S. beneficial ownership as more fully described herein.

Temporary Global Certificates will (a) in the case of a Tranche (as defined in "**General Description of the Programme**") intended to be cleared through Euroclear and/or Clearstream, Luxembourg, be deposited on the issue date with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer (as defined below).

The final terms of the relevant Notes will be determined at the time of the offering of each Tranche based on then prevailing market conditions and will be set out in the relevant Final Terms.

The long term debt of the Issuer has been assigned a rating of A+ (with a stable outlook) by Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("**S&P**") on 2 April 2010 (confirmed on 30 April 2012) and AA- (with a negative outlook) by Fitch Ratings Ltd ("**Fitch**") on 20 July 2010 (confirmed on 21 December 2011). Notes issued under the Programme may be unrated or rated differently from the current ratings of the Issuer. The rating of Notes (if any) will be specified in the Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency at any time. Each of S&P and Fitch is established in the European Union and is registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**"). Each of S&P and Fitch is included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

This Base Prospectus and the documents incorporated by reference in this Base Prospectus will be available on the websites of the Issuer (www.labanquepostale.fr) and the AMF (www.amf-france.org). The Final Terms related to the Notes listed and admitted to trading on any Regulated Market in the EEA will be published on the website of the AMF.

Prospective investors should have regard to the factors described under the section headed "Risk factors" in this Base Prospectus.

Arranger

BNP PARIBAS

Dealers

**Barclays
BNP PARIBAS
CITIGROUP
Crédit Agricole CIB
Deutsche Bank
HSBC**

**J.P. Morgan
NATIXIS
Nomura
Société Générale Corporate & Investment Banking
The Royal Bank of Scotland
UBS Investment Bank**

This Base Prospectus (together with any supplements to this Base Prospectus published from time to time (each a "Supplement" and together the "Supplements")) constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive in respect of, and for the purpose of giving information with regard to, the Issuer, the Issuer and its consolidated subsidiaries taken as a whole ("La Banque Postale Group") which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

This Base Prospectus should be read and construed in conjunction with any Supplement that may be published from time to time and with all documents incorporated by reference (see "Information Incorporated by Reference") and in relation to any Series (as defined herein) of Notes, should be read and construed together with the relevant Final Term(s) (the Base Prospectus and the Final Terms being together, the "Prospectus").

Certain information contained in this Base Prospectus and/or documents incorporated herein by reference 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.

No person has been authorised to give any information or to make any representation other than those contained in this Base 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 Dealers or the Arranger (each as defined in "General Description of the Programme"). Neither the delivery of this Base Prospectus nor any 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 La Banque Postale Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or La Banque Postale Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme 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.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Materialised Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of Materialised Notes in bearer form, delivered within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S") or, in the case of Materialised Notes in bearer form, the U.S. Internal Revenue Code of 1986, as amended (the "U.S. Internal Revenue Code" and the regulations thereunder)). For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see "Subscription and Sale".

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers or the Arranger to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other financial statements or any other information incorporated by reference are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements or any other information incorporated by reference should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche (as defined in "General Description of the Programme"), the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or persons acting on behalf of any Stabilising Manager(s) in the applicable Final Terms 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(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "€", "Euro", "EUR" or "euro" are to the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended, references to "£", "pounds sterling", "GBP" and "Sterling" are to the lawful currency of the United Kingdom, references to "\$", "USD" and "U.S. Dollars" are to the lawful currency of the United States of America.

In this Base Prospectus, any discrepancies in any table between totals and the sums of the amounts listed in such table are due to rounding.

FORWARD LOOKING STATEMENTS

This Base Prospectus (including the documents incorporated by reference) contains certain statements that are forward-looking including statements with respect to the Issuer's business strategies, expansion and growth of operations, trends in its business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. These statements are neither "profit forecast" nor "profit estimate" within the meaning of European Regulation 809/2004/EC of 29 April 2004.

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RISK FACTORS

Prior to making an investment decision, prospective investors in the Notes offered hereby should consider carefully, among other things and in light of their financial circumstances and investment objectives, all the information of this Base Prospectus and, in particular, the risks factors set forth below. Each of the risks highlighted below could have a material adverse effect on the business, operations, financial conditions or prospects of the Issuer or La Banque Postale Group, which in turn could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Notes. In addition, each of the risks highlighted below could adversely affect the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment. This section is not intended to be exhaustive and prospective investors should make their own independent evaluation of all risk factors and should read the detailed information set out elsewhere in this Base Prospectus. Words and expressions defined in the section entitled "Terms and Conditions of the Notes" herein shall have the same meanings in this section.

The order in which the following risks factors are presented is not an indication of the likelihood of their occurrence.

I. RISK RELATING TO THE NOTES

The following paragraphs describe some risk factors that are material to the Notes to be offered and/or admitted to trading in order to assess the market risk associated with these Notes.

General

There are certain factors which are material for the purpose of assessing the risks associated with an investment in Notes issued under the Programme. Such factors will vary depending on the type of Notes issued, in particular in relation to Notes, the interest and/or redemption amount of which is linked to the value of the underlying reference asset(s) (the "**Underlying Reference**") such as, but not limited to, Index Linked Notes, Share Linked Notes, Inflation Linked Notes, Foreign Exchange Rate Linked Notes and Commodity Linked Notes.

Assessment of Investment Suitability

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risk of investing in the Notes and the information contained or incorporated by reference in the Base Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency.

Some Notes are complex financial instruments. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Some Notes which are complex financial instruments may be redeemable at an amount below par in which case investors may lose the value of part or their entire investment.

The trading market for debt securities may be volatile and may be adversely impacted by many events.

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

An active trading market for the Notes may not develop.

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes. It is not possible to predict the price at which Notes will trade in the secondary market. The Issuer may, but is not obliged to, list Notes on a stock exchange. Also, to the extent Notes of a particular issue are redeemed in part, the number of Notes of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Notes of such issue. A decrease in the liquidity of an issue of Notes may cause, in turn, an increase in the volatility associated with the price of such issue of Notes.

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

The value of the Notes is expected to be affected, in part, by investors' general appraisal of the creditworthiness of the Issuer and La Banque Postale Group. Such perceptions are generally influenced by the ratings accorded to the outstanding Notes of the Issuer by standard statistical rating services, such as S&P and Fitch. A reduction in, or a placing on credit watch of the rating, if any, accorded to outstanding debt securities of the Issuer and/or La Banque Postale Group by one of these or other rating agencies could result in a reduction in the trading value of the Notes.

The Notes may be redeemed prior to maturity.

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the Issuer. As a consequence of an early redemption, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. The Noteholder may thus not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

In the event that the Issuer would be required to pay additional amounts in respect of any Notes due to any withholding as provided in Condition 8 of the Terms and Conditions of the Notes, the Issuer may and, in certain circumstances, shall (subject, in the case of Subordinated Notes, to the prior written consent of the *Secrétariat général de l'Autorité de Contrôle Prudentiel* in France) redeem all of the Notes then outstanding in accordance with the Terms and Conditions of the Notes.

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

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

markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

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

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

Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on an individual Noteholder in respect of any Notes may differ also in respect of Share Linked Notes, Index Linked Notes, Inflation Linked Notes, Foreign Exchange Rate Linked Notes, Commodity Linked Notes and other Notes linked to an Underlying Reference. The Issuer advises all investors to contact their own tax advisors for advice on the tax impact of an investment in the Notes.

Change in value of Fixed Rate Notes

Investors in Fixed Rate Notes are exposed to the risk that subsequent changes in interest rates may adversely affect the value of the Notes.

Investors will not be able to calculate in advance their rate of return on Floating Rate Notes.

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing. In addition, the Issuer's ability to issue Fixed Rate Notes may affect the market value and secondary market (if any) of the Floating Rate Notes (and *vice versa*).

Zero Coupon Notes are subject to higher price fluctuations than non-discounted notes.

Changes in market interest rates generally have a substantially stronger impact on the prices of zero coupon notes than on the prices of ordinary notes because the discounted issue prices are substantially below par. If market interest rates increase, zero coupon notes can suffer higher price losses than other notes having the same maturity and credit rating.

Foreign currency notes expose investors to foreign exchange risk as well as to issuer risk.

As purchasers of foreign currency notes, investors are exposed to the risk of changing foreign exchange rates. This risk is in addition to any performance risk that relates to the Issuer or the type of Notes being issued.

Holders of Subordinated Notes generally face a higher performance risk than holders of Senior Notes.

In the event of any insolvency or liquidation of the Issuer, holders of Subordinated Notes would receive payments on any outstanding Subordinated Notes only after senior Noteholders and other senior creditors have been repaid in full, if and to the extent that there is still cash available for those payments. Thus, holders of Subordinated Notes generally face a higher performance risk than holders of Senior Notes.

Additional factors relating to Index Linked Notes, Share Linked Notes, Inflation Linked Notes, Foreign Exchange Rate Linked Notes, Commodity Linked Notes and other Notes linked to an Underlying Reference

Investments in Index Linked Notes, Share Linked Notes, Inflation Linked Notes, Foreign Exchange Rate Linked Notes, Commodity Linked Notes and other Notes linked to an Underlying Reference entail significant risks and may not be appropriate for investors lacking financial expertise. Prospective investors should consult their own financial, tax and legal advisors as to the risks entailed by an investment in such Notes and the suitability of such Notes in light of their particular circumstances and ensure that its acquisition is fully consistent with their financial needs and investment policies, is lawful under the laws of the jurisdiction of its incorporation and/or in which it operates, and is a suitable investment for it to make. The Issuer believes that such Notes should only be purchased by investors who are, or who are purchasing under the guidance of, financial institutions or other professional investors that are in a position to understand the special risks that an investment in these instruments involves, in particular relating to options and derivatives and related transactions, and should be prepared to sustain a total loss of the purchase price of their Notes.

Index Linked Notes, Share Linked Notes, Inflation Linked Notes, Foreign Exchange Rate Linked Notes, Commodity Linked Notes and other Notes linked to an Underlying Reference are securities which do not provide for predetermined redemption amounts and/or interest payments but amounts due in respect of principal and/or interest will be dependent upon the performance of one or more indices, one or more shares one or more commodities or one or more other Underlying References, which themselves may contain substantial credit, interest rate, foreign exchange, time value, political and/or other risks.

An investment in Index Linked Notes, Share Linked Notes, Inflation Linked Notes, Foreign Exchange Rate Linked Notes, Commodity Linked Notes and other Notes linked to an Underlying Reference therefore entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. These risks include, among other things, the possibility that:

- such indices or shares may be subject to significant changes, whether due to the composition of any such index itself, or because of fluctuations in value of the indexed assets, shares, commodities or other Underlying References;
- the resulting interest rate will be less (or may be more) than that payable on a conventional debt security issued by the Issuer at the same time;
- the holder of an Index Linked Note, an Inflation Linked Note, a Share Linked Note, a Foreign Exchange Rate Linked Note, a Commodity Linked Note and other Notes linked to an Underlying Reference could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment), and, if the principal is lost, interest may cease to be payable on such Note;
- any Note that is indexed to more than one type of Underlying Reference, or on formulae that encompass the risks associated with more than one type of Underlying Reference, may carry levels of risk that are greater than Notes that are indexed to one type of asset only;
- it may not be possible for investors to hedge their exposure to these various risks relating to Index Linked Notes, Inflation Linked Notes, Share Linked Notes, Foreign Exchange Rate Linked Notes, Commodity Linked Notes and other Notes linked to another Underlying Reference; and
- a significant market disruption could mean that any index on which the Index Linked Notes are based ceases to exist.

In addition, the value of Index Linked Notes, Inflation Linked Notes, Share Linked Notes, Foreign Exchange Rate Linked Notes, Commodity Linked Notes and other Notes linked to an Underlying Reference on the secondary market is subject to greater levels of risk than is the value of other Notes and the market price of such Notes may be very volatile. The secondary market, if any, for Index Linked Notes, Inflation Linked Notes, Share Linked Notes, Foreign Exchange Rate Linked Notes, Commodity Linked Notes and other Notes linked to an Underlying Reference will be affected by a number of factors,

independent of the creditworthiness of the Issuer and the value of the applicable currency, commodity, stock, interest rate, inflation index or other index, including the volatility of the applicable currency, commodity, stock, interest rate, inflation index or other index, the time remaining to the maturity of such Notes, the amount outstanding of such Notes and market interest rates. The value of the applicable currency, commodity, stock, interest rate, inflation index or other index, depends on a number of interrelated factors, including economic, financial and political events, over which the Issuer has no control.

Additionally, if the formula used to determine the amount of principal, premium and/or interest payable with respect to Index Linked Notes, Inflation Linked Notes, Share Linked Notes, Foreign Exchange Rate Linked Notes, Commodity Linked Notes and other Notes linked to an Underlying Reference contains a multiplier or leverage factor, the effect of any change in the applicable currency, commodity, stock, interest rate inflation or other index will be increased. The historical experience of the relevant currencies, commodities, stocks, interest rates indices or inflation or other indices should not be taken as an indication of future performance of such currencies, commodities, stock, interest rate inflation or other indices during the term of any such Note.

Additionally, there may be regulatory and other ramifications associated with the ownership by certain investors of certain Index Linked Notes, Inflation Linked Notes, Share Linked Notes, Foreign Exchange Rate Linked Notes, Commodity Linked Notes and other Notes linked to an Underlying Reference.

The Issuer and its affiliates do not provide any advice with respect to any Underlying Reference nor make any representation as to its quality, credit or otherwise, and investors in the Notes must rely on their own sources of analysis or credit analysis with respect to any Underlying Reference.

The risks reflect the nature of such a Note as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires or is redeemed. The risk of the loss of some or all of the purchase price of an Index Linked Note, an Inflation Linked Note, a Share Linked Note, a Foreign Exchange Rate Linked Notes, a Commodity Linked Note and other Notes linked to an Underlying Reference upon redemption means that, in order to recover and realise a return upon his or her investment, a purchaser of such Note must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant underlying inflation or other index or indices, share or shares, commodity or commodities, currencies or other underlying asset(s). Assuming all other factors are held constant, the lower the value of an Index Linked Note, an Inflation Linked Note, a Share Linked Note, a Foreign Exchange Rate Linked Note, a Commodity Linked Note and other Notes linked to an Underlying Reference and the shorter the remaining term of any such Note to redemption, the greater the risk that purchasers of such Notes will lose all or part of their investment.

Market disruption events

If an issue of Index Linked Notes, Inflation Linked Notes, Share Linked Notes, Foreign Exchange Rate Linked Notes, Commodity Linked Notes, or other Notes linked to an Underlying Reference includes provisions dealing with the occurrence of a Market Disruption Event on a valuation date, observation date or an averaging date and the Calculation Agent determines that a Market Disruption Event has occurred or exists on such valuation date, observation date or such averaging date, any consequential postponement of the valuation date, observation date or averaging date or any alternative provisions for valuation provided in any such Notes may have an adverse effect on the value and liquidity of such Notes. The timing of such dates (as scheduled or as so postponed or adjusted) may affect the value of the relevant Notes such that the Noteholder may receive a lower cash redemption amount and/or interest amount or other payment under the relevant Notes than otherwise would have been the case. The occurrence of such a Market Disruption Event in relation to any Underlying Reference comprising a basket may also have such an adverse effect on Notes related to such basket. In addition, any such consequential postponement may result in the postponement of the relevant Redemption Date and/or Maturity Date.

Limited exposure to Underlying Reference

If the applicable Final Terms provide that the exposure of any Index Linked Notes, Inflation Linked Notes, Share Linked Notes, Foreign Exchange Rate Linked Notes, Commodity Linked Notes and other Notes linked to an Underlying Reference to one or more Underlying References is limited or capped to a certain level or amount, such Notes will not benefit from any upside in the value of any such Underlying References beyond such limit or cap.

The Redemption Amount may be significantly less than the value of an investment in the Notes

Each Noteholder may receive a Redemption Amount in respect of any Index Linked Notes, Inflation Linked Notes, Share Linked Notes, Foreign Exchange Rate Linked Notes, Commodity Linked Notes and other Notes linked to an Underlying Reference to one or more Underlying References. The Redemption Amount may be significantly less than the value of the Noteholder's investment in such Notes.

Post-issuance information

Applicable Final Terms may specify that the Issuer will not provide post-issuance information if not otherwise required by all applicable laws and regulations. In such an event, investors will not be entitled to obtain such information from the Issuer.

Potential conflicts of interest

The Issuer and its affiliates may also engage in trading activities (including hedging activities) related to the Underlying Reference of any Index Linked Notes, Inflation Linked Notes, Share Linked Notes, Foreign Exchange Rate Linked Notes, Commodity Linked Notes or other Notes linked to an Underlying Reference and other instruments or derivative products based on or related to the Underlying Reference of any such Notes for their proprietary accounts or for other accounts under their management and may pursue actions thereto without regard to the consequences for Noteholders. The Issuer and its affiliates may also issue other derivative instruments in respect of the Underlying Reference of such Notes. The Issuer and its affiliates may also act as an underwriter in connection with future offerings of shares or other securities related to an issue of such Notes or may act as financial adviser to certain companies or companies whose shares or other securities are included in a basket or in a commercial banking capacity for such companies. The Issuer or its affiliates may acquire non-public information in respect of an Underlying Reference which will not be provided to Noteholders. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Notes.

Because the Calculation Agent may be an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and holders of such Notes, including with respect to certain determinations and judgments that the Calculation Agent must make, including whether a Market Disruption Event has occurred. The Calculation Agent is obligated to carry out its duties and functions as Calculation Agent in good faith and using its reasonable judgement.

Additional factors relating to share linked notes

In the case of Share Linked Notes following the declaration by the basket company or share company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such potential adjustment event has a diluting or concentrative effect on the theoretical value of the shares and, if so, will determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Share Linked Notes.

In addition, in the case of Share Linked Notes, if a merger event, tender offer, de-listing, nationalisation or insolvency occurs in relation to any share, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the merger event, tender offer, delisting, nationalisation or insolvency, as the case may be, and determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Share Linked Notes; and
- (ii) redeem part (in the case of Share Linked Notes relating to a basket of Shares) or all (in any other case) of the Notes. Following such redemption, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the relevant Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Share Linked Notes do not represent a claim against or an investment in any basket company or share company and Noteholders will not have any right of recourse under the Notes to any such company. The Notes are not in any way sponsored, endorsed or promoted by any basket company or share company and such companies have no obligation to take into account the consequences of their actions for any Noteholders.

Additional Factors relating to Foreign Exchange Rate Linked Notes

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). In recent years, rates of exchange between some currencies have been volatile. This volatility may be expected in the future. Fluctuations that have occurred in any particular exchange rate in the past are not necessarily indicative, however, of fluctuation that may occur in the rate during the term of any Note. Fluctuations in exchange rates will affect the value of the Notes.

Modification and waivers

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

Withholding taxes – Exceptions to the gross-up obligation

In cases mentioned in Condition 8(b), paragraphs (i) to (iv), if French law should require that any payments in respect of any Note be subject to deduction or withholding in respect of any taxes or duties whatsoever, the Issuer will not pay any additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by them had no such withholding or deduction been required. Therefore, in such cases, the corresponding risk shall be borne by the Noteholders.

Change of law

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

French Insolvency Law

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests if a preservation (*procédure de sauvegarde*), accelerated financial preservation (*procédure de sauvegarde accélérée*), or a judicial

reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

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

The Assembly deliberates on the proposed safeguard (*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 due payments and/or partially or totally writing off receivables in the form of debt securities;
- 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 securities that give or may give right to share capital.

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 to convoke the Assembly.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in this Base Prospectus will not be applicable to the extent they are not in compliance with compulsory insolvency law provisions that apply in these circumstances.

No voting rights

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

No legal and tax advice

Each prospective investor should consult its own advisers as to legal, tax and related aspects investment in the Notes.

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 financial instruments such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this Base Prospectus and/or in the Final Terms but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, 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 Base Prospectus and the additional tax sections, if any, contained in the relevant Final Terms.

EU Savings Directive

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the "**Savings Directive**"). The Savings 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 or to "residual entities" established in that other Member State, except that, for a transitional

period, Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner of such payment elects otherwise (see "**Taxation – EU Taxation**"). The European Commission has proposed certain amendments to the Savings Directive which may amend or broaden the scope of the requirements described above.

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. 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 Savings Directive.

U.S. Foreign Account Tax Compliance Withholding

The Issuer and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after 31 December 2012 or are materially modified after that date and (ii) any Notes which are treated as equity (or which do not have a fixed term) for U.S. federal tax purposes, whenever issued, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") or similar law implementing an intergovernmental approach to FATCA. This withholding tax may be triggered if (i) the Issuer is a foreign financial institution ("**FFI**") (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders (making the Issuer a "**Participating FFI**"), (ii) the Issuer has a positive "passthru payment percentage" (as determined under FATCA), and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such Participating FFI, or (b) any FFI that is an investor, or through which payment on such Notes is made, is not a Participating FFI. The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes neither the Issuer nor any paying agent nor any other person would, pursuant to the Terms and Conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations and official guidance that is subject to change. The application of FATCA to Notes issued after 31 December 2012 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a supplement to this Base Prospectus, as applicable.

Legislation Affecting Dividend Equivalent Payments

The United States Hiring Incentives to Restore Employment Act (the "**HIRE Act**") treats a "dividend equivalent" payment as a dividend from sources within the United States. Under the HIRE Act, unless reduced by an applicable tax treaty with the United States, such payments generally would be subject to U.S. withholding tax. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United

States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in the preceding clauses (i) and (ii). Beginning 1 January 2013, a dividend equivalent payment includes a payment made pursuant to any notional principal contract that falls into one of the seven categories specified by the IRS unless otherwise exempted by the IRS. Where the securities reference an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the securities reference an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, absent final guidance from the IRS, it is uncertain whether the IRS would determine that payments under the securities are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax, unless reduced by an applicable tax treaty. If withholding is so required, the Issuer will not be required to pay any additional amounts with respect to amounts so withheld.

In addition, "dividend equivalent" payments made after 31 December 2013 and payments on Notes after 31 December 2014 that gave rise to "dividend equivalent" payments may be subject to withholding under FATCA.

Implementation of capital adequacy risk-weighted asset framework may result in changes to the risk-weighting of the Notes

In June 1999, the Basel Committee on Banking Supervision (the "**Basel Committee**") issued proposals for the reform of the 1988 Basel Capital Accord and proposed a new capital adequacy framework which would place enhanced emphasis on risk sensitivity and market discipline. On 26 June 2004, the Basel Committee published a new Capital Accord under the title "Basel II International Convergence of Capital Measurement and Capital Standards: a Revised Framework" ("**Basel II**"), an updated version of which was published in November 2005. Basel II was implemented under EU legislation by virtue of the directives no. 2006/48 of the European Parliament and of the Council relating to the taking up and pursuit of the business of credit institutions and no. 2006/49 on the capital adequacy of investment firms and credit institutions both dated 14 June 2006 as recently amended by the Directives 2009/27/EC, 2009/83/EC and 2009/111/EC (the "**Capital Requirements Directives**", as amended from time to time). In France, the provisions of the Capital Requirements Directives providing for a new solvency ratio were implemented in particular under the *arrêté* dated 20 February 2007 relating to the capital requirements applicable to credit institutions and investment firms (as amended) and the *ordonnance* no. 2007-571 dated 19 April 2007 relating to credit institutions and investment firms. It should also be noted that the *arrêté* dated 25 August 2010 transposing the Capital Requirements Directives, which has entered into effect on 31 December 2010, has amended the French prudential control requirements applicable to credit institutions and investment firms.

On 17 December 2009, the Basel Committee has published for consultation a package of proposals for new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. On 16 December 2010 and 13 January 2011, the Basel Committee has approved significant changes to Basel II ("**Basel III**"), including new capital and liquidity standards for credit institutions. Those measures are expected to be implemented by relevant authorities starting from 1 January 2013 with full implementation on 1 January 2019, although certain supervisory authorities have already announced their intention to require an earlier application.

In particular, the changes introduced by Basel III refer to, amongst other things:

- a complete review of the capital standards;
- the introduction of a leverage ratio; and
- the introduction of short-term and longer-term standards for funding liquidity (referred to as the "Liquidity Coverage Ratio" and the "Net Stable Funding Ratio").

The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general. The European Commission implemented those changes in the proposed amendment to the Capital Requirements Directive published on 21 July 2011 (directive CRD IV) and in the regulations (the Capital Requirement Regulation). Once adopted, the new Capital Requirements Directive and regulation will be implemented under French law.

The implementation of Basel II and Basel III has and will continue to bring about a number of substantial changes to the current capital requirements, prudential oversight and risk-management systems. The implementation of Basel II and Basel III could affect the risk weighting of the Notes in respect of certain investors to the extent that those investors are subject to the new guidelines resulting from the implementation of the Capital Requirements Directives. Consequently, investors should consult their own advisers as to the consequences to and effect on them of the application of the Capital Requirements Directives and any relevant implementing measures.

II. RISK RELATING TO THE ISSUER AND ITS OPERATIONS

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

Certain countries in Europe and in particular certain countries in the euro zone 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 or La Banque Postale Group'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 or La Banque Postale Group.

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 Issuer's or La Banque Postale Group's results of operations, financial condition and prospects.

The nature and impact of future changes in regulatory, legal and tax rules and regulatory action are unpredictable and are beyond the Issuer's or La Banque Postale 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 Issuer or La Banque Postale Group; and
- (vi) exchange controls or nationalisation.

Long term debt rating of the Issuer

The long term debt of the Issuer has been assigned a rating of A+ (with a stable outlook) by S&P on 2 April 2010 (confirmed on 30 April 2012) and AA- (with a negative outlook) by Fitch on 20 July 2010 (confirmed on 21 December 2011).

In determining the rating assigned to the long term debt of the Issuer, these rating agencies consider and will continue to review various indicators of La Banque Postale Group's performance, La Banque Postale Group's profitability and the ability of the Issuer 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 rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning 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 and/or credit risk 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 and/or credit 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. This liquidity risk specifically results from putting its sources of funding, which consist mainly of demand deposits, to longer-term use, either in the form of home loans, or in the form of debt securities. In addition, the Issuer's 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 La Banque Postale 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 La Banque Postale 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 La Banque Postale Group's strategy involves growing in all its retail banking activities. This involves maintaining existing clients as much as attracting new clients. If La Banque Postale 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 favourable 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'Epargne 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.

- (vii) The Issuer may be exposed to declining property values on the collateral supporting real estate lending;
- (viii) The Issuer may expand its client product offering in particular towards small and medium enterprises and local authorities which may have an impact on the risk weighting.

INFORMATION INCORPORATED BY REFERENCE

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

- The *Document de Référence* 2010 in French language of the Issuer, which received visa n° R.11-0065 from the AMF on 23 November 2011 and which includes the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2010 and the related statutory auditors' report and the unaudited consolidated condensed semi-annual financial statements of the Issuer for the six-month period ended 30 June 2011 and the related auditors' limited review report (the "**2010 Reference Document**"), with the exception of Chapter 17.2 of the Document de Référence 2010 relating to La Banque Postale Chairman's declaration of responsibility regarding the content of the Document de Référence, which is hereby explicitly excluded from the scope of incorporation to this Base Prospectus;
- The *Document de Référence* 2011 in French language of the Issuer, which received visa n° R.12-0018 from the AMF on 3 May 2012 and which includes the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2011 and the related statutory auditors' report (the "**2011 Reference Document**"), with the exception of Chapter 11 of the Document de Référence 2011 relating to La Banque Postale Chairman's declaration of responsibility regarding the content of the Document de Référence, which is hereby explicitly excluded from the scope of incorporation to this Base Prospectus,

which have been previously published or are published simultaneously with this Base Prospectus and shall be incorporated in, and form part of, this Base Prospectus .

Such information shall be deemed to be incorporated in, and form part of this Base 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 Base 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 Base Prospectus.

This Base Prospectus, the 2010 Reference Document and the 2011 Reference Document will be available on the websites of the Issuer (www.labanquepostale.fr) and the AMF (www.amf-france.org). The Final Terms related to the Notes listed and admitted to trading on any Regulated Market in the EEA will be published on the website of the AMF at (www.amf-france.org). This Base Prospectus, the 2010 Reference Document and 2011 Reference Document 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 so long as any of the Notes are outstanding.

The free English translations of the 2010 Reference Document and the 2011 Reference Document are available on, and may be obtained without charge from, the website of the Issuer (www.labanquepostale.fr).

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

Annex XI of the European Regulation 809/2004/EC of 29 April 2004	Page / Paragraph (of the Base Prospectus unless otherwise stated)
1. PERSONS RESPONSIBLE	
<p>1.1. All persons responsible for the information given in the Registration Document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.</p>	Responsibility statement, p.163
<p>1.2. A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.</p>	Responsibility statement, p.163
2. STATUTORY AUDITORS	
<p>2.1. Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).</p>	Description of the Issuer §2 (Statutory Auditors and publication of accounts), p.92 and 93
<p>2.2. If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, details if material.</p>	Description of the Issuer §2 (Statutory Auditors and publication of accounts), p.92 and 93
3. RISK FACTORS	
<p>3.1. Prominent disclosure of risk factors that may affect the issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors".</p>	Risk Factors, p.6 to 22 Pro Forma Final Terms Part B §1, p.155
4. INFORMATION ABOUT THE ISSUER	
<p>4.1. <u>History and development of the Issuer:</u> 4.1.1. the legal and commercial name of the issuer;</p>	Description of the Issuer, p.91 to 116 Recent Developments p.

<p>4.1.2. the place of registration of the issuer and its registration number;</p> <p>4.1.3. the date of incorporation and the length of life of the issuer, except where indefinite;</p> <p>4.1.4. the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office);</p> <p>4.1.5. Any recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer’s solvency.</p>	117 to 123
5. BUSINESS OVERVIEW	
<p>5.1. Principal activities:</p> <p>5.1.1. A brief description of the issuer’s principal activities stating the main categories of products sold and/or services performed;</p> <p>5.1.2. An indication of any significant new products and/or activities.</p> <p>5.1.3. Principal markets A brief description of the principal markets in which the issuer competes.</p> <p>5.1.4. The basis for any statements in the registration document made by the issuer regarding its competitive position.</p>	Description of the Issuer, §4 (Principal Activities), p.94 to 100
6. ORGANISATIONAL STRUCTURE	
<p>6.1. If the issuer is part of a group, a brief description of the group and of the issuer's position within it.</p> <p>6.2. If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.</p>	Description of the Issuer, §6 (Corporate structure chart and Shareholders) p.101 to 107
7. TREND INFORMATION	
<p>7.1. Include a statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements. In the event that the issuer is unable to make such a statement, provide details of this material adverse change.</p>	General Information §5 (Material adverse change) p.161
<p>7.2. Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.</p>	N/A

8. PROFIT FORECASTS OR ESTIMATES	
If an issuer chooses to include a profit forecast or a profit estimate the registration document must contain the information items 8.1 and 8.2:	
8.1. A statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate. There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; be readily understandable by investors; be specific and precise; and not relate to the general accuracy of the estimates underlying the forecast.	N/A
8.2. A report prepared by independent accountants or auditors stating that in the opinion of the independent accountants or auditors the forecast or estimate has been properly compiled on the basis stated and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the issuer.	N/A
8.3. The profit forecast or estimate must be prepared on a basis comparable with the historical financial information.	N/A
9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES	
9.1. Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital.	Description of the Issuer, §7 (Administrative, Management and Supervisory Bodies) p.107 to 112
9.2. <u>Administrative, Management, and Supervisory bodies conflicts of interests</u> Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, make a statement to that effect.	Description of the Issuer, §7.3 (Conflicts of interest or declaration of no-conflict of interest) p.112
10. MAJOR SHAREHOLDERS	
10.1. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused. 10.2. A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.	Description of the Issuer, §6 (Corporate structure chart and Shareholders) p.101 to 107

11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	Pages of the 2011 Reference Document	Pages of the 2010 Reference Document
<p>11.1. <u>Historical Financial Information</u></p> <p>Audited historical financial information covering the latest 2 financial years</p> <p>(a) the balance sheet;</p> <p>(b) the income statement;</p> <p>(c) Statement of net profit and gains and losses ;</p> <p>(d) Statement of changes in equity capital ;</p> <p>(e) Cash Flow statement ;</p> <p>(f) the accounting policies and explanatory notes.</p>		
<p>11.2. <u>Financial statements</u></p> <p>If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.</p>	p.164 to 201	p.160 to 197
<p>11.3. <u>Auditing of historical annual financial information</u></p> <p>11.3.1. A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.</p> <p>11.3.2. An indication of other information in the registration document which has been audited by the auditors.</p> <p>11.3.3. Where financial data in the registration document is not extracted from the issuer's audited financial statements state the source of the data and state that the data is unaudited.</p>	162 to 163 202 to 203 N/A	156 to 157 198 to 199 N/A
<p>11.4. <u>Age of latest financial information</u></p>		
<p>11.4.1. The last year of audited financial information may not be older than 18 months from the date of the registration document.</p>	p.89 to 203 of the 2011 Reference Document	
<p>11.5. <u>Interim and other financial information</u></p>		
<p>11.5.1 If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information has been reviewed or audited the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed state that fact.</p>	N/A	202 to 220

<p>11.5.2. If the registration document is dated more than nine months after the end of the last audited financial year, it must contain interim financial information, covering at least the first six months of the financial year. If the interim financial information is unaudited state that fact.</p> <p>The interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the years end balance sheet.</p>	N/A	222
<p><u>11.6. Legal and arbitration proceedings</u></p> <p>Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.</p>		Description of the Issuer, §8 (Legal and arbitration proceedings) p.112 and 113
<p><u>11.7. Significant change in the issuer's financial position</u></p> <p>A description of any significant change in the financial position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or an appropriate negative statement.</p>	N/A	
<p>12. MATERIAL CONTRACTS</p> <p>A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued.</p>		Description of the Issuer, §9 (Material Contracts) p.113 and 114
<p>13 THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLERATIONS OF ANY INTEREST</p>		
<p>13.1 Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorized the contents of that part of the Registration Document.</p>	N/A	
<p>13.2 Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading In addition, the issuer shall identify the source(s) of the information.</p>		Pro Forma Final Terms Part A (Responsibility) p.154
<p>14. DOCUMENTS ON DISPLAY</p> <p>A statement that for the life of the registration document the following documents (or</p>		

copies thereof), where applicable, may be inspected:

- (a) The memorandum and articles of association of the issuer;
- (b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document;
- (c) the historical financial information of the issuer or, in the case of a group, the historical financial information of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.

An indication of where the documents on display may be inspected, by physical or electronic means.

General Information §7
(Documents available)
p.161

Any information not listed in the cross-reference list but included in the documents incorporated by reference is given for information purposes only.

SUPPLEMENT TO THE BASE PROSPECTUS

If at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall be required to prepare a Supplement to the Base Prospectus pursuant to the provisions of Article 16 of the Prospectus Directive and Article 212-25 of the AMF *Règlement Général* or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes, submit such supplement to the Base Prospectus to the AMF for approval and supply each Dealer, Euronext Paris and the AMF with such number of copies of such supplement to the Base Prospectus as may reasonably be requested.

In accordance with and pursuant to Article 16.2 of the Prospectus Directive, investors who have already agreed to purchase or subscribe for Notes before any supplement is published have the right, exercisable within two working days after the publication of this supplement, to withdraw their acceptances.

COMMISSION REGULATION (EC) No 809/2004 OF 29 APRIL 2004

This Base Prospectus has been drawn in accordance with Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and in particular with Annexes XI, XII and XIII of the Commission Regulation (EC) No 809/2004 of 29 April 2004.

GENERAL DESCRIPTION OF THE PROGRAMME

The following general description of the Programme is qualified in its entirety by the remainder of this Base Prospectus. The Notes will be issued on such terms as shall be agreed between the Issuer and the relevant Dealer(s) and, unless specified to the contrary in the relevant Final Terms, will be subject to the Terms and Conditions of the Notes below.

Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this General Description of the Programme

Issuer	La Banque Postale
Risk factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under the heading "Risk relating to the Issuer and its operations" in the section headed "Risk factors" in this Base Prospectus. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under the heading "Risk relating to the Notes" in the section headed "Risk factors" in this Base Prospectus.
Description	Euro Medium Term Note Programme for the continuous offer of Notes (the " Programme ").
Arranger	BNP Paribas
Dealers	Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Deutsche Bank AG, London Branch HSBC France J.P. Morgan Securities Ltd. NATIXIS Nomura International plc Société Générale The Royal Bank of Scotland plc UBS Limited

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Programme Limit	Up to € 10,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Fiscal Agent and Principal Paying Agent	BNP Paribas Securities Services
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a " Series ") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a " Tranche ") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the " Final Terms ").
Maturities	Subject to compliance with all applicable relevant laws, regulations and directives, any maturity from one month from the date of original issue (except in the case of Subordinated Notes when the minimum maturity will be five years or, in any case, such other minimum maturity as may be required from time to time by the relevant monetary authority).
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers. Payments in respect of Notes may, subject to compliance as aforesaid, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.
Specified Denomination(s)	The Notes will be issued in such denomination(s) as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note admitted to trading on a regulated market in a Member State (a " Regulated Market ") of the European Economic Area (" EEA ") in circumstances which require the publication of a Base Prospectus under the Prospectus Directive will be € 100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the " FSMA ") unless they are issued to a limited class of professional investors and have a

	denomination of at least £100,000 or its equivalent.
	Dematerialised Notes will be issued in one denomination only.
Status of the Senior Notes	Senior Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other direct, unconditional, unsecured and unsubordinated indebtedness (save for statutorily preferred exceptions).
Status of the Subordinated Notes	The Issuer may issue Subordinated Notes which comprise Dated Ordinary Subordinated Notes, Undated Ordinary Subordinated Notes and Undated Deeply Subordinated Notes, each as further described in "Terms and Conditions of the Notes" below.
Negative Pledge	There will be a negative pledge in respect of Senior Notes as set out in Condition 4 — see "Terms and Conditions of the Notes — Negative Pledge".
Events of Default (including cross default)	There will be events of default and a cross-default in respect of the Senior Notes as set out in Condition 9 — see "Terms and Conditions of the Notes — Events of Default". Subordinated Notes will be repayable in the event of the liquidation of the relevant Issuer only — see "Terms and Conditions of the Notes — Events of Default".
Redemption Amount	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) having a maturity of less than one year from the date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Optional Redemption	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders and if so the terms applicable to such redemption.
Redemption by Instalments	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Early Redemption	Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity only for taxation reasons. See Condition 6 "Terms and Conditions of the Notes — Redemption, Purchase and Options".
	N.B. Other than for taxation reasons or following an Event of Default, no part of Subordinated Notes may be redeemed prior to five years (or in any case, such other minimum period as may be required from time to time by the relevant monetary

authority) from the relevant Issue Date.

Any early redemption of Subordinated Notes under Condition 6(c) or (d) of the terms and conditions of the relevant Notes will be subject to the prior approval of the *Secrétariat général de l'Autorité de Contrôle Prudentiel* in France.

Any early redemption or purchase (in the open market) by the Issuer of more than 10 per cent. of the nominal amount of any issue of Subordinated Notes (either individually or when aggregated with any previous redemption or purchase) will be subject to the prior approval of the *Secrétariat général de l'Autorité de Contrôle Prudentiel* in France.

In the case of Subordinated Notes, no redemption of the Notes at the option of the Noteholders is permitted.

Taxation

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. If French law should require that payments of principal or interest by or on behalf of the Issuer in respect of the Notes be subject to withholding or deduction in respect of any taxes or duties, the Issuer will pay such additional amounts as shall result in receipt by the Noteholders, the Receiptholders or the Couponholders, as applicable, of such amounts they would have received had no such withholding or deduction been required, except in limited cases set out under Condition 8. See "Taxation".

Interest Periods and Interest Rates

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

Additional Provisions applicable to Index and Inflation Linked Notes

Additional provisions applicable to Index Linked Notes and Inflation Linked Notes are set out in Conditions 16 and 17 respectively – see respectively "Terms and Conditions of the Notes – Additional Provisions Applicable to Index linked Notes" and "Terms and Conditions of the Notes - Additional Provisions Applicable to Inflation linked Notes"

Redenomination

Notes issued in the currency of any Member State of the EU which will participate in the single currency of the European Economic and Monetary Union may be redenominated into Euro, all as more fully provided in "Terms and Conditions of the Notes — Form, Denomination, Title and Redenomination" below.

Consolidation	Notes of one Series may be consolidated with Notes of another Series as more fully provided in "Terms and Conditions of the Notes — Further Issues and Consolidation".
Form of Notes	Notes may be issued in either dematerialised form (" Dematerialised Notes ") or in materialised form (" Materialised Notes "). Dematerialised Notes may, at the option of the Issuer, be issued in bearer dematerialised form (<i>au porteur</i>) or in registered dematerialised form (<i>au nominatif</i>) and, in such latter case, at the option of the relevant Noteholder, in either fully registered form (<i>au nominatif pur</i>) or administered registered form (<i>au nominatif administré</i>). No physical documents of title will be issued in respect of Dematerialised Notes. See Condition 1 "Terms and Conditions of the Notes — Form, Denomination, Title and Redenomination". Materialised Notes will be in bearer materialised form (" Materialised Bearer Notes ") only. A Temporary Global Certificate will be issued initially in respect of each Tranche of Materialised Bearer Notes. Materialised Notes may only be issued outside France.
Governing Law	French
Clearing Systems	Euroclear France as central depository in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.
Initial Delivery of Dematerialised Notes	One Paris business day before the issue date of each Tranche of Dematerialised Notes, the <i>lettre comptable</i> relating to such Tranche shall be deposited with Euroclear France as central depository.
Initial Delivery of Materialised Notes	On or before the issue date for each Tranche of Materialised Bearer Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Rating	The long term debt of the Issuer has been assigned a rating of A+ (with a stable outlook) by Standard & Poor's Ratings Services, a division of the McGraw Hill Companies, Inc. (" S&P ") on 2 April 2010 (confirmed on 30 April 2012) and AA- (with a negative outlook) by Fitch Ratings Ltd. (" Fitch ")

on 20 July 2010 (confirmed on 21 December 2011).

Each of S&P and Fitch is established in the European Union and is registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**"). Each of S&P and Fitch is included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

The rating of Notes (if any) will be specified in the Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Listing and Admission to trading

Euronext Paris or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may or may not be admitted to trading.

Selling Restrictions

There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See "Subscription and Sale". In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

The Notes constitute Category 2 securities for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

Materialised Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms states that such Materialised Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) such Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

The TEFRA rules do not apply to any Dematerialised Notes.

Method of Publication of this Base Prospectus and the Final Terms

This Base Prospectus, any supplement thereto and the Final Terms related to the Notes listed and admitted to trading on any Regulated Market in the EEA will be published on the website of the AMF (www.amf-france.org) and copies may be obtained at the Fiscal Agent's office, or through any other means in accordance with article 212-27 of the *Règlement Général* of the AMF. The Final Terms will indicate where the Base Prospectus may be obtained.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes. In the case of Dematerialised Notes, the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed by the Part A of the relevant Final Terms. In the case of Materialised Notes, either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed or attached on Definitive Materialised Bearer Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

An amended and restated agency agreement dated 28 June 2012 has been agreed between La Banque Postale (the "**Issuer**"), BNP Paribas Securities Services as fiscal agent and, unless otherwise specified in the applicable Final Terms, as calculation agent, (as amended or supplemented from time to time, the "**Agency Agreement**") in relation to the Notes. The fiscal agent, the paying agent(s), the redenomination agent, the consolidation agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agent(s)**" (which expression shall include the Fiscal Agent), the "**Redenomination Agent**", the "**Consolidation Agent**" and the "**Calculation Agent(s)**". References below to "**Conditions**" are, unless the context requires otherwise, to the numbered paragraphs below.

Copy of the Agency Agreement is available for inspection during normal business hours at the specified offices of the Fiscal Agent.

For the purpose of these Terms and Conditions, "**Regulated Market**" means any regulated market situated in a Member State of the European Economic Area ("**EEA**") as defined in the Markets in Financial Instruments Directive 2004/39/EC.

1 Form, Denomination(s), Title and Redenomination

- (a) **Form:** Notes may be issued either in dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**").
 - (i) Title to Dematerialised 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 (*inscriptions 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 Dematerialised Notes.

Dematerialised Notes are issued, at the option of the Issuer and as specified in the relevant final terms ("**Final Terms**"), in either bearer dematerialised form (*au porteur*), which will be inscribed in the books of Euroclear France ("**Euroclear France**") (acting as central depository) which shall credit the accounts of Account Holders, or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder in either administered registered form (*au nominatif administré*) inscribed in the books of an Account Holder or in fully registered form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the Issuer or the registration agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the "**Registration Agent**").

For the purpose of these Conditions, "**Account Holder**" means 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**").

- (ii) Materialised Notes are issued in bearer form ("**Materialised Bearer Notes**"). Materialised Bearer Notes are serially numbered and are issued with coupons (each, a "**Coupon**") and, where appropriate, a talon (a "**Talon**") attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more receipts attached (the "**Receipt**").

In accordance with Articles L.211-3 and R.211-1 of the French Code monétaire et financier, securities (such as the Notes) which are governed by French law and are in materialised form must be issued outside the French territory.

- (b) **Denomination(s)**: Notes shall be issued in the specified denomination(s) as set out in the relevant Final Terms (the "**Specified Denomination(s)**") save that the minimum denomination of each Note admitted to trading on a Regulated Market in circumstances which require the publication of a Base Prospectus under the Directive 2003/71/EC as amended by Directive 2010/73/EC to the extent that such amendments have been implemented in a Member State of the European Economic Area (the "**Prospectus Directive**") will be € 100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Dematerialised Notes shall be issued in one Specified Denomination only.

- (c) **Title:**

- (i) Title to Dematerialised Notes in bearer dematerialised form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of Account Holders. Title to Dematerialised Notes in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Issuer or the Registration Agent.
- (ii) Title to Materialised Bearer Notes in definitive form having, where appropriate, Coupons, Receipt(s) and/or a Talon attached thereto on issue ("**Definitive Materialised Bearer Notes**"), shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note (as defined below), Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
- (iv) In these Conditions, "**holder of Notes**" or "**holder of any Note**", or "**Noteholder**" means (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (ii) in the case of Materialised Notes, the bearer of any Definitive Materialised Bearer Note and the Receipts, Coupons ("**Receiptholder**" and "**Couponholder**" being construed accordingly), or Talon relating to it, and capitalised terms have the meanings given to them in the

relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

(d) **Redenomination**

- (i) The Issuer may (if so specified in the relevant Final Terms), on any Interest Payment Date, without the consent of the holder of any Note, Receipt, Coupon or Talon, by giving at least 30 days' notice in accordance with Condition 15 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating Member State in the single currency of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community (the "EC"), as amended from time to time (the "Treaty")), or events have occurred which have substantially the same effects (in either case, "EMU"), redenominate all, but not some only, of the Notes of any Series into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the "Redenomination Date".
- (ii) Unless otherwise specified in the relevant Final Terms, the redenomination of the Notes pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each Note from the relevant national currency into Euro using the fixed relevant national currency Euro conversion rate established by the Council of the European Union pursuant to applicable regulations of the Treaty and rounding the resultant figure to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest Euro. The Euro denominations of the Notes so determined shall be notified to Noteholders in accordance with Condition 15. Any balance remaining from the redenomination with a denomination higher than Euro 0.01 shall be paid by way of cash adjustment rounded to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). Such cash adjustment will be payable in Euro on the Redenomination Date in the manner notified to Noteholders by the Issuer. For the avoidance of doubt, the minimum denomination of each redenominated Note admitted to trading on a Regulated Market in circumstances which require the publication of a Base Prospectus under the Prospectus Directive shall not be less than € 100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date).
- (iii) Upon redenomination of the Notes, any reference in the relevant Final Terms to the relevant national currency shall be construed as a reference to Euro.
- (iv) Unless otherwise specified in the relevant Final Terms, the Issuer may, with the prior approval of the Redenomination Agent and the Consolidation Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 14, without the consent of the holder of any Note, Receipt, Coupon or Talon, make any changes or additions to these Conditions or Condition 14 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated euromarket debt obligations and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holders of Notes, Receipts, Coupons and Talons and

shall be notified to Noteholders in accordance with Condition 15 as soon as practicable thereafter.

- (v) Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Receipt, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (e) **Method of Issue:** The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be fungible with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Final Terms.

2 Conversion and Exchanges of Notes

(a) Dematerialised Notes

- (i) Dematerialised Notes issued in bearer dematerialised form (au porteur) may not be converted into Dematerialised Notes in registered dematerialised form, whether in fully registered form (au nominatif pur) or in administered registered form (au nominatif administré).
- (ii) Dematerialised Notes issued in registered dematerialised form (au nominatif) may not be converted into Dematerialised Notes in bearer dematerialised form (au porteur).
- (iii) Dematerialised Notes issued in fully registered form (au nominatif pur) may, at the option of the Noteholder, be converted into Notes in administered registered form (au nominatif administré), and vice versa. The exercise of any such option by such Noteholder shall be made in accordance with Article R.211-4 of the French Code monétaire et financier. Any such conversion shall be effected at the cost of such Noteholder.

(b) Materialised Notes

Materialised Bearer Notes of one Specified Denomination may not be exchanged for Materialised Bearer Notes of another Specified Denomination.

3 Status of the Notes

(a) Senior Notes

If the Notes are "**Senior Notes**", the Notes and (if applicable) the relative Coupons are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and at least *pari passu* with all other direct, unconditional, unsecured and unsubordinated indebtedness of the Issuer (save for statutorily preferred exceptions).

(b) Subordinated Notes

"**Subordinated Notes**" comprise Dated Ordinary Subordinated Notes, Undated Ordinary Subordinated Notes, (together the "**Ordinary Subordinated Notes**") and Undated Deeply Subordinated Notes.

(i) Dated Ordinary Subordinated Notes

If the Notes are "**Dated Ordinary Subordinated Notes**", the Notes are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and *pari passu* with all other present and future direct, unconditional, unsecured and ordinary subordinated indebtedness of the Issuer and have a fixed maturity date. 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 and (if so specified in the applicable Final Terms) the Couponholders to payment under the Dated Ordinary Subordinated Notes and (if applicable) relative Coupons 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 and (if so specified in the applicable Final Terms) Couponholders will be paid in priority to *prêts participatifs* granted to the Issuer, *titres participatifs* issued by the Issuer and Undated Deeply Subordinated Notes. The relative Coupons will not be subordinated (unless otherwise specified in the applicable Final Terms).

The proceeds of such issues will be classified amongst the funds of the Issuer in accordance with Article 4(d) of *Règlement* No. 90-02 of the *Comité de la réglementation bancaire et financière*.

(ii) Undated Ordinary Subordinated Notes

If the Notes are "**Undated Ordinary Subordinated Notes**", the Notes are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and *pari passu* with all other present and future direct, unconditional, unsecured and ordinary subordinated indebtedness of the Issuer and have no fixed maturity date. Payment of interest in respect of Undated Ordinary Subordinated Notes may be deferred in accordance with the provisions of Condition 5(g).

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 Noteholders and Couponholders to payment under the Undated Ordinary Subordinated Notes and relative Coupons 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 and Couponholders will be paid in priority to *prêts participatifs* granted to the Issuer, *titres participatifs* issued by the Issuer and Undated Deeply Subordinated Notes.

The proceeds of issues of Undated Ordinary Subordinated Notes may be used for offsetting losses of the Issuer and, thereafter, to allow it to continue its activities in accordance with French banking regulations. The loss will be charged first against accumulated profits, then against reserves and capital, and finally, if needed, against the subordinated loans and unpaid interest thereon (including interest on the Notes) which include a clause providing for the absorption of the losses, in order to allow the Issuer to fulfil the regulatory requirements applicable to banks prevailing in France, especially those relating to solvency ratios, and in order to allow the Issuer to continue its activities. The proceeds of such issues will be classified amongst the

funds of the Issuer in accordance with Article 4(c) of *Règlement* No. 90-02 of the *Comité de la réglementation bancaire et financière*. This provision does not in any way affect any French law applicable to accounting principles relating to allocation of losses nor the duties of the shareholders and does not in any way affect the rights of the Noteholders and Couponholders to receive payments of principal and interest under Undated Ordinary Subordinated Notes and relative Coupons in accordance with these Terms and Conditions.

(iii) Undated Deeply Subordinated Notes

If the Notes are "**Undated Deeply Subordinated Notes**", the Notes are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and *pari passu* with all other present and future direct, unconditional, unsecured and deeply subordinated indebtedness of the Issuer and have no fixed maturity date. Payment of interest in respect of Undated Deeply Subordinated Notes may be deferred in accordance with the provisions set out in the relevant Final Terms.

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 Noteholders and Couponholders to payment under the Undated Deeply Subordinated Notes and relative Coupons 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 and Couponholders will be paid after Ordinary Subordinated Notes, *prêts participatifs* granted to the Issuer and *titres participatifs* issued by the Issuer.

The proceeds of issues of Undated Deeply Subordinated Notes may be used for off-setting losses of the Issuer and, thereafter, to allow it to continue its activities in accordance with French banking regulations.

4 Negative Pledge

So long as any of the Senior Notes or Coupons on Senior 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 and Condition 9: "**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).

This Condition 4 does not apply to Subordinated Notes.

5 Interest and other Calculations

- (a) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below. Certain defined terms contained in the 2007 FBF Master Agreement relating to transactions on forward financial instruments as supplemented by the Technical Schedules published by the *Fédération Bancaire Française* ("**FBF**") (together the "**FBF Master Agreement**") and in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), have either been used or reproduced in this Condition 5.

"Business Day" means:

- (i) in the case of Euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto (the **"TARGET System"**) is operating (a **"TARGET Business Day"**); and/or
- (ii) in the case of a specified currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency; and/or
- (iii) in the case of a specified currency and/or one or more Business Centre(s) specified in the relevant Final Terms (the **"Business Centre(s)"**), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres so specified.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the **"Calculation Period"**):

- (i) if **"Actual/365 — FBF"** is specified in the relevant Final Terms, the fraction whose numerator is the actual number of days elapsed during the Calculation Period and whose denominator is 365. If part of that Calculation Period falls in a leap year, Actual /365 — FBF shall mean the sum of (i) the fraction whose numerator is the actual number of days elapsed during the non-leap year and whose denominator is 365 and (ii) the fraction whose numerator is the number of actual days elapsed during the leap year and whose denominator is 366;
- (ii) if **"Actual/365"** or **"Actual/Actual — ISDA"** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if **"Actual/Actual-ICMA"** is specified in the relevant Final Terms:
 - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (B) if the Calculation Period is longer than one Determination Period, the sum of:
 - the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

in each case where:

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"Determination Date" means the date specified in the relevant Final Terms or, if none is so specified, the Interest Payment Date;

- (iv) if **"Actual/365 (Fixed)"** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (v) if **"Actual/360"** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (vi) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vii) if **"30E/360"** or **"Eurobond Basis"** is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

(viii) if "**30E/360 (ISDA)**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

"**Euro-zone**" means the region comprised of member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"**FBF Definitions**" means the definitions set out in the FBF Master Agreement, unless otherwise specified in the relevant Final Terms.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount as specified in the relevant Final Terms (a copy of which may be obtained at the registered office of the Issuer during usual business hours), as the case may be.

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the relevant Final Terms.

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is Euro or (ii) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (iii) the day falling two Business Days in the city specified in the Final Terms for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Euro.

"Interest Payment Date" means the date(s) specified in the relevant Final Terms.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date 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.

"Interest Period Date" means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

"ISDA Definitions" means the 2006 ISDA Definitions (a copy of which may be obtained at the registered office of the Issuer during usual business hours), as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms.

"Rate of Interest" means the rate of interest payable from time to time in respect of the Notes and that is either specified or calculated in accordance with the provisions in the relevant Final Terms.

"Reference Banks" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent with the approval of the Issuer or as specified in the relevant Final Terms.

"Reference Rate" means the rate specified as such in the relevant Final Terms.

"Relevant Screen Page" means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Reference Rate.

"Specified Currency" means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated.

- (b) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date except as otherwise provided in the relevant Final Terms.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken

Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

(c) **Interest on Floating Rate Notes and Index Linked Interest Notes**

- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear (except as otherwise provided in the relevant Final Terms) on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and, unless otherwise specified in the relevant Final Terms, the provisions below relating to either FBF Determination or ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(A) **FBF Determination for Floating Rate Notes**

Where FBF Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant FBF Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this subparagraph (A), "FBF Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Transaction under the terms of an agreement incorporating the FBF Definitions and under which:

- (a) the Floating Rate is as specified in the relevant Final Terms; and

- (b) the relevant Floating Rate Determination Date (*Date de Détermination du Taux Variable*) is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), "Floating Rate" (*Taux Variable*), "Calculation Agent" (*Agent*), "Floating Rate Determination Date" (*Date de Détermination du Taux Variable*) and "Transaction" (*Transaction*) have the meanings given to those terms in the FBF Definitions, provided that "Euribor" means the rate calculated for deposits in euro which appears on Reuters Page EURIBOR01, as more fully described in the relevant Final Terms.

(B) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (B), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the relevant Final Terms;
- (b) the Designated Maturity is a period specified in the relevant Final Terms; and
- (c) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (B), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(C) **Screen Rate Determination for Floating Rate Notes**

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such

quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the relevant Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the relevant Final Terms.

- (x) if the Relevant Screen Page is not available or, if sub-paragraph (C)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (C)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (y) if paragraph (x) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any

one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an Index or Formula as specified in the relevant Final Terms.
- (d) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon and is repayable prior to the Maturity Date is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(f)(i)).
- (e) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.
- (f) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Final Terms.
- (g) **Accrual of interest:** Interest shall cease to accrue on each Note on the due date for redemption unless (i) in the case of Dematerialised Notes, on such due date or (ii) in the case of Materialised Notes, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (h) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding**
 - (i) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.
- (i) **Calculations:** The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.
- (j) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Optional Redemption Amounts, Early Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, the Fiscal Agent, the Paying Agent(s), the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are admitted to trading on a Regulated Market and the rules of, or applicable to, such Regulated Market so require, such Regulated Market as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such Regulated Market of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (k) **Calculation Agent:** The Issuer shall use its best efforts to procure that there shall at all times one or more Calculation Agent(s) if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined below). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid. So long as the Notes are admitted to trading on a Regulated Market and the rules of, or applicable to, that Regulated Market so require, notice of any change of Calculation Agent shall be given in accordance with Condition 15.

For the purpose of this Condition:

"**outstanding**" means, in relation to the Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with these Conditions, (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 (i) in the case of Dematerialised Notes in bearer form and in administered registered form, to the relevant Account Holders on behalf of the Noteholder as provided in Condition 7(a), (ii) in the case of Dematerialised Notes in fully registered form, to the account of the Noteholder as provided in Condition 7(a) and (iii) in the case of Materialised Notes, to the relevant account with, or, by check drawn on, a Bank as provided in Condition 7(b) and remain available for payment against presentation and surrender of Bearer Materialised Notes, Receipts and/or Coupons, as the case may be, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in these Conditions, (e) in the case of Materialised Notes (i) those mutilated or defaced Bearer Materialised Notes that have been surrendered in exchange for replacement Bearer Materialised Notes, (ii) (for the purpose only of determining how many such Bearer Materialised Notes are outstanding and without prejudice to their status for any other purpose) those Bearer Materialised Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Bearer Materialised Notes have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one or more Definitive Materialised Bearer Notes, pursuant to its provisions.

- (l) **Rate of Interest and Interest on Inflation Linked Notes, Share Linked Notes, Commodity Linked Notes, Foreign Exchange Rate Linked Notes, Notes linked to other Underlying References, Physical Delivery Notes and Dual Currency Notes**

The Rate of Interest in respect of Rate of Interest and Interest on Inflation Linked Notes, Share Linked Notes, Commodity Linked Notes, Foreign Exchange Rate Linked Notes, Notes linked to other Underlying References, Physical Delivery Notes and Dual Currency Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms, and unless otherwise specified in the relevant Final Terms, the provisions below

relating to either FBF Determination or ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

In the case of, Inflation Linked Notes, Share Linked Notes, Commodity Linked Notes, Foreign Exchange Rate Linked Notes, Notes linked to other Underlying References and Dual Currency Notes, where the Rate of Interest and/or the Interest Amount (whether on any Interest Payment Date, early redemption, maturity or otherwise) falls to be determined by reference to one or more Inflation or other Indices, Shares, Commodities, Formula, exchange rates (or any combination thereof) and/or otherwise, the Rate of Interest and/or the Interest Amount shall be determined in accordance with the Index(es), Share(s), Commodities, Formula, exchange rate(s) (or any combination thereof) or otherwise, in all cases in the manner specified in the applicable Final Terms.

(m) **Deferral of Interest – Undated Ordinary Subordinated Notes**

In the case of Undated Ordinary Subordinated Notes, and when so specified in the applicable Final Terms, the Executive Board (or Board of Directors) of the Issuer may decide, prior to any date for the payment of interest, to suspend payment of the interest accrued during any interest period if at the most recent Annual General Meeting of the shareholders of the Issuer which preceded the corresponding date for the payment of interest no dividend was declared, paid or set apart for payment on or with respect to any class of share capital of the Issuer provided that notice of such decision is given to the relevant Noteholders in accordance with Condition 15 as soon as reasonably practicable following the taking of such decision and in any event not later than seven days prior to any date for the payment of interest. In such a case, any interest so suspended shall constitute "**Arrears of Interest**" (which term shall include interest on such unpaid interest) the payment of which shall be deferred until the date for the payment of interest immediately following the date upon which any dividend has been declared, paid, or set aside for payment on or with respect to any class of share capital of the Issuer at the most recent Annual General Meeting of the shareholders of the Issuer. Arrears of Interest shall bear interest at the same rate of interest as the Notes to which they relate but subject to and in accordance with the provisions of article 1154 of the French *Code civil*.

Arrears of Interest may at the option of the Issuer be paid in whole or in part at any time upon the expiry of not less than seven days' notice to such effect given to the Noteholders in accordance with these Conditions, but all Arrears of Interest shall (subject to applicable laws and regulations) become due in full on whichever is the earliest of (i) the date for the payment of interest immediately following the date upon which a dividend is next declared, paid or set aside as aforesaid, or (ii) the date set for any redemption or purchase pursuant to Condition 6(c) or (d) (in the case of redemption) or 6(h) (in the case of purchase), provided all the Notes are so purchased, or (iii) the commencement of "*liquidation judiciaire*" or "*liquidation amiable*" procedures as contemplated by Condition 9(b).

If notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall be obliged (subject to applicable laws and regulations) to do so upon the expiry of such notice.

Where Arrears of Interest are paid in part, each such payment shall be applied in or towards satisfaction of the full amount of the Arrears of Interest accrued in respect of the earliest Interest Period in respect of which Arrears of Interest have accrued and have not been paid in full.

6 Redemption, Purchase and Options

- (a) **Final Redemption:** Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within Condition 6(b) below, its final Instalment Amount.
- (b) **Redemption by Instalments and Final Redemption:** Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (c) **Redemption for Taxation Reasons**
- (i) If in respect of the Notes the Issuer would, 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 be required to pay additional amounts as provided in Condition 8, the Issuer may at its option at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes) but subject, in the case of Subordinated Notes, to the prior approval of the *Secrétariat général de l'Autorité de Contrôle Prudentiel* in France, on giving not more than 45 nor less than 15 days' notice to the Noteholders (in accordance with Condition 15) which notice shall be irrevocable, redeem all, but not some only, of the Notes at their Early Redemption Amount (as defined below) together with interest accrued to the date fixed for redemption, 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 without withholding for such taxes.
- (ii) If the Issuer would, on the next due date for payment of any amount 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, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and shall, subject in the case of Subordinated Notes, to the prior approval of the *Secrétariat général de l'Autorité de Contrôle Prudentiel* in France, at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes) redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount (as defined below) together with interest accrued to the date fixed for redemption, upon giving not less than 7 nor more than 45 days' prior notice to the Noteholders (in accordance with Condition 15), provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of interest payable in respect of the Notes or, if such date is already past, as soon as practicable thereafter.
- (d) **Redemption at the Option of the Issuer and Partial Redemption:**
- If a Call Option is specified in the relevant Final Terms, the Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 15 to the Noteholders

(or such other notice period as may be specified in the relevant Final Terms), redeem all, or, if so provided, some, of the Notes on any Optional Redemption Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption (including, where applicable, any Arrears of Interest), if any. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption in respect of Materialised Notes, the notice to holders of such Materialised Notes shall also contain the number of the Definitive Materialised Bearer Notes to be redeemed which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

In the case of a partial redemption in respect of Dematerialised Notes, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised Notes and, in such latter case, the choice between those Dematerialised Notes that will be fully redeemed and those Dematerialised Notes of any Series that will not be redeemed shall be made in accordance with Article R.213-16 of the Code and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and stock exchange or other relevant authority requirements.

So long as the Notes are admitted to trading on Euronext Paris, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in accordance with Articles 221-3 and 221-4 of the *Règlement Général* of the *Autorité des marchés financiers* and on the website of any other competent authority and/or Regulated Market of the EEA Member State where the Notes are listed and admitted to trading, a notice specifying the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes a list of any Definitive Materialised Bearer Notes drawn for redemption but not surrendered.

In the case of Subordinated Notes, no redemption at the option of the Issuer will be permitted prior to five years from the date of issue thereof.

(e) **Redemption at the Option of the Noteholders**

If a Put Option is specified in the relevant Final Terms and provided that the relevant Note is not a Subordinated Note, the Issuer shall, at the option of the Noteholder, upon the Noteholder giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the Noteholder must deposit with any Paying Agent at its specified office during usual business hours a duly completed option exercise notice (the "**Exercise Notice**") in the form obtainable during usual business hours from any Paying Agent or the Registration Agent, as the case may be, within the notice period. Such notice shall, in the case

of Materialised Bearer Notes, have attached to it such Note (together with all unmatured Receipts and Coupons and unexchanged Talons). In the case of Dematerialised Notes, the Noteholder shall transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Fiscal Agent specified in the Exercise Notice. No option so exercised and, where applicable, no Note so deposited or transferred may be withdrawn without the prior consent of the Issuer.

(f) **Early Redemption**

(i) **Zero Coupon Notes:**

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Nominal Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Nominal Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Amortised Nominal Amount becomes due and payable were the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.

(ii) **Other Notes:**

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c), or upon it becoming due and payable as provided in Condition 9 shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption unless otherwise provided in the relevant Final Terms.

- (g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Final Terms.
- (h) **Purchases:** The Issuer shall have the right at all times to purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price, subject to the applicable laws and/or regulations. All Notes so purchased by the Issuer may be held and resold in accordance with Article L.213-1 A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes.
- (i) **Cancellation:** All Notes purchased and cancelled at the option of the Issuer shall be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Bearer Notes, by surrendering to the Fiscal Agent the Temporary Global Certificate and the Definitive Materialised Bearer Notes in question together with all unmatured Receipts and Coupons and all unexchanged Talons and, in each case, if so transferred or surrendered, shall be cancelled together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith. Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be re-issued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- (j) **Illegality:** If, by reason of any change in French law, or any change in the official application of such law, becoming effective after the date on which agreement is reached to issue the first Tranche of the Notes, it will become unlawful for the Issuer to perform or comply with one or more of its obligations under the Notes, the Issuer will, subject to having given not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption.

7 Payments and Talons

- (a) **Dematerialised Notes:** Payments of principal and interest in respect of Dematerialised Notes shall (in the case of Dematerialised Notes in bearer dematerialised form or administered registered form) be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the Noteholders and, (in the case of Dematerialised Notes in fully registered form), to an account denominated in the relevant currency with a Bank (as defined below) designated by the Noteholders. All payments validly made to such Account Holders will be an effective discharge of the Issuer in respect of such payments.
- (b) **Materialised Bearer Notes:** Payments of principal and interest in respect of Materialised Bearer Notes shall, subject as mentioned below, be made against presentation and surrender during usual business hours of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Materialised Bearer Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the Noteholder, by transfer to an account denominated in such currency with, a Bank.

"Bank" means a bank in the principal financial centre for such currency or, in the case of Euro, in a city in which banks have access to the TARGET System.

- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Materialised Bearer Notes are denominated in U.S. Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments Subject to Fiscal and other Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agent(s), the Calculation Agent, the Redenomination Agent and the Consolidation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agent(s), the Redenomination Agent, the Consolidation Agent and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case such, do not assume any obligation or relationship of agency for any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Redenomination Agent, the Consolidation Agent and the Registration Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Redenomination Agent and a Consolidation Agent where the Conditions so require, (iv) Paying Agent having specified offices in at least one European city, so long as the rules of, or applicable to, the relevant Regulated Market so require) (v) in the case of Materialised Notes, a Paying Agent with a specified office in a European Union Member State (which may be any of the Paying Agents referred to in (iv) above) that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments, or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income (vi) in the case of Dematerialised Notes, in fully registered form, a Registration Agent and (vii) such other agents as may be required by any other Regulated Market on which the Notes may be admitted to trading.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Bearer Notes denominated in U.S. Dollars in the circumstances described in paragraph (c) above.

On a redenomination of the Notes of any Series pursuant to Condition 1(d) with a view to consolidating such Notes with one or more other Series of Notes, in accordance with Condition 14, the Issuer shall ensure that the same entity shall be appointed as both Redenomination Agent and Consolidation Agent in respect of both such Notes and such other Series of Notes to be so consolidated with such Notes.

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

(f) **Unmatured Coupons and Receipts and unexchanged Talons**

- (i) Upon the due date for redemption, Materialised Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index-Linked Notes), they should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Amortised Nominal Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10).
 - (ii) Upon the due date for redemption of any such Materialised Bearer Note comprising a Floating Rate Note, Inflation Linked Notes, Share Linked Notes, Commodity Linked Notes, Foreign Exchange Rate Linked Notes, Notes linked to other Underlying References and Dual Currency Note or Index-Linked Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (iii) Upon the due date for redemption of any Materialised Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Upon the due date for redemption of any Materialised Bearer Note that is redeemable in instalments, all Receipts relating to such Materialised Bearer Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (v) Where any Materialised Bearer Note that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturing Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
 - (vi) If the due date for redemption of any Materialised Bearer Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Definitive Materialised Bearer Note. Interest accrued on a Materialised Bearer Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Materialised Bearer Notes.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).

- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the Noteholder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" in the relevant Final Terms and (B) (i) (in the case of a payment in a currency other than Euro), where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) (in the case of a payment in Euro), which is a TARGET Business Day.

8 Taxation

- (a) **Taxation:** 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.
- (b) **Additional Amounts:** If French law should require that payments of principal or interest in respect of any Note, Receipt or Coupon be subject to deduction or withholding in respect of any taxes or duties whatsoever, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or, if applicable, the Receiptholders and the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon, as the case may be:
- (i) **Other connection:** to, or to a third party on behalf of, a Noteholder or, if applicable, a Receiptholder or Couponholder, as the case may be, who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Republic of France other than the mere holding of the Note, Receipt or Coupon; or
- (ii) **Presentation more than 30 days after the Relevant Date:** in the case of Materialised Notes, more than 30 days after the Relevant Date except to the extent that the Noteholder or, if applicable, a Receiptholder or Couponholder, as the case may be, would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
- (iii) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC of 3 June 2003 or any EU Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) **Payment by another paying agent:** in respect of Definitive Materialised Notes in bearer form, presented for payment by or on behalf of a holder of any Note, Receipt or Coupon, as the case may be, who would be able to avoid such withholding or

deduction by presenting the relevant Note, Receipt or Coupon, to another paying agent in a Member State of the European Union.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or, in the case of Materialised Notes (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

- (c) **Supply of Information:** Each Noteholder shall be responsible for supplying to the relevant Paying Agent, in a timely manner, any information as may be required in order to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any European Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

9 Events of Default

(a) Senior Notes

In the case of Senior Notes, 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 Early Redemption 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 judgment 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.
- (b) **Subordinated Notes:** In the case of Subordinated Notes and in accordance with Condition 3(b), 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 Subordinated Notes shall become immediately due and payable, in accordance with Condition 3(b), at their principal amount together with any accrued interest to the date of payment.

10 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Representation of Noteholders

Except as otherwise provided by the relevant Final Terms, Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the "**Masse**").

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

(a) Legal Personality

The Masse will be a separate legal entity and will act in part through a representative (the "**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.

(b) Representative

The office of Representative may be conferred on a person of any nationality who agrees to perform such function. However, the following persons may not be chosen as Representatives:

- (i) the Issuer, the members of its Executive Board (*Directoire*), the members of 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

- (ii) 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*), Executive Board (*Directoire*), or Supervisory Board (*Conseil de surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouse; or
- (iii) 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
- (iv) 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 names and addresses of the initial Representative of the Masse and its alternate will be set out in the relevant Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the relevant Final Terms.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the names and addresses of the initial Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

(c) **Powers of 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 necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

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

(d) **General Meeting**

A General Meeting 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 the principal amount of the Notes outstanding, 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 after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place and agenda of any General Meeting will be published as provided under Condition 15.

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 Noteholders¹. Each Note carries the right to one vote or, in the case of Notes issued with more than one Specified Denomination, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.

(e) **Powers of the General Meetings**

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate 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 at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions 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 the General Meeting may not increase the liabilities (*charges*) of the Noteholders, nor establish any unequal treatment between the Noteholders, nor decide to convert Notes into shares.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least one fifth of the principal amount 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 Noteholders attending such General Meetings or represented thereat.

In accordance with Article R.228-71 of the French *Code de commerce*, the rights 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 on the third business day in Paris preceding the date set for the meeting of the relevant General Meeting at zero hours, Paris time

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 15.

(f) **Information to Noteholders**

Each Noteholder or Representative thereof will have the right, during the 15-day period (on first convocation) or 10-day period (on second convocation) preceding the holding of each 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, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents during usual business hours and at any other place specified in the notice of the General Meeting.

(g) **Expenses**

The Issuer will pay all expenses relating to 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 the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

¹ At the date of this Base Prospectus, the *statuts* of the Issuer do not contemplate the right for a Noteholder to participate in a General Meeting by videoconference or any other means of telecommunication allowing the identification of the participating Noteholders.

(h) **Single Masse**

The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 14, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all such Series.

In respect of any Tranche of Notes issued or deemed to be issued outside France, this Condition 11 may, if so specified in the relevant Final Terms, be waived, amended, or supplemented, and in respect of any Tranche issued inside France, this Condition 11 shall be waived in its entirety and replaced by the full provisions of the French Code de commerce.

For the avoidance of doubt, in this Condition 11, the term “outstanding” (as defined in the Agency Agreement) shall not include those Notes that are held by the Issuer and not cancelled.

12 Modifications

These Conditions may be completed in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

13 Replacement of definitive Notes, Receipts, Coupons and Talons

If, in the case of any Materialised Bearer Notes, a Definitive Materialised Bearer Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and Regulated Market regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Definitive Materialised Bearer Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Materialised Bearer Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Materialised Bearer Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14 Further Issues and Consolidation

- (a) **Further Issues:** Unless otherwise specified in the relevant Final Terms, the Issuer may from time to time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further notes to be assimilated (*assimilées*) and form a single series with the Notes provided such Notes and the further notes carry rights identical in all respects (or in all respects save for the principal amount thereof and the first payment of interest in the relevant Final Terms) and that the terms of such further notes provide for such assimilation and references in these Conditions to “Notes” shall be construed accordingly, provided that the Issuer will not issue any additional Notes unless such additional Notes have no more than a de minimis amount of original issue discount or such issuance would constitute a “qualified reopening” for U.S. federal income tax purposes, and provided further that any further Notes issued after 31 December 2012 do not cause holders of Notes to become subject to any United States reporting obligation or any United States withholding tax which holders of Notes would otherwise not have been subject to had the Issuer not issued the further Notes.
- (b) **Consolidation:** The Issuer may, with the prior approval (which shall not be unreasonably withheld) of the Redenomination and Consolidation Agent, from time to time on any Interest

Payment Date occurring on or after the Redenomination Date on giving not less than 30 days' prior notice to the Noteholders in accordance with Condition 15, without the consent of the Noteholders, Receiptholders or Couponholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in Euro, provided such other Notes have been redenominated in Euro (if not originally denominated in Euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

15 Notices

- (a) Notices to the holders of Dematerialised Notes in registered form (au nominatif) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or, (ii) at the option of the Issuer, they are published (a) so long as such Notes are listed and admitted to trading on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be Les Échos) or, (b) in a leading daily newspaper of general circulation in Europe (which is expected to be the Financial Times) or (c) they are published in accordance with Articles 221-3 and 221-4 of the Règlement Général of the Autorité des marchés financiers and so long as such Notes are listed and admitted to trading on any Regulated Market, in a leading daily newspaper with general circulation in the city/ies where the Regulated Market on which such Notes is/are listed and admitted to trading.
- (b) Notices to the holders of Materialised Bearer Notes and Dematerialised Notes in bearer form (au porteur) shall be valid if published (a) so long as such Notes are admitted to trading on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be Les Échos) or, (b) in a daily leading newspaper of general circulation in Europe (which is expected to be the Financial Times) or (c) they are published in accordance with Articles 221-3 and 221-4 of the Règlement Général of the Autorité des marchés financiers and so long as such Notes are listed and admitted to trading on any Regulated Market, in a leading daily newspaper with general circulation in the city/ies where the Regulated Market on which such Notes is/are listed and admitted to trading.
- (c) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Holders of Coupons shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Bearer Notes in accordance with this Condition.
- (d) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 15 (a), (b) and (c) above; except that (i) so long as such Notes are listed on any stock exchange(s) and the rules applicable to that stock exchange so require, notices shall also be published in a daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes is/are listed and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 11 shall also be published in a leading newspaper of general circulation in Europe.

16 Additional Provisions Applicable to Index Linked Notes

(a) Market Disruption

"**Market Disruption Event**" means, in relation to Notes relating to a single Index or basket of Indices, the occurrence or existence of (i) a "**Trading Disruption**" or, (ii) an "**Exchange Disruption**", which in either case the Calculation Agent determines is material, at any time during the one hour period that (x) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index triggers respectively the Knock-in Level or the Knock-out Level or (y) in all other circumstances ends at the relevant Valuation Time, or (iii) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists at any time, if a Market Disruption Event occurs in respect of a security, a contract or a Component Transaction included in such Index at any time, then the relevant percentage contribution of that security, that contract or that Component Transaction to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that security, that contract or that Component Transaction and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 15 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been an Averaging Date, an Observation Date, a Knock-in Determination Day, a Knock-out Determination Day or a Valuation Date.

(b) Adjustments to an Index

(i) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the "**Successor Index**") will be deemed to be the Index.

(ii) Modification and Cessation of Calculation of an Index

If (i) on or prior to the last Valuation Date, last Observation Date, last Averaging Date, the last Knock-in Determination Day or the last Knock-out Determination Day, the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts, commodities or Component Transaction and other routine events) (an "**Index Modification**"), or permanently cancels a relevant Index and no Successor Index exists (an "**Index Cancellation**"), or (ii) on a Valuation Date, an Observation Date, an Averaging Date, a Knock-in Determination Day or Knock-out Determination Day, the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" and, together with an Index Modification and an Index Calculation, each an "**Index Adjustment Event**"), then,

(A) the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the relevant Settlement Price using, in lieu of a published level for that Index, the level

for that Index as at the Valuation Time on that Valuation Date, Observation Date, that Averaging Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities/commodities/Component Transactions that comprised that Index immediately prior to that Index Adjustment Event; or

- (B) on giving notice to Noteholders in accordance with Condition 15, the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of a Note taking into account the Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 15.

(iii) Notice

The Calculation Agent shall, as soon as practicable, notify the Fiscal Agent and any Paying Agent of any determination made by it pursuant to paragraph (ii) above and the action proposed to be taken in relation thereto and such Agents shall make available for inspection by Noteholders copies of any such determinations.

(c) Correction of Index

With the exception of any corrections published after the day which is, unless stated otherwise in the applicable Final Terms, three Exchange Business Days prior to the due date for any payment of a Redemption Amount and/or Interest Amount, if the Index published on a given day and used or to be used by the Calculation Agent to determine any Redemption Amount and/or Interest Amount, is subsequently corrected and the correction published by the relevant Index Sponsor within 30 days of the original publication, the level to be used shall be the level of the Index as so corrected. Corrections published after the day which is, unless stated otherwise in the relevant Final Terms, three Exchange Business Days prior to the relevant Redemption Date or, as the case may be, Interest Payment Date will be disregarded by the Calculation Agent for the purposes of determining any Redemption Amount and/or Interest Amount.

(d) Additional Disruption Events

- (i) If an Additional Disruption Event occurs, the Issuer may take the action described in (A) or (B) below:
 - (A) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to the multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
 - (B) redeem the Notes by giving notice to the Noteholders in accordance with Condition 15. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the

Calculation Agent. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 15.

- (ii) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the holders in accordance with Condition 15 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

(e) **Knock-in Event and Knock-out Event**

If Knock-in Event is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event.

If Knock-out Event is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is the Valuation Time and if any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day, then such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.

If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is any time or period of time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one hour period that begins and/or ends at the time on which the level of the Index triggers the Knock-in Level or the Knock-out Level, a Market Disruption Event occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred.

For the purposes of this Condition 16:

"Knock-in Event" means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Index, that the level of the Index determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is and (B) in the case of a basket of Indices, that the amount for the Basket determined by the Calculation Agent equal to the sum of the values of each Index as the product in respect of each Index of (i) the level of such Index as of the Knock-in Valuation Time on any Knock-in Determination Day and (ii) the relevant weighting is and for both (A) and (B) as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Level.

"Knock-in Level" means (A) in the case of a single Index, the level of the Index specified and (B) in case of a basket of Indices, the level per Basket specified and for both (A) and (B) as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of "Market Disruption" set out in Condition 16(a) above.

"Knock-in Determination Day" means, in the case of a single Index and in the case of a basket of Indices, as specified in the applicable Final Terms, or each Scheduled Trading Day during the Knock-in Determination Period subject to, in either case, the provisions of "Market

Disruption" set out in Condition 16(a) above. For the purposes of a Market Disruption, any Knock-in Determination Day will be treated as a Valuation Date and the provisions contained in the definition of "Valuation Date" set out below shall apply. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Knock-in Determination Day".

"Knock-in Determination Period" means, in respect of a single Index or a basket of Indices the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

"Knock-in Period Beginning Date" means, in respect of a single Index or a basket of Indices the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"Knock-in Period Ending Date" means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"Knock-in Valuation Time" means, in respect of a single Index or a basket of Indices, the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

"Knock-out Event" means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Index, that the level of the Index determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is and (B) in the case of a basket of Indices, that the amount for the Basket determined by the Calculation Agent equal to the sum of the values of each Index as the product in respect of each Index of (i) the level of such Index as of the Knock-out Valuation Time on any Knock-out Determination Day and (ii) the relevant weighting is, and for both (A) and (B) as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Level.

"Knock-out Level" means, in the case of a single Index, the level of the Index specified and in the case of a basket of Indices, the level per basket specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of "Market Disruption" set out in Condition 16(a) above.

"Knock-out Determination Day" means, in respect of a single Index and in relation to a basket of Indices, as specified in the applicable Final Terms, or each Scheduled Trading Day during the Knock-out Determination Period subject to, in either case, the provisions of "Market Disruption" set out in Condition 16(a) above. For the purposes of a Market Disruption, any Knock-out Determination Day will be treated as a Valuation Date and the provisions contained in the definition of "Valuation Date" set out below shall apply. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Knock-out Determination Day".

"Knock-out Determination Period" means, in respect of a single Index or a basket of Indices, the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

"Knock-out Period Beginning Date" means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"Knock-out Period Ending Date" means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"Knock-out Valuation Time" means, in respect of a single Index or a basket of Indices, the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

(f) Automatic Early Redemption Event

If Automatic Early Redemption Event is specified as applicable in the Final Terms, then unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date, an Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date and the Early Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount.

For the purposes of these Conditions:

"Automatic Early Redemption Amount" means (a) an amount in the Specified Currency specified in the applicable Final Terms specified as such in the applicable Final Terms or if such amount is not specified, (b) the product of (i) the denomination of each Note and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date.

"Automatic Early Redemption Date" means each date specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

"Automatic Early Redemption Event" means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Index, that the level of the Index determined by the Calculation Agent as of the Valuation Time on any Automatic Early Redemption Valuation Date is, and (B) in the case of a Basket of Indices, the amount for the Basket determined by the Calculation Agent equal to the sum of the values of each Index as the product of (i) the level of such Index as determined by the Calculation Agent as of the Valuation Time on any Automatic Early Redemption Valuation Date and (ii) the relevant weighting is, and for both (A) and (B) as specified in the Final Terms (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Price.

"Automatic Early Redemption Level" means the level of the Index specified as such or otherwise determined in the applicable Final Terms, subject to "Adjustment to the Index" set forth in Condition 16(b) above.

"Automatic Early Redemption Rate" means, in respect of any Automatic Early Redemption Date, the rate specified as such in the applicable Final Terms.

"Automatic Early Redemption Valuation Date" means each date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition

of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Automatic Early Redemption Valuation Date".

(g) Additional Definitions

For the purposes of this Condition 16:

"Additional Disruption Event" means any of Change of Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case if specified in the applicable Final Terms.

"Affiliate" means in relation to any entity (the **"First Entity"**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes control means ownership of a majority of the voting power of an entity.

"Average Highest" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

"Averaging Date" means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) If **"Omission"** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of **"Valuation Date"** will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if **"Postponement"** is specified as applying in the applicable Final Terms, then the provisions of the definition of **"Valuation Date"** will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if **"Modified Postponement"** is specified as applying in the applicable Final Terms then:
 - (i) where the Notes are Index Linked Notes relating to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for consecutive Scheduled Trading Days equal in number to the Specified Maximum Days of Disruption (up to the Valuation Time on the last such consecutive Scheduled Trading Day) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of **"Valuation Date"** below;

- (ii) where the Notes are Index Linked Notes relating to a basket of Indices, the Averaging Date for the Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for an Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred for consecutive Scheduled Trading days equal in number to the Specified Maximum Days of Disruption (up to the Valuation Time on the last such consecutive Scheduled Trading Day) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of such Index, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with subparagraph (b)(ii) of the definition of "**Valuation Date**" below; and
- (iii) for the purposes of these Conditions "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

"**Change of Law**" means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (x) it has become illegal to hold, acquire or dispose of relevant security/commodity comprised in an Index or (y) it will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"**Component Security**" means each and any component security of any Index.

"**Component Transaction**" means each and any combination of any security and/or derivative (including interest rates) contracts composing the Index as determined from time to time by the Relevant Dealers and as defined in the applicable Final Terms.

"**Disrupted Day**" means any Scheduled Trading Day on which the Exchange or the Related Exchange fails to open for trading during their regular trading session or a Market Disruption Event has occurred.

"**Early Closure**" means the closure on any Exchange Business Day with respect to such Index of any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of such Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"**Exchange**" means in respect of Index Linked Notes and in relation to an Index each exchange or quotation system or over the counter exchange identified by reference to a

Financial Centre, specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities/contracts comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities/contracts comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange).

"Exchange Business Day" means the relevant Exchange Business Day specified in the applicable Final Terms. If no Exchange Business Day is specified as applying in the applicable Final Terms, Exchange Business Day shall mean any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Disruption" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants and Relevant Dealers in general (A) to effect transactions in, or obtain market values for on any relevant Exchange(s) in securities/commodities/contracts that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures, options or any derivative contracts relating to the relevant Index on any relevant Related Exchange.

"Full Quotation" means, in accordance with the Quotation Method, any firm quotations obtained from Relevant Dealers at the Valuation Time, to the extent reasonably practicable, for an amount of less than the Quotation Amount; that in aggregate are approximately equal to the Quotation Amount.

"Hedging Disruption" means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity, credit, interest rates, foreign currency exchange, or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Hedging Components" means the number of securities/commodities/contracts comprised in an Index that the Issuer deems necessary to hedge the equity, credit, interest rates, foreign currency exchange or other price risk of entering into and performing its obligations with respect to the Notes.

"Highest" means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

"Increased Cost of Hedging" means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risks (including, without limitation, equity and credit price risk, foreign exchange risk, interest rate risk, and any other price risks) of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"Increased Cost of Stock Borrow" means that the Issuer and/or any of its Affiliates would incur a rate to borrow any security/commodity comprised in an Index that is greater than the Initial Stock Loan Rate.

"Indices" and **"Index"** mean, subject to adjustment in accordance with Condition 16(b), the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly.

"Index Sponsor" means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date of the Notes is the index sponsor specified for such Index in the applicable Final Terms.

"Initial Stock Loan Rate" means, in respect of a security/commodity/contracts comprised in an Index, the initial stock loan rate specified in relation to such security or commodity in the applicable Final Terms.

"Loss of Stock Borrow" means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any securities/commodities/contracts comprised in an Index in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"Market Value" means, unless stated otherwise in the applicable Final Terms, with respect to the Index level being valued on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest and lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, an amount as determined by the Calculation Agent on any of the next ten Business Days thereafter on which two or more Full Quotations or a Weighted Average Quotation is obtained; and (vi) if two or more Full Quotations or a Weighted Average Quotation are not obtained within this additional ten Business Days' period, any one Full Quotation on such tenth Business Day, or if no Full Quotation is obtained, the Market Value shall be the weighted average of any firm quotations obtained from Relevant Dealers on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

"Maximum Stock Loan Rate" means, in respect of a security/commodity/contracts comprised in an Index, the Maximum Stock Loan Rate specified in the applicable Final Terms.

"Observation Date" means each date specified as an Observation Date in the applicable Final Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition

of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Observation Date".

"Observation Period" means the period specified as the Observation Period in the applicable Final Terms.

"Quotation" means each Full Quotation, the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date as follows: unless stated otherwise in the applicable Final Terms, the Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Relevant Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Relevant Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day, the Quotations shall be deemed to be any Full Quotation obtained from a Relevant Dealer on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations obtained from Relevant Dealers on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which the firm quotations were not obtained on such day.

"Quotation Amount" shall be as specified in the applicable Final Terms or otherwise shall be deemed to be, an amount equal to the amount necessary to unwind the hedge of the Issuer in relation with the Notes.

"Quotation Method" shall be as specified in the applicable Final Terms or otherwise shall be deemed to be Bid.

"Relevant Dealers" means official bank dealers (other than the Issuer or an affiliate of the Issuer) of the Index as appointed by the relevant Index Sponsor, or three financial institutions, selected by the Calculation Agent, that significantly deals or invests in the Index or Component Transactions for which Quotations are to be obtained. The Calculation Agent shall select the Relevant Dealers in good faith and in a commercially reasonable manner. Upon a selected Relevant Dealer no longer being in existence (with no successors), or not being an active dealer in the Index or Component Transactions of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Relevant Dealer(s) for one or more of the foregoing. Any bid quotation provided by the Issuer shall be deemed to be a Firm Quotation that it would provide to a counterparty in the market.

"Relevant Level" means the level of the Index as determined by the Calculation Agent at Valuation Time on any Valuation Date, using as specified in the applicable Final Terms, either (i) the official closing level for such Index, or (ii) the official fixing eventually calculated and/or published by the Index Sponsor; or, if nothing is specified in the Final Terms, the Valuation Method as set out therein.

"Related Exchange" means, in respect of Index Linked Notes and in relation to an Index, each exchange or quotation system or over the counter exchange identified by reference to a Financial Centre, on which futures, options or derivatives contracts relating to such Index are traded, or each exchange or quotation system or over the counter exchange identified by reference to a Financial Centre, specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or over the counter exchange, or any substitute exchange or quotation system or over the counter exchange to which trading in

futures, options or derivatives contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures, options or derivatives contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, "**Related Exchange**" shall mean each exchange or quotation system or over the counter exchange where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures, options or derivatives contracts relating to such Index.

"**Scheduled Closing Time**" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday customarily accepted closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"**Scheduled Trading Day**" means the relevant Scheduled Trading Day specified in the applicable Final Terms. If no Scheduled Trading Day is specified as applying in the applicable Final Terms, Scheduled Trading Day shall mean any day on which each Exchange and each Related Exchange in respect of each such Index are scheduled to be open for trading for their respective regular trading sessions, and for which and with respect to each over the counter exchange identified by reference to a Financial Centre, Relevant Dealers are scheduled to be opened for business, to bid for the relevant Index and Component Transactions.

"**Scheduled Valuation Date**" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"**Screen Page**" means the page specified in the applicable Final Terms, or any successor page or service thereto.

"**Settlement Price**" means, unless otherwise specified in the applicable Final Terms, in relation to each Cash Settled Note in respect of Index Linked Notes and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:

- (a) in the case of Index Linked Notes relating to a basket of Indices, an amount (which shall be deemed to be a monetary amount in the Index Currency) equal to the sum of the values calculated for each Index as the Relevant Level for each Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent as set out in the applicable Final Terms at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, multiplied by the relevant multiplier; and
- (b) in the case of Index Linked Notes relating to a single Index, an amount (which shall be deemed to be a monetary amount in the Index Currency) equal to the Relevant Level of the Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent as set out in the applicable Final Terms at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date.

"**Specified Maximum Days of Disruption**" means eight (8) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the applicable Final Terms.

"**Trading Disruption**" means (1) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in

price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to securities that comprise 20 per cent. or more of the level of such Index on any relevant Exchange(s) or (b) in futures, options or derivatives contracts relating to such Index on any relevant Related Exchange; and, (2) in case of Component Transactions scheduled to be quoted on an over the counter exchange identified by reference to a Financial Centre, any time or day on a Scheduled Trading Day during which the Calculation Agent is unable to obtain a Quotation, as provided by the Valuation Method.

"Valuation Date" means the Coupon Valuation Date and/or the Redemption Valuation Date, as the case may be, specified in the applicable Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Notes are Index Linked Notes relating to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the consecutive Scheduled Trading Days equal in number to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Settlement Price by determining the level of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security/commodity/derivatives contracts comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity/derivatives contracts on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity/derivatives contracts as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
- (b) where the Notes are Index Linked Notes relating to a basket of Indices, the Valuation Date for each Index, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index, affected, as the case may be, (each an **"Affected Item"**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the consecutive Scheduled Trading Days equal in number to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Item, the level or value as applicable, determined in the manner set out in the applicable Final Terms, or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security/commodity/derivatives contracts comprised in that Index (or, if an event giving rise to a Disrupted Day has

occurred in respect of the relevant security/commodity/derivatives contracts on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity/derivatives contracts as of the Valuation Time on the last such consecutive Scheduled Trading Day),

and otherwise in accordance with the above provisions.

"**Valuation Method**" shall be as specified in the applicable Final Terms or otherwise shall be deemed to be, (i) if only one Valuation Date, Highest, or (ii) if more than one Valuation Date, Average Highest, or if "Market" has been designated in the relevant Final Terms, "Market Value" shall apply.

"**Valuation Time**" means:

- (a) the Relevant Time specified in the applicable Final Terms; and
- (b) if "Calculation Agent" is specified in the applicable Final Terms, any time (as selected by the Calculation Agent in its sole and absolute discretion) on the Valuation Date during the hours that Relevant Dealers customarily bid for the relevant Index or any of its Component Transactions; and
- (c) the Scheduled Closing Time on the Exchange on the Valuation Date. If the Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

"**Weighted Average Quotation**" means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Relevant Dealers at the Valuation Time, to the extent reasonably practicable, for an amount of less than the Quotation Amount, that in aggregate are approximately equal to the Quotation Amount.

17 Additional Provisions Applicable to Inflation Linked Notes

(a) Delay in Publication

If the Calculation Agent determines that, in relation to Notes relating to a single Index or a basket of Indices, a Delayed Index Level Event in respect of an Index has occurred with respect to any Determination Date, then the Relevant Level with respect to any Reference Month which is to be used in any calculation or determination to be made by the Calculation Agent with respect to such Determination Date (the "**Substitute Index Level**") shall be determined by the Calculation Agent (subject to Condition 17(c)(i) "Adjustments-Substitute Index Level" below), as follows:

- (i) if Related Bond is specified as applicable in the applicable Final Terms, the Calculation Agent shall determine the Substitute Index Level by reference to the corresponding index level determined under the terms and conditions of the Related Bond; or
- (ii) if (I) Related Bond is specified as not applicable in the applicable Final Terms, or (II) the Calculation Agent is not able to determine a Substitute Index Level under (i) above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:
$$\text{Substitute Index Level} = \text{Base Level} \times (\text{Latest Level}/\text{Reference Level});$$
 or
- (iii) otherwise in accordance with any formula specified in the applicable Final Terms,

where:

"Base Level" means the level of the Index (whether definitive or provisional) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

"Latest Level" means the latest level of the Index (whether definitive or provisional) published or announced by the Index Sponsor prior to the month in respect of which the Substitute Index Level is being calculated.

"Reference Level" means the level of the Index (whether definitive or provisional) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in "Latest Level" above.

The Issuer shall promptly give notice to the holders of the Notes in accordance with Condition 15 of any Substitute Index Level.

If the Relevant Level is published or announced at any time on or after the relevant Cut-Off Date specified in the applicable Final Terms, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this Condition 17(a) will be the definitive level for that Reference Month.

(b) Successor Index

If in relation to Notes relating to a single Index or a basket of Indices, the Calculation Agent determines that the level of an Index is not calculated and announced by the Index Sponsor for two consecutive months and/or the Index Sponsor announces that it will not longer continue to publish or announce the Index and/or the Index Sponsor cancels the Index then the Calculation Agent shall determine a successor index (a **"Successor Index"**) (in lieu of any previously applicable Index) for the purposes of the Notes as follows:

- (i) if Related Bond is specified as applicable in the applicable Final Terms, the Calculation Agent shall determine a "Successor Index" by reference to the corresponding successor index determined under the terms and conditions of the Related Bond;
- (ii) if Related Bond is specified as not applicable in the Final Terms or a Related Bond Redemption Event has occurred, the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Index should be. If between four and five responses are received, and of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the "Successor Index". If three responses are received, and two or more leading independent dealers state the same index, this index will be deemed the "Successor Index";
- (iii) If no Successor Index has been deemed under (i) above or if fewer than three responses are received under (ii) above by the Cut-Off Date the Calculation Agent will determine an appropriate alternative index for the relevant Payment Date, and such index will be deemed a "Successor Index"; or
- (iv) if the Calculation Agent determines that there is no appropriate alternative index, there will be deemed to be no Successor Index and an Index Cancellation will be deemed to have occurred.

For the avoidance of doubt, the Calculation Agent shall determine the date on which the Successor Index shall be deemed to replace the Index for the purposes of the Notes. Notice of

the determination of a Successor Index, the effective date of the Successor Index or the occurrence of an Index Cancellation will be given to holders of the Notes by the Issuer in accordance with Condition 15.

(c) Adjustments

(i) Substitute Index Level

If the Calculation Agent determines a Substitute Index Level in accordance with Condition 17(a) "Delay in Publication" above, the Calculation Agent may make any adjustment or adjustments (without limitation) to (I) the Substitute Index Level determined in accordance with Condition 17(a) "Delay in Publication" above and/or (II) the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes, in each case, as the Calculation Agent deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Condition 15.

(ii) Successor Index

If a Successor Index is determined in accordance with Condition 17(b) "Successor Index" above, the Calculation Agent may make any adjustment or adjustments (without limitation) to the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as the Calculation Agent deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Condition 15.

(iii) Index Level Adjustment Correction

(A) If, within thirty days of publication or at any time prior to a Determination Date in respect of which a Relevant Level will be used in any calculation or determination in respect of such Determination Date, the Calculation Agent determines that the Index Sponsor has corrected the Relevant Level to correct a manifest error, the Calculation Agent may make any adjustment to the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as the Calculation Agent deems appropriate as a result of such correction and/or determine the amount (if any) that is payable as a result of that correction. The Issuer shall give notice to the holders of the Notes of any such adjustment and/or amount in accordance with Condition 15.

(B) If a Relevant Level is published or announced at any time after the Cut-Off Date in respect of a Determination Date in respect of which a Substitute Index Level was determined, the Calculation Agent may either (A) determine that such Relevant Level shall not be used in any calculation or determination under the Notes and that the Substitute Index Level shall be deemed to be the definitive Relevant Level for the relevant Reference Month, or (B) make any adjustment to the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as it deems appropriate as a result of the announcement or publication of the Relevant Level and/or determine the amount (if any) that is payable as a result of such publication or announcement. The Issuer shall give notice to the holders of the Notes of any determination in respect of (A) or (B), together with any adjustment or amount in respect thereof, in accordance with Condition 15.

(C) Currency

If the Calculation Agent determines that any event occurs affecting the Specified Currency (whether relating to its convertibility into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the final Redemption Amount, and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer), the Calculation Agent may make such adjustment or adjustments to the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as the Calculation Agent deems necessary. The Calculation Agent shall give notice to the holders of the Notes of any such adjustment in accordance with Condition 15.

(iv) Rebasing

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the Relevant Level from the date of such rebasing; provided, however, that the Calculation Agent may make (A) if Related Bond is specified as applicable in the applicable Final Terms, any adjustments as are made pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as before the rebasing, and/or (B) if Related Bond is specified as not applicable in the applicable Final Terms or a Related Bond Redemption Event has occurred, the Calculation Agent may make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased, and in each case the Calculation Agent may make any adjustment(s) to the final Redemption Amount, interest payable under the Notes (if any) and/or any other term of the Notes as the Calculation Agent may deem necessary. If the Calculation Agent determines that neither (A) nor (B) above would produce a commercially reasonable result, the Calculation Agent may redeem each Note on a date notified by the Issuer to Noteholders in accordance with Condition 15 at its fair economic value as determined by the Calculation Agent (unless otherwise provided in the applicable Final Terms) as at the date of redemption taking into account the rebasing, less the cost to the Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the applicable Final Terms). Notice of any adjustment, redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Condition 15.

(v) Index Modification

(A) If, in relation to Notes relating to a single Index or a basket of Indices on or prior to the Cut-Off Date in respect of any Determination Date, the Calculation Agent determines that an Index Modification has occurred the Calculation Agent may (A) if Related Bond is specified as applicable in the applicable Final Terms, make any adjustments to the Index, any Relevant Level and/or any other relevant term of the Notes (including, without limitation, the final Redemption Amount and/or interest payable under the Notes (if any)), consistent with any adjustments made to the Related Bond as the Calculation Agent deems necessary, or (B) if Related Bond is specified as not applicable in the Final Terms or a Related Bond Redemption Event has occurred, make only those adjustments to the

relevant Index, any Relevant Level and/or any other term of the Notes (including, without limitation, the final Redemption Amount and/or interest payable under the Notes (if any)), as the Calculation Agent deems necessary for the modified Index to continue as the Index and to account for the economic effect of the Index Modification.

- (B) If the Calculation Agent determines that an Index Modification has occurred at any time after the Cut-Off Date in respect of any Determination Date, the Calculation Agent may determine either to ignore such Index Modification for the purposes of any calculation or determination made by the Calculation Agent with respect to such Determination Date, in which case the relevant Index Modification will be deemed to have occurred with respect to the immediately succeeding Determination Date such that the provisions of sub-paragraph (A) above will apply, or, notwithstanding that the Index Modification has occurred following the Cut-Off Date, to make any adjustments as the Calculation Agent deems fit in accordance with sub-paragraph (A) above.

(vi) Index Cancellation

If the Calculation Agent determines that an Index Cancellation has occurred, the Issuer may redeem each Note on the date notified by the Issuer to Noteholders in accordance with Condition 15 at its fair economic value (as determined by the Calculation Agent) as at the date of redemption taking into account the Index Cancellation, less the cost to the Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the applicable Final Terms). Notice of any redemption of the Notes pursuant to this paragraph shall be given to Noteholders in accordance with Condition 15.

(vii) Change in law

If the Issuer determines that a Change in Law has occurred, the Issuer may redeem each Note on the date notified by the Issuer to Noteholders in accordance with Condition 15 at its fair economic value (as determined by the Calculation Agent) as at the date of redemption taking into account the Change in Law, less the cost to the Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the applicable Final Terms). Notice of any redemption of the Notes pursuant to this paragraph shall be given to Noteholders in accordance with Condition 15.

(viii) Additional Definitions

"Change in Law" means that, on or after the Issue Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of any change in the interpretation by any court, tribunal or regulatory authority), the Issuer determines that in its sole and absolute discretion that it is unable to perform its obligations in respect of the Notes or it has become illegal to hold, acquire or dispose of any relevant hedge positions in respect of the Notes.

"Cut-Off Date" means, in respect of a Determination Date, five Business Days prior to such Determination Date, unless otherwise stated in the applicable Final Terms.

"Delayed Index Level Event" means, in respect of any Determination Date, that the Index Sponsor fails to publish or announce the level of the Index (the **"Relevant**

Level") in respect of any Reference Month which is to be used in any calculation or determination to be made by the Calculation Agent in respect of such Determination Date, at any time on or prior to the Cut-Off Date.

"Fallback Bond" means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to the Index, with a maturity date which falls on (a) the same day as the Maturity Date, (b) the next longest maturity after the Maturity Date if there is no such bond maturing on the Maturity Date, or (c) the next shortest maturity before the Maturity Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Germany, Italy or Spain, and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

"Index" or **"Indices"** means the index or indices specified in the applicable Final Terms and related expressions shall be construed accordingly.

"Index Cancellation" means a level for the Index has not been published or announced for two consecutive months and/or the Index Sponsor cancels the Index and/or the Index Sponsor announces that it will no longer continue to publish or announce the Index and no Successor Index exists.

"Index Modification" means the Index Sponsor announces that it will make (in the opinion of the Calculation Agent) a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index.

"Index Sponsor" means in relation to an Index, the corporation or entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day which as of the Issue Date of the Notes is the index sponsor in the applicable Final Terms.

"Rebased Index" has the meaning given to it under Condition 17(c)(iv) "Rebasing" above.

"Reference Month" means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Relevant Level was reported.

"Related Bond" means, if specified as applicable in the applicable Final Terms, means the bond specified as such in the applicable Final Terms. If the Related Bond specified in the applicable Final Terms is "Fallback Bond", then for any Related

Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the applicable Final Terms as the Related Bond and "Fallback Bond: Not Applicable" is specified in the applicable Final Terms there will be no Related Bond. If a bond is selected as the Related Bond in the applicable Final Terms and that bond redeems or matures before the relevant Maturity Date, unless "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination.

"Related Bond Redemption Event" means, if specified as applicable in the applicable Final Terms, at any time prior to the Maturity Date, (i) the Related Bond is redeemed, repurchased or cancelled, (ii) the Related Bond becomes repayable prior to its stated date of maturity for whatever reason, or (iii) the issuer of the Related Bond announces that the Related Bond will be redeemed, repurchased or cancelled prior to its stated date of maturity.

"Relevant Level" has the meaning given to it in the definition of Delayed Index Level Event.

"Scheduled Trading Day" means the relevant Scheduled Trading Day specified in the applicable Final Terms. If no Scheduled Trading Day is specified as applying in the applicable Final Terms, Scheduled Trading Day shall mean any day on which each Exchange and each Related Exchange in respect of each such Index are scheduled to be open for trading for their respective regular trading sessions.

"Successor Index" has the meaning given to it under Condition 17(c)(ii) "Successor Index" above.

"Substitute Index Level" means, in respect of a Delayed Index Level Event, the index level determined by the Calculation Agent in accordance with Condition 17(c)(i) "Substitute Index Level" above.

(d) Knock-in Event and Knock-out Event

If Knock-in Event is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event.

If Knock-out Event is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

For the purposes of this Condition 17:

"Knock-in Event" means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Index, that the level of the Index determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is and (B) in the case of a basket of Indices, that the amount for the Basket determined by the Calculation Agent equal to the sum of the values of each Index as the product in respect of each Index of (i) the level of such Index as of the Knock-in Valuation Time on any Knock-in Determination Day and (ii) the relevant weighting is and for both (A) and (B) as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Level.

"Knock-in Level" means (A) in the case of a single Index, the level of the Index specified and (B) in case of a basket of Indices, the level per Basket specified and for both (A) and (B) as such or otherwise determined in the applicable Final Terms.

"Knock-in Determination Day" means, in the case of a single Index and in the case of a basket of Indices, as specified in the applicable Final Terms, or each Scheduled Trading Day during the Knock-in Determination Period.

"Knock-in Determination Period" means, in respect of a single Index or a basket of Indices the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

"Knock-in Period Beginning Date" means, in respect of a single Index or a basket of Indices the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"Knock-in Period Ending Date" means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"Knock-in Valuation Time" means, in respect of a single Index or a basket of Indices, the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

"Knock-out Event" means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Index, that the level of the Index determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is and (B) in the case of a basket of Indices, that the amount for the Basket determined by the Calculation Agent equal to the sum of the values of each Index as the product in respect of each Index of (i) the level of such Index as of the Knock-out Valuation Time on any Knock-out Determination Day and (ii) the relevant weighting is, and for both (A) and (B) as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Level.

"Knock-out Level" means, in the case of a single Index, the level of the Index specified and in the case of a basket of Indices, the level per basket specified as such or otherwise determined in the applicable Final Terms.

"Knock-out Determination Day" means, in respect of a single Index and in relation to a basket of Indices, as specified in the applicable Final Terms, or each Scheduled Trading Day during the Knock-out Determination Period.

"Knock-out Determination Period" means, in respect of a single Index or a basket of Indices, the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

"Knock-out Period Beginning Date" means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"Knock-out Period Ending Date" means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-out Valuation Time**" means, in respect of a single Index or a basket of Indices, the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

"**Scheduled Trading Day**" means the relevant Scheduled Trading Day specified in the applicable Final Terms.

18 Governing Law and Jurisdiction

- (a) **Governing Law:** The Notes (and, where applicable, the Receipts, the Coupons and the Talons) and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, French law.
- (b) **Jurisdiction:** Any claim against the Issuer in connection with any Notes, Receipts, Coupons or Talons shall be brought exclusively before any competent court of the jurisdiction of the Paris Court of Appeal.

TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALIZED BEARER NOTES

Temporary Global Certificates

A Temporary Global Certificate, without interest Coupons, will initially be issued in connection with Materialised Bearer Notes. Upon the initial deposit of such Temporary Global Certificate with a common depository for Euroclear and Clearstream, Luxembourg (the "**Common Depository**"), Euroclear or Clearstream, Luxembourg will credit the accounts of each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

The Common Depository may also credit with a nominal amount of Notes the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, a nominal amount of Notes that is initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Exchange

Each Temporary Global Certificate issued in respect of Notes will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

- (i) if the relevant Final Terms indicates that such Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "General Description of the Programme — Selling Restrictions"), in whole, but not in part, for the Definitive Materialised Bearer Notes; and
- (ii) otherwise, in whole but not in part upon certification as to non-U.S. beneficial ownership (a form of which shall be available at the specified offices of any of the Paying Agents) for Definitive Materialised Bearer Notes.

Delivery of Definitive Materialised Bearer Notes

On or after its Exchange Date, the holder of a Temporary Global Certificate may surrender such Temporary Global Certificate to or to the order of the Fiscal Agent. In exchange for any Temporary Global Certificate, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Materialised Bearer Notes. In this Base Prospectus, "**Definitive Materialised Bearer Notes**" means, in relation to any Temporary Global Certificate, the Definitive Materialised Bearer Notes for which such Temporary Global Certificate may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Temporary Global Certificate and a Talon). Definitive Materialised Bearer Notes will be security printed in accordance with any applicable legal and Regulated Market requirements. Forms of such Definitive Materialised Bearer Notes shall be available at the specified offices of any of the Paying Agent(s).

Exchange Date

"**Exchange Date**" means, in relation to a Temporary Global Certificate, the day falling after the expiry of 40 days after its issue date, provided that, in the event any further Materialised Notes are issued prior to such day pursuant to Condition 14(a), the Exchange Date for such Temporary Global Certificate shall be postponed to the day falling after the expiry of 40 days after the issue of such further Materialised Notes.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be applied by the Issuer for general corporate purposes. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

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**") and 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 Base Prospectus is €3,185,734,830 divided into 27,702,042 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 (telephone number: +33(0) 1 57 75 60 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 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*"¹, 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. In August 2010, La Banque Postale obtained the authorisation of the Minister for Economy, Industry and Employment to prepare an offer of financial products and services to corporate entities. On 5 September 2011, the ACP granted La Banque Postale a licence to offer financing services to corporate entities. Such offer is mainly carried out by La Banque Postale's 100 per cent. subsidiary, La Banque Postale Crédit Entreprises with the exception of syndicated loans, advances on subsidies and overdraft facilities which are carried out by La Banque Postale.

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

Furthermore, following negotiations with Dexia S.A., Dexia Crédit Local and la Caisse des Dépôts with a view to establishing a new tool for financing local authorities, La Banque Postale adopted, in February 2012, a new model for financing local authorities.

The Group's objectives, through La Banque Postale, are to offer a unique form of retail and corporate 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.

La Banque Postale in a few key figures as at 31 December 2011:

- 10.38 million active customers;
- 459,000 corporate clients (companies and voluntary organisations);
- 11.5 million postal current accounts;
- 9,500 advisers and customer service managers;
- 705 specialist real estate advisers, 750 specialist private wealth advisers and 58 private wealth management advisors;
- 6.95 million bank cards, and 6,350 automated teller machines and cash dispensers;
- total consolidated balance sheet standing at €185.7 billion;
- La Banque Postale's credit ratings : A+ (with a stable outlook) by S&P and AA- (with a negative outlook) by Fitch;
- total consolidated shareholders' equity group share as at 31 December 2011 of €5.6 billion; and
- 31,000 people, including La Banque Postale and its subsidiaries' 2,900 employees, and over 28,000 La Poste employees, working exclusively in the name and on behalf of La Banque Postale, in bank back-offices (Financial Centres), IT, or in the advisory and marketing businesses, mainly within the Post Offices.

2. STATUTORY AUDITORS AND PUBLICATION OF ACCOUNTS

The statutory auditors of the Issuer for the financial years ended on 31 December 2010 and 31 December 2011 were PricewaterhouseCoopers Audit, KPMG Audit - a department of KPMG S.A. and Mazars.

The statutory auditors of the Issuer are currently:

PricewaterhouseCoopers Audit

Represented by Catherine Pariset for the 2010 financial year and Agnès Hussherr for the 2011 financial year

63, rue de Villiers
92200 Neuilly-sur-Seine

KPMG Audit

A department of KPMG S.A.

Represented by Isabelle Goalec
1, Cours Valmy
92923 Paris - La Défense Cedex

PricewaterhouseCoopers Audit and KPMG Audit - a department of KPMG S.A., were respectively re-appointed and appointed for a six year term in 2010. Mazars's mandate has expired at the Ordinary General Meeting held to approve the accounts for the financial year ending on 31 December 2011 and has not been renewed.

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 except when they relate to repair, improvement or maintenance works on a building or a plot of land,
- leasing transactions, discounting transactions and factoring transactions,
- finance transactions for entities whose main purpose is either market transactions, securitisation or acquisition,

however:

- it may provide consumer credit to employees of companies of the Group,
- it may grant professional micro-credits for the financing of projects geared towards the creation of enterprises or real employment, private micro-credits for the financing of personal projects and social micro-credits to people in great financial difficulties.

4. PRINCIPAL ACTIVITIES¹

La Banque Postale Group's core businesses are retail banking, insurance and asset management.

4.1 Retail Banking

The retail banking business is mainly constituted by the activities of La Banque Postale and La Banque Postale Financement. The net banking income of the retail banking sector stands at € 5,021 million, while its contribution to the net revenues of the Group is € 201 million.

(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:
 - Current accounts (€46.4 billion – representing a market share of 9.1 per cent. (source: Banque de France));
 - Regulated savings: *Livret A* and Sustainable Development Account (*Livret de Développement Durable or LDD* – (€61.6 billion – representing a market share of 21.8 per cent. of overall transferred balances in the French savings funds (source: Banque de France)) Housing Savings Account (*Compte Epargne Logement or CEL* – €6.5 billion), Housing Savings Plan (*Plan d'Epargne Logement or PEL* – €19.8 billion), Peoples Savings Account (*Livret d'Epargne Populaire or LEP* – €9.8 billion);

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. La Banque Postale remains a player in the *Livret A* deposit market, where its position has not been called into question by the generalisation of the distribution of these accounts in 2009; and
 - Other savings products (€8.0 billion) including Young Persons Savings Accounts (*Livrets Jeunes*), Peoples Savings Plans (*Plans d'Epargne Populaire or PEP*) and Savings Accounts (which include two savings accounts known as "*Livret B*" and "*Compte sur livret*").
- La Banque Postale's Off-Balance Sheet
 - Life Insurance (revenues of over €10.2 billion and an outstanding policy balance of €109.1 billion): life insurance contracts are

¹ All of the figures in this section 4 are figures as at 31 December 2011 taken from the Issuer's consolidated accounts

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 (€1.2 billion): OPCVM distributed through La Banque Postale's network are managed principally by the La Banque Postale Group's management company known as La Banque Postale Asset Management and its subsidiaries.
- La Banque Postale also offers employee savings products which amounted to €64.4 million in funds gathered.
- Lastly, La Banque Postale also offers its major corporate customers customised product ranges, which are primarily based on term account-type platforms, or on the issue of certificates of deposit. This range accounted for €3.35 billion in deposits in 2011.

(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 €41.7 billion at the end of the 2011 fiscal year, a 12 per cent. increase over the previous year. With 705 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.

For its young customers, whom La Banque Postale has made a priority in terms of its commercial development, the Pactys Avenir range provides a home and ancillary loan at a preferential rate to young people under 36, for the purchase of a main home.

La Banque Postale, which is recognised as an essential player in the market, brought the management of the new zero-rated loans, which was previously sub-contracted to Crédit Foncier de France, in-house in 2011. Thanks to the financing of 22,200 first-time buyer projects, La Banque Postale reached an 8% market share for this regulated product (source: Banque de France).

(B) Credit to corporate clients

La Banque Postale has been offering its corporate customers a range of products since 2011, primarily via its new dedicated subsidiary, La Banque Postale Crédit Entreprises except cash facilities which are offered by La Banque Postale directly. This range includes equipment leasing (since October 2011), and cash facilities (since November 2011);

(C) overdraft facilities

(D) deferred debit cards

(E) consumer credit

In 2011, the offer of consumer credit products and services has grown both in terms of volume and of variety. La Banque Postale added a number of services geared towards younger customers such as student loans, apprenticeship loan, temping loan, driving licence loans.

The total amount of customer financing represented €45.1 billion as at 31 December 2011, a 15.00 per cent. increase compared to 2010.

(iii) Means of Payment

(A) La Banque Postale distributes payment cards (7 million as at 31 December 2011) and packages combining several banking products (5.5 million in 2011) 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.

(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

- **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.). La Banque Postale also offers alternative management services. 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.
- **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).

(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 ninety-five 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

The fund transfer business is buoyant, based on two businesses:

(i) Money orders

La 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

The Asset Management business represents € 120 million in net banking income, while its contribution to the net revenues of the Group is € 31 million. It now offers a complete range of placement offers for assets diversification on the equity market, the debt market, the money market, the property market as well as socially responsible investments.

(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 58 wealth management advisers (*Conseillers en Gestion de Patrimoine*, "CGPs") dedicated to clients with the highest amounts of assets. 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 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 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; and
- 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 October 2007. La Banque Postale Gestion Privée has experienced very rapid growth, since its funds under management have increased tenfold in four years, rising from €124 million to €1.2 billion. The company now manages over 15,000 investment mandates.

In addition, La Banque Postale holds a majority participation of about 90 per cent. in Tocqueville Finance, a portfolio management company specialising in "value" management, and in Xange Private Equity, a capital investment management company, managing as at 31 December 2011 around € 366 million in capital venture and development investments.

(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.

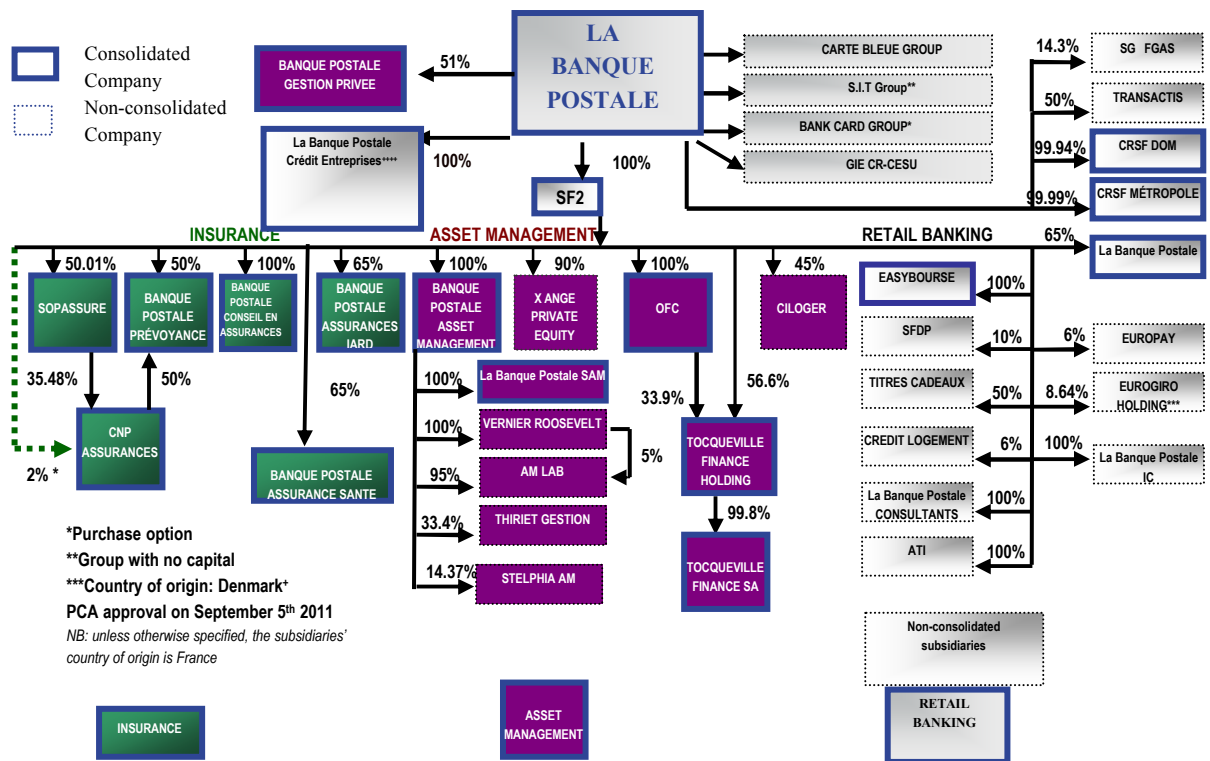
(ii) Execution of orders on behalf of third parties

(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 AMF, but it does not directly carry on management activity for third parties.



as at the date of this Base 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

The Insurance business represents € 89 million in net banking income, while its contribution to the net revenues of the Group is € 180 million after the equity consolidation of CNP Assurances.

Life Insurance: La Banque Postale is a major player in this market representing 8.4 per cent. of the market in the individual life insurance sector (source: Banque de France).

Life insurance also includes a full range of products to prepare for retirement.

La Banque Postale markets CNP Assurances' life insurance and capitalisation products, and accounts for 34 per cent. of the CNP Assurances' Group revenues. CNP Assurances also contributes €160 million to La Banque Postale's net profit. This contribution to the La Banque Postale Group's net profit accounted for 38.8 per cent. of total net profit as at 31 December 2011.

Contingency Insurance: The main business activities of La Banque Postale Prévoyance (formerly Assurposte), which was founded in 1998 and is jointly owned by La Banque Postale and CNP Assurances, are developing personal and collective contingency insurance products that are suited to La Banque Postale's customers and to their requirements.

In accordance with La Banque Postale's positioning, the products developed and provided by La Banque Postale Prévoyance are based on the values of accessibility, transparency and service.

La Banque Postale Prévoyance has put together a full range of contingency insurance products, which covers all the protection required to face the vicissitudes of life (death, dependency, funeral, non-work accident guarantee, etc.) and offers a wide portfolio of services other than financial services. In 2011, the range was broadened via the introduction of a new accidental death wealth insurance policy (Sérénia), which provides a dread disease guarantee that is specific to La Banque Postale.

Total revenues from all (personal and collective) contingency products that are managed by La Banque Postale Prévoyance amounted to €413 million in 2011. With over 2.4 million personal contingency policies in its portfolio, La Banque Postale Prévoyance continues to confirm its presence on the contingency insurance market. Its growth has also been boosted by loan insurance policies, which are attached to La Banque Postale's home loan offers.

Health Insurance: La Banque Postale has established a joint-venture with La Mutuelle Générale (65/35), La Banque Postale Assurance Santé in 2010 which offers a wide range of health insurance products. The offer was rolled out gradually and has been marketed since 5 December 2011.

Payment Insurance: The division includes the brokerage activities of La Banque Postale Conseil en Assurances (formerly, Sogerco), an insurance broking firm that is wholly-owned by La Banque Postale. This company operates mainly in the means of payment insurance sector, primarily through the Alliatys product, and also stands out by offering products dedicated to postmen and women, while broadening its growth drivers to include companies, mobile telephony and rental risk insurance. The subsidiary also manages all the insurance and assistance services for the five million payment cards owned by private individuals and companies.

Casualty Insurance: La Banque Postale Assurances IARD, a subsidiary founded in 2009 and in which La Banque Postale and Groupama hold respective interests of 65% and 35%, brought its first casualty insurance products to market in 2011, via a range that is based on Car, Comprehensive Home, and Legal Protection insurance.

The policies provide guarantees that focus on simplicity, accessibility and trust. La Banque Postale's casualty insurance products are sold across all channels (Post Office networks, telephone). La Banque Postale IARD exceeded the threshold of 200,000 policies in the portfolio in the very first year. In 2011, the year of its launch, it reached a record first year level of 204,000 insurance contracts including 50% for home insurance.

In-home assistance: In December 2010, La Banque Postale took over the distribution of the La Poste Group's in-home assistance services, via the launch of a turn-key range. This range was rounded out in 2011, and is now available via all the distribution channels.

5. SUBSIDIARIES AND PRINCIPAL SHAREHOLDINGS

Besides the creation of La Banque Postale Financement, La Banque Postale Assurances IARD and Banque Postale Assurance Santé and the acquisition of Tocqueville and Xange Private Equity, 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 2011 La Banque Postale Asset Management recorded a net banking income of €81.5 million and net earnings of €24.6 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 €15 million in 2011.

(c) Shareholding in CNP Assurances

La Banque Postale holds 19.7 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 recorded an annual turnover of €30.0 billion in 2011. Its net earnings for 2011 were €872 million (source: CNP Assurances 2011 annual report).

6. CORPORATE STRUCTURE CHART AND SHAREHOLDERS

6.1 Corporate structure chart

As at the date of this Base 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.

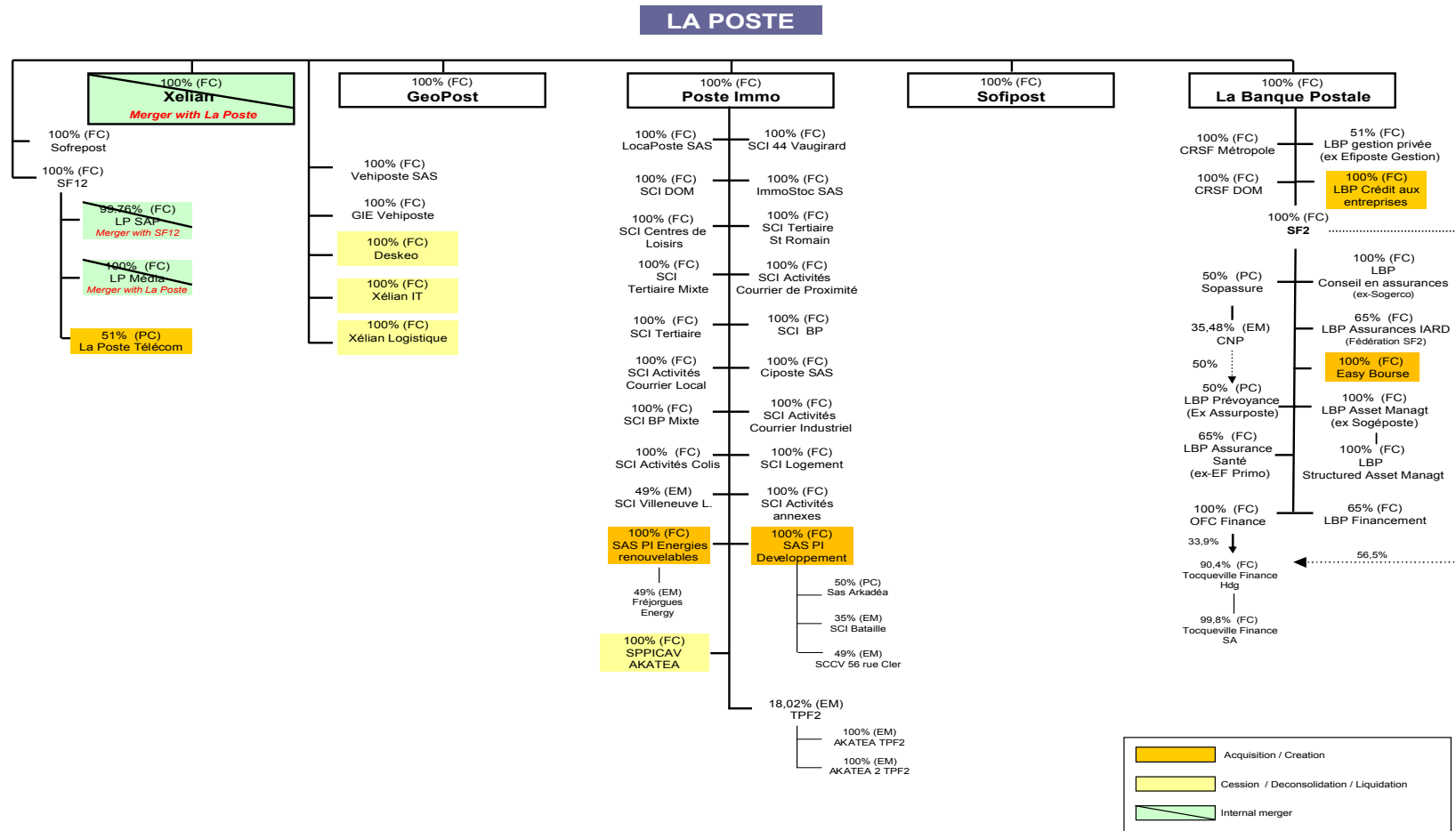
To the knowledge of the Issuer, no arrangements exist that, if implemented, may lead to a change of control of La Banque Postale at a future date.

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

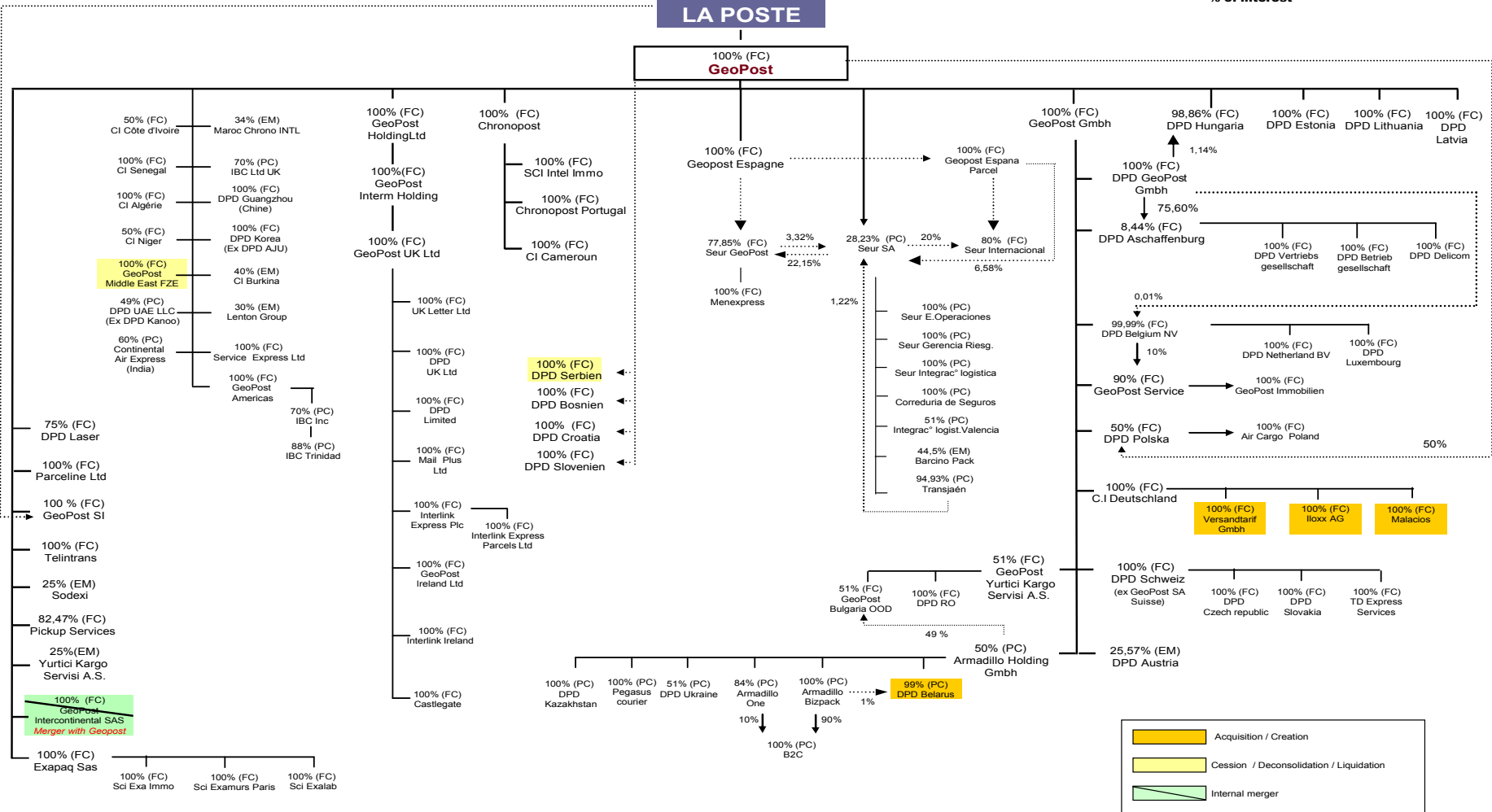
The corporate structure chart below shows the companies held, directly or indirectly, by La Poste as well as the percentage shareholdings as at 31 December 2011.

ORGANISATION CHART

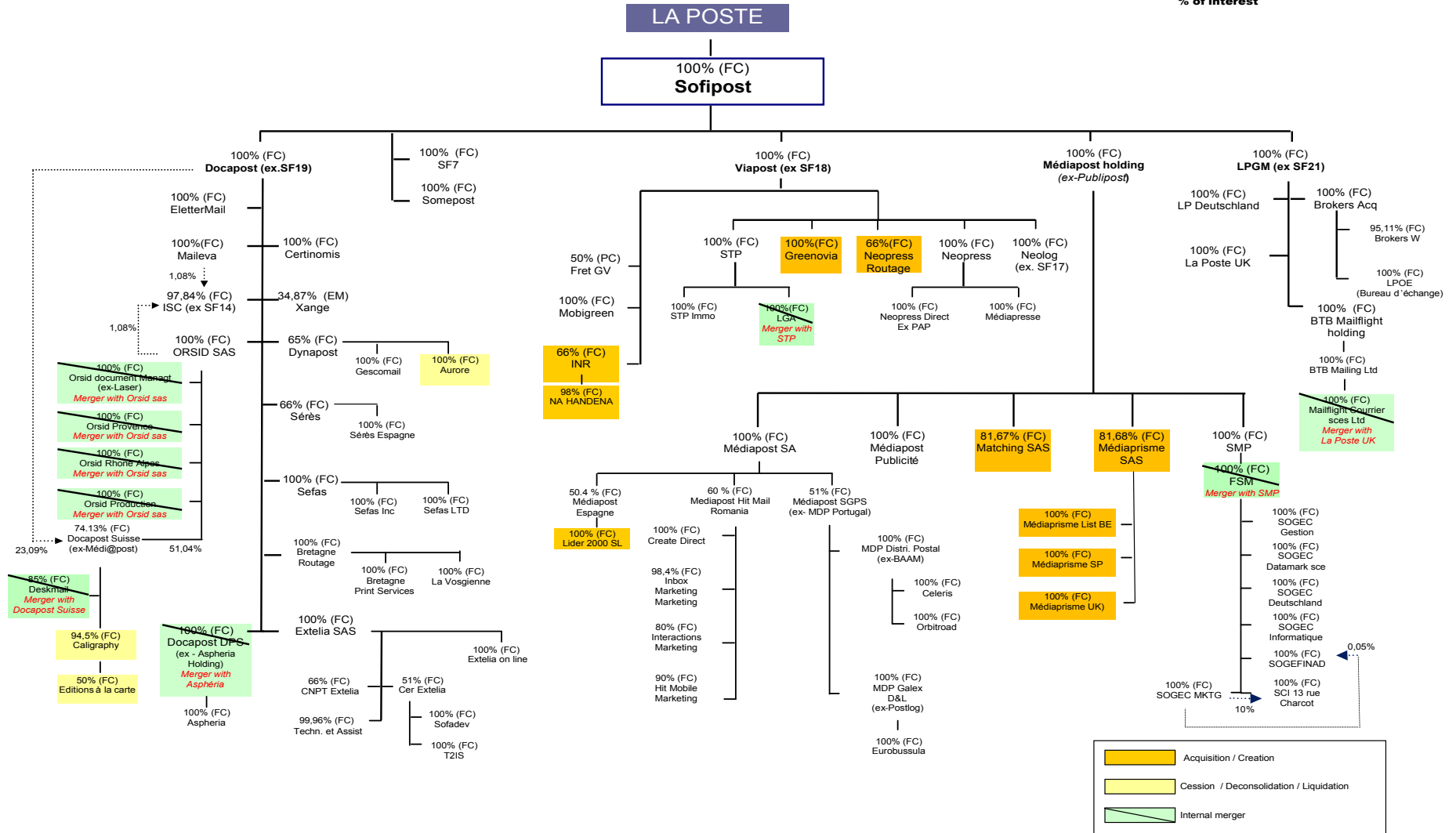
Scope of consolidation at 31 December 2011
% of interest



Scope of consolidation at 31 December 2011
% of interest



Scope of consolidation at 31 December 2011
% 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 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.

Following its change of legal form into a société anonyme on 1 March 2010, the share capital was set at one billion euros (€1,000,000,000). Becoming a société anonyme paved the way for a €2.7 billion capital increase, to which the French government and Caisse des Dépôts et Consignations committed to subscribe, contributing respectively €1.2 billion and €1.5 billion. A subscription agreement setting out the terms of the transaction and the commitments of each party was signed with the French government, Caisse des Dépôts and La Poste on 11 February 2011. The Extraordinary General Meeting of 6 April 2011 approved the capital increase of €2.7 billion, with release of a first tranche of €1.050 billion in April 2011. The next €1.050 billion tranche was released in April 2012 and 600 equity warrants will be exercised in 2013.

At 31 December 2011, the share capital stood at €3.4 billion. Article 1 of Act 2010-123 of 9 February 2010 provides that the share capital of La Poste shall be held by the French government and by other public sector legal entities except for the portion that may be held under employee shareholding arrangements. In accordance with the provisions of this Article, the share capital is held by the French government – the majority shareholder – and by Caisse des Dépôts et Consignations at the date of this Base Prospectus.

The relations between La Poste and the French government were given contractual form in July 2008, for a period running until 2012, under a service maintenance agreement besides the Board of Directors' adoption of the strategic plan. This agreement sets out the respective commitments of La Poste and the French government for the considered period of time, formalising the four public service missions entrusted to La Poste: Universal Postal Service, press transportation and delivery, banking accessibility and regional planning and development.

La Poste Group's operating revenue amounted to €21.3 billion in 2011, up 1.9% from 2010 published results. The Group has three major activities:

- ~ Mail;
- ~ Parcels - Express; and
- ~ Banking activities (La Banque Postale).

In addition to these three businesses, La Poste has the largest local branch network in France to provide its services to the population. This network is referred to in the segment reporting as La Poste Retail Brand.

- (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 consolidated revenue was €11.568 billion, up 0.3% and stable on a like-for-like basis. Mail benefited from an active innovation policy and the renewal of the product range. La Poste launched the Lettre Verte (an environmentally-friendly way of sending mail), Lettre en Ligne

(online letter) and rolled out Digiposte. Volume continued to decline, decreasing 3% in 2011 as compared with 3.3% in 2010. This decline was offset by a price increase on 1 July 2011 and by the development of new value added services, at both the parent company and the subsidiaries. Revenue at Sofipost, which comprises the four Mail subsidiaries (Mediapost, Docapost, Viapost and La Poste Global Mail), came to €1.553 billion based on growth in all four divisions. In 2011, Sogec and Mediaprism were acquired. Service quality, measured by an independent organisation, reached a record high in 2011. Results were 87.2% on next-day delivery for the priority letter, surpassing the 85% objective cited in the public service contract and four points more than in 2010, which was the best performance ever recorded. Furthermore, 2011 was the first year that the postal market was entirely opened to competition.

- (b) **Parcels - Express:** This Division combines the activities of transport and delivery of parcels and express deliveries in France and Europe. La Poste, is the second largest European express operator. In 2011, Parcels-Express posted €5.201 billion in revenues, an increase of 7.4%, or 6.5% on comparable data. Geopost, positioned on the Express market in France and Europe, recorded a 6.6% revenue increase based on comparable data. Volumes grew 6.8% in total, and everywhere except in southern Europe, which has been affected by the economic crisis. The price effect was slightly negative. On the domestic parcel market, ColiPoste posted a 5.5% increase in revenue, to €1.533 billion on a comparable basis. The activity benefited from two effects: an increased traffic and a positive price/mix effect. Coliposte's D+2 delivery performance was 92,9%, vs. 91,3% in 2010. In 2011, the Parcels-Express business acquired several companies: Iloxx in Germany, a controlling stake in DPD Laser of South Africa, and increased its stakes in Seur of Spain and Lenton in Hong Kong.
- (c) **La Banque Postale**
- (d) **La Poste Retail Brand** gathers together all of the postal outlets. Through its 17,064 outlets, La Poste Retail Brand plays a key role in distributing to the general public the products offered by the various Group business lines, and has an essential role in providing advice and selling financial products and services on behalf of La Banque Postale. In 2011, it generated 27 % of ColiPoste's revenue, 18 % of Mail's revenue and close to 11 % of Chronopost's revenue. It also accounted for 87 % of La Banque Postale's collection from individuals, 68% of consumer credits and 100 % of property loans. In 2011, La Poste Retail Brand generated €2,445 million in sales, a stable figure on 2010. 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, waiting times went from 3 minutes 05 seconds in the last quarter 2010 to 2 minutes 25 seconds in the last quarter of 2011.

6.3 Shareholder relations

La Poste is La Banque Postale's main service provider, and La Banque Postale uses La Poste's resources to conduct its business.

As a subsidiary of the La Poste Group, the Bank must include the rules established by La Poste in its corporate governance, primarily those established in the internal regulations of the Board of Directors. Therefore, transactions involving the disposal of property, acquisitions, equity investments, disposals, and capital increases involving an amount of over €30 million must be authorised by La Poste's Board of Directors. Any internal investment programme that represents a financial exposure of over €200 million, together with transactions that reflect a new strategic direction for the Group, and, where external growth transactions are concerned, new areas, business lines, and business areas, are also subject to this authorisation. Lastly, La Banque Postale is La Poste's main banker. Aside from its close relationship with

its parent company, La Banque Postale is in frequent contact with the French Government Holdings Agency, which is primarily kept informed of the Bank's strategic direction.

7. 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).

7.1 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:**

Within La Poste Group:

- 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 Xelion (a limited company);
- Director of l'Envol Le Campus de La Banque Postale (Association).

Outside La Poste Group:

- 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).

- **Mr Didier Brune, member of the Supervisory Board of La Banque Postale:**

- Head of European and National Regulation at La Poste Group.

- **Mr Marc-André Feffer, Vice-Chairman of the Supervisory Board and Chairman of the Strategy Committee of La Banque Postale:**

Within La Poste Group:

- Executive Vice-President, Director of Strategy, Development, International and Legal Affairs and Regulation of La Poste Group;
- Director of Sopassure (a limited company);

- Permanent representative of Sopassure, Director and member of the Strategy Committee of CNP Assurances (a limited company);
- 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);
- Non-voting Director of Sofipost (a limited company);
- Non-voting director of Xelian (a limited company);
- Member of the Supervisory Board of Vehiposte (a simplified joint stock company).
- **Mr Xavier Girre, member of the supervisory Board and Audit committee of La Banque Postale.**

Within La Poste Group:

- Executive Vice-President, Chief Financial Officer of La Poste Group;
- Director and Member of the Audit Committee of Geopost (a Limited Company);
- Director and Member of the Audit Committee of La Poste Immo (a Limited Company);
- Director, Member of the Audit Committee and Member of the Strategy Committee of Sofipost (a Limited Company);
- Member of the Supervisory Committee of Vehiposte (a simplified joint stock company);
- Member of the Strategy Committee of La Poste Telecom (a simplified joint stock 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:**

Within La Poste Group:

- 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 Supervisory Board of Vehiposte (a simplified joint stock company);
- Chairman of the Executive Board of Xelian (a limited company).
- **Mr Sylvain Lemoyne de Forges, member of the Supervisory Board and the Strategy and Appointments and Remuneration Committees of La Banque Postale:**

Outside La Poste Group:

- Director and member of the Strategy Committee of La Monnaie de Paris (a State-owned industrial and commercial entity);
- Vice Chief Executive Officer of SGAM AG2R La Mondiale (a mutualist insurance company);
- Vice Chief Executive Officer of La Mondiale (a mutualist insurance company);
- Chairman of the Supervisory Board of La Mondiale Gestion d'Actifs (a limited company);
- Permanent Representative of La Mondiale, Chairman of APREP Diffusion (a simplified joint stock company);
- Permanent Representative of La Mondiale, Director of La Mondiale Europartner (a limited company);
- Director and Vice Chief Executive Officer of La Mondiale Participations (a limited company);
- Permanent Representative of La Mondiale, member of the Supervisory Board of Arial Assurance (a limited company);
- Permanent Representative of La Mondiale, Director of La Mondiale Direct (a limited company);
- Chairman of La Mondiale Partenaire (a limited company);
- Chairman of La Mondiale Cash (an economic interest grouping (GIE));
- Director of La Mondiale Groupe (an economic interest grouping (GIE));
- Director of the Fondation d'Entreprises La Mondiale (Fondation).
- **Mr Steeve Maigne, Head of the Marketing Synergies Initiatives (social and Local Economy Department), employee-elected member of the Supervisory Board and member of the Audit Committee of La Banque Postale.**
- **Mrs Christiane Marcellier, member of the Supervisory Board and the Audit Committee, the Appointment and Remuneration Committee and the Strategy Committee of La Banque Postale.**

Outside La Poste Group:

- Managing Partner of JD4C Conseil (a limited liability company);
- Director of Axa Assurances IARD (mutualist company);

- Director and member of the audit and remuneration committees of GFI Informatique (a limited company);
- Director of Financière holding (CEP) (a simplified joint stock company);
- **Ms Maryvonne Michelet, lawyer (Legal Department) and employee-elected member of the Supervisory Board of La Banque Postale.**
- **Ms Françoise Paget Bitsch, banking supervisor (Regional representative for the Mediterranean region) and employee-elected member of the Supervisory Board of La Banque Postale, member of the Strategy Committee.**
- **Mr Dung Pham Tran, member of the Supervisory Board of La Banque Postale.**
- Head of Strategy at La Poste;
- Director of Sofiposte (a limited company).
- **Mr Didier Ribadeau Dumas, member of the Supervisory Board and Chairman of the Audit Committee and of the Appointment and Remuneration Committee of La Banque Postale:**

Outside La Poste Group:

- Director of La Mondiale (a mutualist insurance company);
- Managing Partner of Sauvigny (a limited property investment partnership);
- Director of ABC Arbitrage (a limited company);
- Director of ABC Asset Management (a limited company).
- **Ms Hélène Wolff, Head of the Quality Project DABD (Retail Banking Department), employee-elected member of the Supervisory Board and member of the Audit Committee of La Banque Postale.**

7.2 List of members of the Executive Board

- **Mr Philippe Wahl, Chairman of the Executive Board of La Banque Postale:**

Within La Poste Group:

- Executive Vice-President, Financial Services Director of La Poste Group;
- Chairman and Executive Officer of SF2 (a limited company);
- Member of the Supervisory Board of La Banque Postale Financement (a limited company);
- Chairman of the Supervisory Board of La Banque Postale Gestion Privée (a limited company);
- Chairman of the Board of Directors of La Banque Postale Assurance Santé (a limited company);
- Chairman of the Board of Directors and member of the Finance Committee and of the Appointment and Remuneration Committee of La Banque Postale Prévoyance (a limited company);

- Chairman of the Supervisory Board and of the Remuneration Committee of La Banque Postale Asset Management (a limited company);
- Chairman of the Board of Directors and member of the Appointment and Remuneration Committee of La Banque Postale Assurance IARD (a limited company);
- Director and member of the Audit Committee of CNP Assurances (a limited company);
- Chairman and Executive Officer of Sopassure (a limited company);
- Permanent Representative of La Banque Postale, manager of the limited property investment partnerships, CRSF Dom and CRSF Métropole;
- Chairman of the Board of Directors of l’Envol Le Campus de La Banque Postale (association).

Outside La Poste Group:

- Member of the Supervisory Board of the Fonds de Garantie des Dépôts;
- Director of the Monnet Project, Belgian Association;
- Member of the Board of Paris Europlace;
- Member of Institut Montaigne Management Committee;
- Deputy Chairman of the Supervisory Board of Association Française des Banques.
- **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);
 - Vice-Chairman of the Supervisory Board of La Banque Postale Asset Management (a limited company);
 - Chairman of the Committee of Directors of Titres-Cadeaux (a simplified joint-stock company);
 - Permanent representative of SF2, Director of La Banque Postale Assurances IARD (a limited company) and Chairman 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);
 - Chairman of the Committee of Directors and Chairman of the Audit and Risks Committee of La Banque Postale Crédit Entreprises (a simplified joint-stock company);
 - Permanent representative of La Banque Postale, member of the Supervisory Board of XAnge Private Equity (a limited company);
 - Director of La Poste Foundation;

- Permanent representative of La Banque Postale, Director of Office de coordination bancaire et financière (OCBF);
- Deputy Chairman of the Board of Transactis (a simplified joint-stock company);
- Director of l’Envol Le Campus de La Banque Postale (association);
- Member of the Orientation Board of l’Adresse Musée de La Poste.

7.3 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.

8. LEGAL AND ARBITRATION PROCEEDINGS

The significant cases handled by the Dispute Department during this financial year related to funds with pledges (Bénéfic), escalated by consumer associations, where the first claims began a few years ago and are now winding down. The legal precedent, which is now well established, is favourable to La Banque Postale.

Bank card fraud without loss of possession (no loss or theft) has seen a sharp increase. The risk is pandemic. The “UFC – Que Choisir” organisation, which noticed that the beneficiary clause of the burial policy did not necessarily nominate an undertaking company, took the view that the Résolys Obsèques Financement (Résolys Burial Financing) name was misleading, inasmuch as the funds could be allocated to another purpose than to fund burials.

The validity of the policy was confirmed by the ruling issued by the Paris District Court (Tribunal de Grande Instance) on 24 January 2012. No provision has been made for this risk, as the amounts at risk could not be determined precisely.

Following cheque exchange commissions and bank card commissions, it was the turn of commissions on other means of payment, primarily withdrawals, to be disputed by two professional associations (the French Trade and Retailing Association, and the European Means of Payment Users Defence Association) before the competition authorities. To date, the proceedings have focused on the banks’ commitments, which ought to enable any risk of being ordered to pay fines to be avoided. Under these conditions, no provision has been made for this situation.

La Banque Postale was called before the French Competition Authority in order to answer accusations of anti-competitive practices.

The commissions on the exchange of online cheques were disputed and condemned by the Competition Authority, which has just seen its decision set aside by an appeal decision of the Paris Appeal Court dated 23 February 2012, which denied the anticompetitive purpose of the alleged practices. The legality of this decision was contested by the Chairman of the Competition Authority on 23 March 2012. The decision of the Paris Court of Appeal gives La Banque Postale the right to reclaim a €32,870,000 fine.

Bank card commissions and commissions on other means of payment, primarily on withdrawals, have been criticised by the French Trade and Retailing Association, and by the European Means of Payment Users Defence Association. Bank card commissions have been the subject of commitment procedures, which were formalised in a ruling dated 7 July 2011, which rules out any conviction.

On the second part of the complaint made against eleven banks including La Banque Postale, regarding commissions on other means of payment, a competition commitment procedure is currently ongoing. If this procedure goes to its term, no sanction will be imposed. Under these conditions, no provision has been made for this risk.

Save as disclosed above, 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 La Banque Postale Group's financial position.

9. MATERIAL CONTRACTS

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

9.1 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; and
- Provision of services.

9.2 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.

9.3 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, ...).

9.4 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.

10. GOVERNANCE, CONTROL AND RISK MANAGEMENT

10.1 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; and
 - 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; and
 - 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 additional remuneration based on the value of the company;
 - organises the procedure for selection of independent directors; and
 - analyses the remuneration practices and policies of financial markets professionals.

(b) Internal Executive Board Committees

There are eleven such committees:

- the *Comité opérationnel* (Operational Committee);
- 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);
- the *Comité développement responsable* (Responsible Development Committee); and
- the *Comité de coordination du contrôle interne* (Internal Control Coordination Committee).

10.2 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; and
- 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; and
- validate risk management measures (delegations and limits) and collect compliance information.

10.3 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. Press release published on 22 June 2012 by the Issuer⁴



Press Release

Paris, 22 June 2012

Christophe Van de Walle is appointed Head of the Local Public Sector of La Banque Postale

Christophe Van de Walle is appointed head of local public sector of La Banque Postale, under the supervision of Serge Bayard, head of local and social economy.

Christophe Van de Walle joined La Banque Postale in February 2012 to head the local financing project, which plans to offer a new model based on a range of simple cash-backed credit facilities through a transparent pricing policy and responsible approach to advice and risk.

Biography

Aged 45, Christophe Van de Walle is a graduate of the ESCP and holds a Post Graduate Diploma in Finance and Accounting (DESCF). He started his career in 1991 with Deloitte & Touche where he was responsible of the legal audit of credit institutions, financial institutions and financial holding companies of industrial or commercial groups. He then joined the Caisse Nationale des Caisses d'Epargne where he was Deputy Director of Group Management, Head of the financial management from 2000 to 2005. Since January 2005, Christophe Van de Walle was Director of Financial Control as part of the financial management of La Poste group. As such, he was particularly responsible for defining the Group's financial policy, for developing and following the multi-year plan and the consolidated budget and monitoring performance and investment. In February 2012, Christophe Van de Walle joined La Banque Postale to head the local financing project.

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In partnership with La Poste for the development of regions, La Banque Postale, as from 20 June 2012, is offering local authorities a new short-term credit facility in the form of an overdraft facility available for drawings with a term of less than one year, to meet their primary financing needs. Ultimately, La Banque Postale intends to provide a complete range of financing solutions for the entire local public sector and social economy.

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⁴ FREE TRANSLATION. THE ORIGINAL VERSION IN FRENCH IS AVAILABLE ON THE WEBSITE OF THE ISSUER WWW.LABANQUEPOSTALE.FR

La Banque Postale (www.labanquepostale.fr)

La Banque Postale, banking subsidiary of La Poste Group, is a unique and singular bank on the retail banking market in France. Faithful to its values of general interest, of trust and of proximity, La Banque Postale puts the attentive welcoming of all at the heart of its profession. It accompanies its clients, both individuals and businesses, in a durable banking relationship, with a range of accessible products and services, at a reasonable rate. It is constantly expanding what it has to offer by notably utilising the expertise of subsidiaries and partners, and opening itself up to new domains. La Banque Postale is accessible 24/7, in every place and at every moment.

La Banque Postale is:

- 5,231 billion Euros of GNP
- 11.5 million postal current accounts
- 10.38 million active clients
- 450,000 Business, Organisation and Association clients
- 6,300 ATMs in France
- 290 billion Euros of customer loans
- More than 6.95 million credit cards, comprising 11.5% of the market
- 17,000 points of contact

(Figures as of the end of 2011)

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2. Press release published on 20 June 2012 by the Issuer⁵:



PRESS RELEASE

Paris 20th June, 2012

La Banque Postale

is offering a new short-term credit facility to local authorities

Committed, together with La Poste, to local development, La Banque Postale is offering a new short-term credit facility from 20th June. This financing offer, in the form of a cash line of credit available for drawings of less than one-year maturity, will initially be available to local authorities.

Short-term credit facility offered by La Banque Postale ...

To meet the primary needs of local authorities, La Banque Postale is offering as from 20th June a new short-term credit facility in the form of an overdraft facility available for drawings (with a maximum term of 364 days).

⁵ FREE TRANSLATION. THE ORIGINAL VERSION IN FRENCH IS AVAILABLE ON THE WEBSITE OF THE ISSUER WWW.LABANQUEPOSTALE.FR

True to its values, offering local post office services to as wide a public as possible, this offer is simple to use and transparent, giving local authorities flexibility to manage their requirements at the right price .

This initial offer, provided entirely by La Banque Postale, shall then be gradually extended to social landlords (mid-September 2012) and then to all local public sector organisations.

In order to be able to launch this new local financing activity, La Banque Postale obtained the approval of the board of the Prudential Control Authority (Autorité de Contrôle Prudentiel) on 25th May 2012.

... and distance marketed

To begin this new activity, La Banque Postale will mainly distance market this short-term credit facility offer.

Local authorities may, via La Banque Postale's portal, www.labanquepostale.fr/collectivites, make direct contact with La Banque Postale's expert staff by completing an online application for financing. These local financing experts, located at La Banque Postale's offices at Issy les Moulineaux, can also be contacted by telephone on 09 69 36 88 00 from 9.00 a.m. to 5.00 p.m. Monday to Friday or by post .

A new local financing model

La Banque Postale wishes to offer a new model for local authority financing based on a range of simple cash-backed credit facilities ("credits simples adossés en liquidité"). La Banque Postale will grant these loans in a manner consistent with its transparent pricing policy and responsible approach to advice and risk.

La Banque Postale, a bank serving local communities

This initial local financing offer adds to the range of savings, investments and employee benefit products already offered by La Banque Postale to local public sector organisations.

Indeed, as a provider of financing to the French local economy through its range of mortgages and consumer loans, the La Poste Group subsidiary has for a number of years offered cash management services (payment terminals, Online transactions, cheque and debit/credit card insurance), savings products (Livret A, UCITS, deposit accounts) and employee benefit products (employee savings and supplementary pension schemes, service vouchers ...).

One in three associations, half of all mutual insurance entities, nearly 3000 local authorities, more than 500 social housing organisations and around 700 public-private companies ("SEM") and hospitals have already placed their trust in La Banque Postale.

Since October 2011, La Banque Postale has also been offering an initial range of financing solutions (asset leasing and overdrafts) to corporate clients. At the beginning of 2012, this range was extended with a number of initial financing products aimed at social economy clientele (advances on grants to associations and Loans to Social Landlords) to be completed, by the end of the year, with financial leasing, hire purchase, real estate leasing and factoring for all corporate clients.

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Ultimately, La Banque Postale intends to provide a complete range of financing solutions for the entire local public sector and social economy.

Subject to the consent of the French and European regulatory authorities, La Banque Postale, in partnership with the Caisse des Dépôts, should be in a position to offer medium and long-term financing solutions by the end of 2012.

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La Banque Postale is:

- 5,231 billion Euros of GNP
- 11.5 million postal current accounts
- 10.38 million active clients
- 450,000 Business, Organisation and Association clients
- 6,300 ATMs in France
- 290 billion Euros of customer loans
- More than 6.95 million credit cards, comprising 11.5% of the market
- 17,000 points of contact

(Figures as of the end of 2011)

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LE GROUPE LA POSTE

COMMUNICATIONS DEPARTMENT
PRESS OFFICE

PRESS PACK

LA POSTE GROUP, HISTORICAL LOCAL AUTHORITY PARTNER

Historically and through its public service role, La Poste Group makes a major contribution to social and economic cohesion in local communities. Supported by a network of more than 17,000 outlets, La Poste has nationwide presence.

A nationwide presence

The 2012-2013 nationwide postal services contract signed between the Government, the French Mayors' Association and La Poste strengthens this presence in rural and mountain districts (communes) and also in vulnerable urban zones (Zones Urbaines Sensibles) and in the overseas counties (départements) where there are around 4000 post offices and more than 7000 partner outlets. These ensure access to postal services for all.

Combatting isolation

Faced with the isolation of parts of the population and the old-aged, La Poste strives to continually innovate and extend its range of services. A person of trust passing by all households 6 days a week, the post person maintains this essential social link. From delivering medicines and books, to installing free-view television receivers, reading gas, water and electricity meters, or simply checking that all is well, the post person now delivers, through Postal Services Plus, a range of services that brings proximity in areas that are isolated or difficult to reach.

Modernisation of post offices throughout the country

Apart from its key role in maintaining social contact, La Poste contributes to the economic dynamism of local areas. Modernisation of post offices in rural districts provides an important source of revenue for local businesses. Each year, the national local equalisation fund provides nearly €25 million in investment funds to renovate these offices, generating work which offers new markets to local artisans regularly called upon by La Poste. The partner outlets also make their contribution. Each of these, whether a communal or inter-communal postal agency or Relais Poste located within a store, is generating more business, providing services to a variety of customers or preserving a local village store.

Ongoing dialogue with local elected officials

For La Poste it is essential that dialogue and cooperation should be at the heart of its relations with local elected officials. The governing bodies that have been established, including the CDPPT (Commission départementale de présence postale territoriale) and ONPP (l'observatoire national de la présence postale), offer a real forum for discussion. This twin structure, at national and département level, facilitates constructive dialogue between local officials and representatives of La Poste ensuring an effective and long-term presence of the postal services, suited to the needs of local populations.

In 2011, no less than 300 CDPPT meetings (which is on average 3 per year in each département) took place in the mainland and overseas départements, bringing together local officials (mayors, general and regional advisers), the Government represented by the Préfet or his deputy and La Poste (Group regional delegates, representatives in the départements and divisional directors). It is within this forum that the elected officials and La Poste's representatives negotiate the distribution of the equalization fund and allocation of expenditure. The role of the CDPPT was strengthened with the new nationwide postal services contract signed in January 2011 between the Government, the French Mayors' Association and La Poste. They now also have responsibility for developing the presence of postal services, with the aim of providing coherent postal services in each département, through complementarity between post offices and partner outlets.

With a view to informing and cooperating with elected officials and thereby supporting the projects of the business, numerous meetings take place with elected officials each year (annual meetings of CDPPT chairmen in Paris, monthly breakfast meetings with politicians, regular exchanges with local officials and their national representative bodies ...). This on-going dialogue has allowed it to develop its postal industrial facilities and the presence of its postal services, create synergies in the provision of public services, protect the post office worker social model, clarify the definition of public service mission and also secure greater funding for La Poste's local development role (€170m per year as from 2011 instead of €135m).

La Banque Postale, partner of the social and local economy

Today 120,000 businesses, 330,000 associations, 500 social landlords, 1300 mutual insurance entities and pension providers and 200 social organisations place their trust in La Banque Postale.

For several years, it has been offering:

-cash management:

through traditional paying-in products (interbank payment slip (“TIP”) and international mandates..) and payment-out (transfers, cheque letters...) and a quality cheque and cash processing system. It allows customers to choose their method of payment by offering a range of effective electronic banking and e-wallet solutions.

- liquidity management:

to enable customers so wishing to optimize their cash surpluses, La Banque Postale offers automated services for a wide range of UCITS with varying maturities, recognized on more than one occasion by the awards conferred by the financial press.

- and employee benefit products:

La Banque Postale offers a range of simple and accessible employee savings products, that is flexible to suit the size of the business and motivates employees to perform by involving them in the results, and achievement of the objectives, of the business. La Banque Postale also offers “Key Man” insurance whose objective is to insure very small enterprises (TPE) and small and medium size enterprises (PME) against the loss of a key member of staff and thus protect the long-term survival of the business.

La Banque Postale is also one of the organisations authorized by the ANSP (National Personal Services Agency) to issue and market pre-paid CESU (Universal Service Employment Cheques).

Since September 2011 it has also been authorized to offer them financing solutions. La Banque Postale’s financing offer for businesses and professionals has been gradually developing and will be completed by 2014.

On 25th May 2012, the Prudential Control Authority authorized La Banque Postale to offer initial financing solutions to local authorities. Therefore, true to its values of transparency and simplicity, La Banque Postale will, as from 20th June 2012, offer local authorities a short-term credit facility in the form of a cash line of credit available for drawings with a term of less than one year, to meet their primary financing needs.

About La Poste Group

A public limited company 100% owned by the public since 1st March, 2010, La Poste is an original form of multi-disciplinary group structured around four activities: Le Courrier (post), Le Colis Express (parcel delivery), La Banque Postale (banking) and L’Enseigne La Poste (post office products and services). Each year the 17,000 outlets of La Poste welcome 45 million individual clients and 3.5 million corporate clients. La Poste’s industrial facilities enable it to process and deliver 25.6 billion objects per year. In 2011, La Poste Group achieved a turnover of €21.3 billion and employs more than 268,000 staff. La Poste’s ambition by 2015 is to become a European leader in providing local postal and financial services. True to its values and public service mission, supported by the commitment of all of its workers, La Poste Group wishes to set the benchmark for public modernity.

3. Press release published on 18 June 2012 by the Issuer:



PRESS RELEASE⁶

⁶ FREE TRANSLATION. THE ORIGINAL VERSION IN FRENCH IS AVAILABLE ON THE WEBSITE OF THE ISSUER WWW.LABANQUEPOSTALE.FR

Crédit Immobilier de France: La Banque Postale is going to examine its portfolio

Crédit Immobilier de France ("CIF") has publicly announced its decision to evolve its economic model. To this end, HSBC, the advisory bank representing CIF, has recently confirmed the implementation of a professional due diligence process open to all in the financial market.

La Banque Postale has decided to participate in this process and to examine the portfolio of CIF for the purposes of its own development objectives that were drawn up as part of its strategic project for 2011-2015: "The interests of the client first: proving the difference" ("*L'intérêt du client d'abord : prouvons la différence*").

La Banque Postale holds the highest postal values of proximity and providing as many services as possible, unique values, that create La Poste Group's success. It carries out with pride its public service mission of providing accessibility to banking services. It is this heritage that makes La Banque Postale, the bank of everyone.

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(Figures as of the end of 2011)

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TAXATION

EU TAXATION

The following is a summary limited to certain tax considerations applicable in the European Union relating to the Notes that may be issued under the Programme and specifically contains information on taxes on the income from the Notes withheld at source. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.

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 (interests, premiums or other debt income) made by a paying agent located within their jurisdiction to, or for the benefit of, an individual resident in that other Member State or to "residual 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 (the Grand-Duchy of 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, withhold an amount on interest payments. The rate of such withholding tax equals 35 per cent. until the end of the transitional period.

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.

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

FRANCE – TAXATION

The following is a summary limited to certain tax considerations in France relating to the Notes that may be issued under the Programme and specifically contains information on taxes on the income from the Notes withheld at source. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.

EU Savings Directive

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

Withholding Tax

Notes which are not assimilated (*assimilables*) with Notes issued before 1 March 2012

Following the introduction of 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 with respect to Notes issued on or after 1 March 2010 (other than Notes (described below) which are assimilated (*assimilables*) and form a single series with Notes issued prior to 1 March 2010 having the benefit of Article 131 *quater* of the French *Code général des impôts*) will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a "**Non-Cooperative State**"). If such payments under the Notes are made in a Non-Cooperative State, a 50 per cent. withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Furthermore, according to Article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes will 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 30 per cent. or 55 per cent. subject to the more favourable provisions of a tax treaty, if applicable.

Notwithstanding the foregoing, the Law provides that neither the 50 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* nor the non-deductibility provided under Article 238 A of the French *Code général des impôts* will apply in respect of a particular issue of Notes if the 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 (*rescrit*) 2010/11 (FP and FE) of the French tax authorities dated 22 February 2010, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes, if such 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 in a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (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 clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Notes which are to be assimilated (*assimilables*) with Notes issued before 1 March 2010

Payments of interest and other revenues with respect to Notes which are issued on or after 1 March 2010 and which are to be assimilated (*assimilables*) and form a single series with Notes issued before 1 March 2010 and having the benefit of Article 131 *quater* of the French *Code général des impôts*, will continue to be exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*.

Notes issued before 1 March 2010, whether denominated in Euro or in any other currency, and constituting *obligations* under French law, or *titres de créances négociables* within the meaning of rulings (*rescrits*) 2007/59 (FP) and 2009/23 (FP) of the French tax authorities dated 8 January 2008 and 7 April 2009, respectively, or other debt securities issued under French or foreign law and considered by the French tax authorities as falling into similar categories, are deemed to be issued outside the Republic of France for the purpose of Article 131 *quater* of the French *Code général des impôts*, in accordance with regulations 5 I-11-98 of the French tax authorities dated 30 September 1998 and the aforementioned rulings (*rescrits*) 2007/59 (FP) and 2009/23 (FP).

In addition, interest and other revenues paid by the Issuer on Notes issued on or after 1 March 2010 and which are to be assimilated (*assimilables*) and form a single series with Notes issued before 1 March 2010 will not be subject to the deductibility exclusion of Article 238 A of the French *Code général des impôts* and will not be subject to the withholding tax set out in Article 119 *bis* of the French *Code général des impôts* solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State. See "*Terms and Conditions of the Notes – Taxation*".

HONG-KONG

The statements below regarding taxation are based on the law and practice of Hong Kong at the date of this Base Prospectus and are subject to any subsequent changes in law or practice (which could be made on a retrospective basis). The following statements do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and may not apply equally to all persons. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the tax consequences of their ownership of the Notes.

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong, as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a company, carrying on a trade, profession or business in Hong Kong; or

- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a company, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Notes will be subject to profits tax.

Sums derived from the sale, disposal or redemption of Bearer Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. Similarly, such sums in respect of Registered Notes received by or accrued to either the aforementioned person and/or a financial institution will be subject to Hong Kong profits tax if such sums have a Hong Kong source.

The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes provided either:

- (i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable, it is payable by the Issuer on issue of Bearer Notes at a rate of 3 per cent. of the market value of the Notes at the time of issue.

No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfers of Registered Notes provided that either:

- (i) the Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) the Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the value of the consideration. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

Estate Duty

No estate duty will be payable in respect of Bearer Notes and Registered Notes in Hong Kong.

JAPAN

The payment of principal and interest in respect of the Notes issued by an Issuer to a non-resident of Japan or a non-Japanese corporation will, under Japanese tax laws currently in effect, not be subject to any Japanese income or corporation tax unless the receipt of the relevant payment is the income of such non-resident or non-Japanese corporation from sources in Japan.

Gains derived from the sale outside Japan of Notes by a non-resident of Japan or a non-Japanese corporation are in general not subject to Japanese income or corporation taxes. Gains derived from the sale in Japan of Notes by a non-resident of Japan or a non-Japanese corporation are in general not subject to Japanese income or corporation taxes except where such seller is a non-Japanese corporation which has a permanent establishment in Japan.

Japanese inheritance and gift taxes at progressive rates may be payable by an individual having domicile in Japan or Japanese national, who has acquired Notes as legatee, heir or donee.

No stamp, issue, registration or similar taxes or duties will, under present Japanese law, be payable by Noteholders in connection with the issue of the Notes.

PEOPLES REPUBLIC OF CHINA (PRC)

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are residents of mainland China for PRC tax purposes. These beneficial owners are referred to as PRC holders in this section. If you are considering the purchase of the Notes, you should consult your own tax advisors with regard to the application of PRC tax laws to your particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

If the holder of the Notes is a PRC entity or individual who, or which, is a resident of mainland China, for PRC tax purposes, pursuant to the PRC Enterprise Income Tax Law and the PRC Individual Income Tax Law and their implementation rules, an income tax shall be levied on both capital gains and payment of interest gained by a PRC resident in respect of the Notes. The current rates of such income tax are twenty per cent. (20%) (for individual PRC resident) and twenty five per cent. (25%) (for any enterprise incorporated in the PRC).

Moreover, the PRC Enterprise Tax Law provides that, if an enterprise incorporated outside the PRC has its “de facto management body” located within the PRC, such enterprise may be regarded as a “PRC Resident Enterprise” thus may be subject to the enterprise income tax at the rate of twenty five per cent. (25%) on its worldwide income. Under the Implementation Rules on the PRC Enterprise Tax Law, “de facto management body” is defined as the bodies that substantially exert comprehensive management and control on the business, personnel, accounts and assets of an enterprise. In April 2009, the PRC tax authority promulgated a circular clarifying the criteria for determining whether a “de facto management body” is located within the PRC with respect to the enterprises incorporated overseas with controlling shareholders being PRC enterprises. If any holder of the Notes is determined as a PRC Resident Enterprise because its “de facto management body” is located in the territory of the PRC, any interest and capital gains paid to such holders may be subject to PRC enterprise income tax at a rate of twenty five per cent. (25%).

SINGAPORE

The statements below regarding Singapore taxation are based on the law and practice of Singapore at the date of this Base Prospectus and are subject to any subsequent changes in law or practice (which could be made on a retrospective basis). The following statements do not purport to be a comprehensive description of all of the tax

considerations that may be relevant to a decision to purchase, own or dispose of the Notes and may not apply equally to all persons. In particular, additional or complex tax considerations may apply in relation to structured Notes issued under the Programme. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the tax consequences of their ownership of the Notes. In addition, the statements below are on the assumption that the Inland Revenue Authority of Singapore (“IRAS”) regards the Undated Ordinary Subordinated Notes and Undated Deeply Subordinated Notes as “debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore (“ITA”) and that interest and other relevant income derived from such Notes will be regarded as income payable on indebtedness.

General

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. Foreign-sourced income received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax if the Comptroller of Income Tax of Singapore (the “**Comptroller**”) is satisfied that the tax exemption would be beneficial to the individual.

Non-resident individuals, subject to certain exemptions, are subject to Singapore income tax on income accruing in or derived from Singapore.

An individual is a tax resident in Singapore in a year of assessment if in the preceding year such individual was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if such individual resides in Singapore.

Corporate taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore.

Qualifying Debt Securities Scheme

If the dealers for more than half of the issue of a tranche of Notes are: (i) financial institutions in Singapore where their staff based in Singapore have a leading and substantial role in the distribution of the debt securities; or (ii) financial sector incentive (bond market) companies (as defined in the ITA), such tranche of Notes issued as debt securities under the Programme during the period from the date of this Base Prospectus to 31 December 2013 (such tranche of notes being referred to as “**Relevant Notes**”) would be “qualifying debt securities” under the ITA to which the following treatment shall apply.

Subject to certain conditions having been fulfilled (including the furnishing to the Comptroller and the Monetary Authority of Singapore by the Issuer (or such other person as the Comptroller may direct) of a Return on Debt Securities for the Relevant Notes within a specified period and such other particulars in connection with the Relevant Notes as the Comptroller may require), interest, discount income (excluding discount income from secondary trading), redemption premium, break cost and prepayment fee (collectively, the “**Qualifying Income**”) from the Relevant Notes derived by any company or a body of persons as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10%.

The 10% concessionary rate of tax referred to above will not apply to holders of Relevant Notes which are Financial Sector Incentive (Standard-Tier) Companies (within the meaning of section 43Q of the ITA) (FSI-ST) or which are otherwise subject to a special tax regime. Holders of the Notes who may be subject to the tax treatment for FSI-STs or which are otherwise subject to any special tax regime should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Relevant Notes.

However, notwithstanding the foregoing:

- (a) if during the primary launch of the Relevant Notes, the Relevant Notes are issued to fewer than four persons and 50% or more of the issue of the Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Relevant Notes would not qualify as "qualifying debt securities"; and
- (b) even though the Relevant Notes qualify as "qualifying debt securities", if, at any time during the tenure of the Relevant Notes, 50% or more of the issue of the Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived by:
 - (i) any related party of the Issuer; or
 - (ii) any other person where the funds used by such person to acquire the Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the concessionary rate of tax of 10% described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA in relation to debt securities and qualifying debt securities, as follows:

"break cost" means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"prepayment fee" means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"redemption premium", means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

These terms have the same meanings in this Singapore tax disclosure as in the ITA.

Enhanced Tax Incentives for Certain Long-Term Qualifying Debt Securities

Subject to compliance with the conditions described above in respect of qualifying debt securities and for the concessionary tax rate thereunder, Qualifying Income derived by investors (including companies and bodies of persons in Singapore) from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2013;
- (b) have an original maturity of not less than 10 years;
- (c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date,

may enjoy tax exemption.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who are applying FRS 39 – Financial Instruments: Recognition and Measurement (“**FRS 39**”) for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement" (the “**FRS 39 Circular**”). The ITA has since been amended to give legislative effect to the FRS 39 Circular.

The tax treatments in the FRS 39 Circular generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 28 June 2012 (as amended or supplemented from time to time, the "**Dealer Agreement**") between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the Programme and the Dealers for certain of its activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

France

Each of the Dealers and the Issuer has represented and agreed that (i) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and offers and sales of Notes will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), to the exclusion of any individual, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier* and (ii) it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes other than to investors to whom offers and sales of Notes in France may be made as described above.

If necessary, these selling restrictions will be amended in the relevant Final Terms.

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S ("**Regulation S**").

Materialised Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and regulations thereunder.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or, in the case of Materialised Bearer Notes, deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the

completion of the distribution of any identifiable Tranche as determined, and certified to the Fiscal Agent by the relevant Dealer, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance 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 the preceding sentence have the meanings given to them by Regulation S.

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

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

United Kingdom

Each Dealer 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 any 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 such Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed that and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to

persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA") and each Dealer has represented and agreed that it has not, directly, or indirectly, offered or sold and will not, directly, or indirectly, offer or sell any Notes, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Peoples Republic of China

Each Dealer has represented and agreed that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) (the "PRC") as part of the initial distribution of the Notes. This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase, nor may this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person who is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239 (1) of the Securities and Futures Act of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;

- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the Securities and Futures Act.

Where any tranche of Notes are issued in Singapore Dollars and have a denomination of less than S\$200,000, please refer to the applicable Final Terms for certain additional disclosures made pursuant to Regulation 6 of the Banking Regulations made under the Banking Act, Chapter 19 of Singapore.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification or supplement will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a Supplement to the Base Prospectus.

No action has been taken in any jurisdiction that would permit an offer to the public of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither any of the Issuer nor any other Dealer shall have responsibility thereof.

Each of the Dealers and the Issuer has represented and agreed that Materialised Notes may only be issued outside France.

**PRO FORMA FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF NOTES
WITH A DENOMINATION OF AT LEAST € 100,000 TO BE ADMITTED TO TRADING
ON A REGULATED MARKET**

Final Terms dated [●]

La Banque Postale

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the
€ 10,000,000,000 Euro Medium Term Note Programme
of La Banque Postale**

SERIES NO: [●]

TRANCHE NO: [●]

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 28 June 2012 which received visa no. 12-310 from the *Autorité des marchés financiers* (the "AMF") on 28 June 2012 [and the supplement to the Base Prospectus dated [●] which received visa no. [●] from the AMF on [●]] which [together] constitute[s] a base prospectus for the purposes of the Directive 2003/71/EC, as amended by Directive 2010/73/EC (to the extent that such amendments have been implemented in a Member State of the European Economic Area) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing free of charge on the website of the AMF "(www.amf-france.org)", on the website of the Issuer "(www.labanquepostale.fr)" and for inspection at the specified offices of the Paying Agent(s).

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [original date] which received visa no. [●] from the *Autorité des marchés financiers* (the "AMF") on [●] [and the supplement to the Base Prospectus dated [●] which received visa no. [●] from the AMF on [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Directive 2003/71/EC, as amended by Directive 2010/73/EC (to the extent that such amendments have been implemented in a Member State of the European Economic Area) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated [current date] which received visa no. [●] from the AMF on [●] [and the supplement to the Base Prospectus dated [●] which received visa no. [●] from the AMF on [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement to the Base Prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [original date] and [current date] [and the supplements to the Base Prospectuses dated [●] and [●]]. The Base Prospectuses [and the supplements to the Base Prospectuses] are for viewing free of charge on the website of the AMF ""(www.amf-france.org), on the

website of the Issuer "(www.labanquepostale.fr") and for inspection at the specified offices of the Paying Agent(s).

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]

[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

[NB: In the case of Notes which may not benefit from the ruling (rescrit) 2010/11 (FP and FE) of the French tax authorities dated 22 February 2010, it will be necessary to make additional modifications to the terms of these Final Terms.]

[In respect of any tranche of Notes issued in Singapore Dollars with a denomination of less than S\$200,000, the following information is provided pursuant to Regulation 6 of the Banking Regulations made under the Banking Act, Chapter 19 of Singapore:

- (a) the place of booking of the Notes is [●];*
- (b) the branch or office of the Issuer at which the tranche of the Notes is booked is not subject to regulation or supervision in Singapore;*
- (c) the tranche of Notes is [not secured by any means] **OR** [secured by **please describe the nature of the security, the name of the mortgagor, chargor or guarantor and whether such person is regulated by the Monetary Authority of Singapore**].]*

- | | | |
|---|--|---|
| 1 | Issuer: | La Banque Postale |
| 2 | (i) Series Number: | [●] |
| | (ii) Tranche Number: | [●] <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)</i> |
| 3 | Specified Currency or Currencies: | [●] |
| 4 | Aggregate Nominal Amount of Notes admitted to trading: | [●] |
| | (i) Series: | [●] |
| | (ii) Tranche: | [●] |
| 5 | Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] <i>(in the case of fungible issues only, if applicable)</i>] |
| 6 | Specified Denomination(s) ¹ : | [●] <i>(one denomination only for Dematerialised Notes)</i> |
| 7 | (i) Issue Date: | [●] |

¹ Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year must (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" (or another application exemption from section 19 of the FSMA must be available) and (b) provide that no part of any such Notes may be transferred unless the redemption value of that part is not less than £100,000 (or its equivalent in other currencies).

- (ii) Interest Commencement Date: [●] [Specify/Issue Date/Not Applicable]
- 8 Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year] [In the case of Subordinated Notes, the minimum maturity will be five years]
- 9 Interest Basis/Rate of Interest: [[●] per cent. Fixed Rate]
[specify reference rate]
[+/- [●] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Other [specify]]
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Inflation Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other [specify]]

(N.B. If the Final Redemption Amount is different from 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- 11 Change of Interest or Redemption/Payment Basis: [Not Applicable]/[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
- 12 Put/Call Options: [Issuer Call/Noteholder Put]
[(further particulars specified below)]
- 13 (i) Status of the Notes: [Senior/[Dated/Undated] Ordinary Subordinated/Undated Deeply Subordinated] *(if subordinated specify [[Unsubordinated/Subordinated] interest and insert applicable provisions])*
- (ii) Date of corporate authorisations for the issuance of Notes obtained: [●]
- 14 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 15 Fixed Rate Note Provisions [Applicable/Not applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [specify Business

	<i>Day Convention and any applicable Business Centre(s) for the definition of Business Day]/not adjusted]</i>
(iii) Fixed Coupon Amount[(s)]:	[●] per [●] in Aggregate Nominal Amount
(iv) Broken Amount[(s)]:	<i>[Insert particulars of any Initial or Final Broken Amounts of interest which do not correspond with the Fixed Coupon Amount(s)]</i>
(v) Day Count Fraction (Condition 5(a)):	[30/360 / Actual/Actual (ICMA) / ISDA / other]
(vi) Determination Date(s):	[●] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))
(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]
16 Floating Rate Provisions	[Applicable/Not applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Interest Period(s):	[●]
(ii) Specified Interest Payment Dates:	[●]
(iii) First Interest Payment Date:	[●]
(iv) Interest Period Date:	[●] <i>(Not applicable unless different from Interest Payment Dates)</i>
(v) Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other <i>(give details)</i>]
(vi) Business Centre(s):	[●]
(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ FBF Determination/ ISDA Determination/ other <i>(give details)</i>]
(viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent):	[●]
(ix) Screen Rate Determination:	
— Reference Rate:	[●]
— Interest Determination Date(s):	[[●] [TARGET] Business Days in <i>[specify city]</i> for <i>[specify currency]</i> prior to <i>[the first day in each Interest Accrual Period/each Interest Payment Date]</i>]
— Relevant Screen Page:	[●]
(x) FBF Determination:	[●]

—	Floating Rate:	[●]
—	Floating Rate Determination Date (<i>Date de Détermination du Taux Variable</i>):	[●]
(xi)	ISDA Determination:	
—	Floating Rate Option:	[●]
—	Designated Maturity:	[●]
—	Reset Date:	[●]
(xii)	Margin(s):	[+/-] [●] per cent. per annum
(xiii)	Minimum Rate of Interest:	[●] per cent. per annum
(xiv)	Maximum Rate of Interest:	[●] per cent. per annum
(xv)	Day Count Fraction:	[●]
(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
17	Zero Coupon Note Provisions	[Applicable / Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Amortisation Yield (Condition 6(e)(i)):	[●] per cent. per annum
(ii)	Day Count Fraction (Condition 5(a)):	[●]
(iii)	Any other formula/basis of determining amount payable:	[●] <i>(Consider applicable Day Count Fraction if euro denominated)</i>
18	Dual Currency Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Rate of Exchange/Method of calculating Rate of Exchange:	[Give details]
(ii)	Calculation Agent, if any, responsible for calculating the redemption amount and/or interest due:	[●]
(iii)	Provisions applicable where calculation by reference to	[●]

	Rate of Exchange impossible or impracticable:	
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[●]
		<i>(If the Final Redemption Amount is different from 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>
19	Index Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Index/Indices:	[●]
	(ii) Screen Page:	<i>[Specify if applicable, or give the sources of observation for each index]</i>
	(iii) Component Transactions:	[●]
	(iv) Formula:	[●]
	(v) Calculation Agent responsible for calculating the interest due:	[●] <i>(NB. Specify name and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)</i>
	(vi) Provisions for determining coupon where calculation by reference to Formula is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions:	[●]
	(vii) Interest Period(s):	[●]
	(viii) Interest Payment Date(s):	[●]
	(ix) Day Count Fraction:	[●]
	(x) Valuation Method:	The Valuation Method shall be <i>[insert calculation method]</i> / [As set out in the Conditions] <i>N/B: If as set out in the conditions, specify: [Highest] / [Average Highest] / [Market Value]</i>
	(xi) Quotation Method:	The Quotation Method shall be <i>[insert quotation method]</i> / [As set out in the Conditions]
	(xii) Quotation Amount:	The Quotation Amount shall be [●] / [As set out in the Conditions]
	(xiii) Quotation:	Quotation shall be [●] / [As set out in the Conditions]

- (xiv) Averaging: Averaging [applies/does not apply] to the Notes.
 [The Averaging Dates are [●].]
 [In the event that an Averaging Date is a Disrupted Day [Omission / Postponement /Modified Postponement] will apply.]
 [Modified Postponement]
(only applicable if Modified Postponement is applicable as an Averaging election)
 [Specified Maximum Days of Disruption will be equal to: [●]/[eight]]
(if no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)
- (xv) Coupon Valuation Date(s): [Specify]
- (xvi) Observation Date(s): [The Observation Date(s) is/are [●]/Not Applicable.] [In the event that an Observation Date is a Disrupted Day/[Omission/Postponement/Modified Postponement] will apply.]
- (xvii) Observation Period: [Specify/Not Applicable]
- (xviii) Exchange Business Day: [●]
- (xix) Scheduled Trading Day: [●]
- (xx) Exchange(s) and Index Sponsor: (a) the relevant Exchange[s] [is/are] [●] and
 (b) the relevant Index Sponsor is [●].
- (xxi) Related Exchange: [Specify/Each exchange or quotation system on which option contracts or futures contracts relating such Index is traded]
- (xxii) Relevant Time: [Scheduled Closing Time/Any time [on the Valuation Date/during the Observation Period.] [The relevant time is [●], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] *(N.B. if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time).*
- (xxiii) Additional Disruption Events: [(a) The following Additional Disruption Events apply to the Notes:
(Specify each of the following which applies.)
 [Change of Law]
 [Hedging Disruption]
 [Increased Cost of Hedging]
 [Increased Cost of Stock Borrow]
 [Loss of Stock Borrow]
 [(b) [The Trade Date is [●]. *[If no Trade Date is specified, Issue Date will be the Trade Date]*
(N.B. only applicable if Change of Law and/or Increased Cost

of Hedging is applicable]

[(c)] [The Maximum Stock Loan Rate in respect of [*specify in relation to each relevant Share*] is [●].

(N.B. only applicable if Loss of Stock Borrow is applicable)]

[(d)] [The Initial Stock Loan rate in respect of [*specify in relation to each relevant Share*] is [●].

(N.B. only applicable if Increased Cost of Stock Borrow is applicable)]

(xxiv) Market Disruption Specified Maximum Days of Disruption will be equal to [●]/[eight]

(if no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)

(xxv) Knock-in Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Level]]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

[In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/ Modified Postponement] will apply.]

(a) Knock-in Level: [*Specify*]

(b) Knock-in Determination Day(s): [*Specify* / Each Scheduled Trading Day in the Knock-in Determination Period]

(c) Knock-in Period Beginning Date: [Not Applicable / *specify*]

(d) Knock-in Period Ending Date: [Not Applicable / *specify*]

(e) Knock-in Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]

(xxvi) Knock-out Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

[In the event that a Knock-in Determination Day is a Disrupted Day,

[Omission/Postponement/Modified Postponement] will apply.]

(a) Knock-out Level: [*Specify*]

(b) Knock-out Determination Day(s): [*Specify* / Each Scheduled Trading Day in the Knock-out Determination Period]

(c) Knock-out Period Beginning Date: [Not Applicable / *specify*]

	(d) Knock-out Period Ending Date:	[Not Applicable / <i>specify</i>]
	(e) Knock-out Valuation Time:	[Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]
20 Inflation Linked Interest Note Provisions		[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Index/Indices:	[●]
	(ii) Screen Page/Exchange Code:	[●]
	(iii) Formula:	[●]
	(iv) Calculation Agent responsible for calculating the interest due:	[●]
	(v) Provisions for determining coupon where calculation by reference to Formula is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions:	[●]
	(vi) Interest Period(s):	[●]
	(vii) Interest Payment Date(s):	[●]
	(viii) Day Count Fraction:	[●]
	(ix) Cut-Off Date:	[●]/[Not Applicable]
	(x) Related Bond:	[●]/Fall Back Bond
	(xi) Issuer of Related Bond:	[●]/[Not Applicable]
	(xii) Fall Back Bond:	[Applicable/Not Applicable]
	(xiii) Index Sponsor:	[●]
	(xiv) Related Bond Redemption Event:	[Applicable/Not Applicable]
	(xv) Knock-in Event:	[Not Applicable / <i>specify</i> /["greater than"/"greater than or equal to"/" less than"/"less than or equal to" Knock-in Level]] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/ Modified Postponement] will apply.]

- (a) Knock-in Level [Specify]
- (b) Knock-in Determination Day(s): [Specify / Each Scheduled Trading Day in the Knock-in Determination Period]
- (c) Knock-in Period Beginning Date: [Not Applicable / specify]
- (d) Knock-in Period Ending Date: [Not Applicable / specify]
- (e) Knock-in Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]
- (xvi) Knock-out Event [Not Applicable / specify /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [In the event that a Knock-in Determination Day is a Disrupted Day,
[Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-out Level: [Specify]
- (b) Knock-out Determination Day(s): [Specify / Each Scheduled Trading Day in the Knock-out Determination Period]
- (c) Knock-out Period Beginning Date: [Not Applicable / specify]
- (d) Knock-out Period Ending Date: [Not Applicable / specify]
- (e) Knock-out Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]
- (xvii) Scheduled Trading Day: [Not Applicable / specify]
- (xviii) Other Provisions: [●]
- 21 Index Linked Interest Note Provisions / other variable-linked interest Note Provisions [Applicable / Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the redemption amount and/or interest due: [●]
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [●]
- (iv) Interest Determination Date(s): [●]
- (v) Provisions for determining Coupon where calculation by [●]

reference to Index and/or
Formula and/or other variable
is impossible or impracticable
or otherwise disrupted:

- (vi) Interest Period(s): [●]
- (vii) Interest Payment Dates: [●]
- (viii) Business Day Convention: [●]
- (ix) Business Centre(s): [●]
- (x) Minimum Rate of Interest: [●] per cent. per annum
- (xi) Maximum Rate of Interest: [●] per cent. per annum
- (xii) Day Count Fraction: [●]

PROVISIONS RELATING TO REDEMPTION

- 22 Issuer Call Option [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [●] per Note of [●] Specified Denomination
 - (iii) If redeemable in part: [●]
 - (a) Minimum Redemption Amount: [●]
 - (b) Maximum Redemption Amount: [●]
 - (iv) Notice period (if other than as set out in the Conditions): [●]
- 23 Noteholder Put Option [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount each Note and method, if any, calculation of such amount(s): [●] [●] per Note of [●] Specified Denomination
 - (iii) Notice period: [●]
- 24 Index Linked Redemption Amount [Applicable/Not Applicable]
(In not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Index/Indices: [●]
 - (ii) Screen Page: [Specify]
 - (iii) Formula: [●]

- (iv) Component Transactions: [●] [*Specify*]
- (v) Settlement Price: The Settlement Price will be calculated [*insert calculation method*] / [As set out in the Conditions]
- (vi) Relevant Level: [*insert method for determining Relevant Level*] / [As set out in the Conditions]
 N.B.: *If as set out in the conditions, specify the Relevant Level:* [official closing price] / [official fixing] / [Valuation Method]
- (vii) Valuation Method: The Valuation Method shall be [*insert calculation method*] / [As set out in the Conditions]
 N/B: *If as set out in the conditions, specify:* [Highest] / [Average Highest] / [Market Value]
- (viii) Quotation Method: The Quotation Method shall be [*insert quotation method*] / [As set out in the Conditions]
- (ix) Quotation Amount: The Quotation Method shall be [●] / [As set out in the Conditions]
- (x) Quotation: Quotation shall be [●] / [As set out in the Conditions]
- (xi) Calculation Agent responsible for calculating the redemption amount due: [●] (*NB. Specify name and address*)
- (xii) Provisions for determining redemption amount where calculation by reference to Formula is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions: [●]
- (xiii) Averaging: Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [●].]
 [In the event that an Averaging Date is a Disrupted Day [Omission /Postponement /Modified Postponement] will apply.]
 [Modified Postponement]
(only applicable if Modified Postponement is applicable as an Averaging election).
 [Specified Maximum Days of Disruption will be equal to: [●]/[eight]]
(if no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)

- (xiv) Redemption Valuation Date: [Specify]
- (xv) Observation Date(s): [The Observation Date(s) is/are [●]/Not Applicable.] [In the event that an Observation Date is a Disrupted Date/[Omission/Postponement/Modified Postponement] will apply.]
- (xvi) Observation Period: [Specify/Not Applicable]
- (xvii) Exchange Business Day: [●]
- (xviii) Scheduled Trading Day: [●]
- (xix) Exchange(s) and Index Sponsor:
- (a) the relevant Exchange[s] [is/are] [●];
 - (b) the relevant Index Sponsor is [●]; and
 - (c) the relevant Financial Centre is [●].
- (xx) Related Exchange: [Specify/Each exchange or quotation system or over the counter exchange identified by reference to a Financial Centre on which option contracts or futures contracts relating to such Index is traded]
- (xxi) Relevant Time: [Scheduled Closing Time]/[Calculation Agent]/[Any time [on the Valuation Date/during the Observation Period.] [The relevant time is [●], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] (N.B. if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time).
- (xxii) Additional Disruption Events:
- [(a)] The following Additional Disruption Events apply to the Notes:
(Specify each of the following which applies.)
[Change of Law]
[[Hedging Disruption]
[Increased Cost of Hedging]
[Increased Cost of Stock Borrow]
[Loss of Stock Borrow]
 - [(b)] [The Trade Date is [●].
(N.B. only applicable if Change of Law and/or Increased Cost of Hedging is applicable)]
 - [(c)] [The Maximum Stock Loan Rate in respect of [specify in relation to each relevant Share] is [●].
(N.B. only applicable if Loss of Stock Borrow is applicable)]
 - [(d)] [The Initial Stock Loan rate in respect of [specify in relation to each relevant Share] is [●].
(N.B. only applicable if Increased Cost of Stock Borrow is applicable)]
- (xxiii) Market Disruption: Specified Maximum Days of Disruption will be equal to

- [●]/[eight]:
(if no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)
- (xxiv) Knock-in Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Level]]
(If not applicable, delete the remaining subparagraphs of this paragraph)
 [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/ Postponement/Modified Postponement] will apply.]
- (a) Knock-in Level: [*Specify*]
- (b) Knock-in Determination Day(s): [*Specify* / Each Scheduled Trading Day in the Knock-in Determination Period]
- (c) Knock-in Period Beginning Date: [Not Applicable / *specify*]
- (d) Knock-in Period Ending Date: [Not Applicable / *specify*]
- (e) Knock-in Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]
- (xxv) Knock-out Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-out Level: [*Specify*]
- (b) Knock-out Determination Day(s): [*Specify* / Each Scheduled Trading Day in the Knock-out Determination Period]
- (c) Knock-out Period Beginning Date: [Not Applicable / *specify*]
- (d) Knock-out Period Ending Date: [Not Applicable / *specify*]
- (e) Knock-out Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]
- (xxvi) Automatic Early Redemption Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to"] Automatic Early Redemption Level]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Automatic Early Redemption Amount: [*Specify* / See definition in Condition 16(f)]

- (b) Automatic Early Redemption Date(s): [Specify]
- (c) Automatic Early Redemption Level: [Specify]
- (d) Automatic Early Redemption Rate: [Specify]
- (e) Automatic Early Redemption Valuation Date(s): [Specify]
- 25 Inflation Linked Redemption Amount [Applicable/Not Applicable]
(if not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Indices: [●]
- (ii) Formula: [●]
- (iii) Calculation Agent responsible for calculating the redemption amount due: [●] *(N.B. Specify name and address)*
- (iv) Provisions for determining redemption amount where calculation by reference to Formula is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions: [●]
- (v) Cut-Off Date: [●]/[Not Applicable]
- (vi) Related Bond: [●]/[Fall Back Bond]
- (vii) Issuer of Related Bond: [●]/[Not Applicable]
- (viii) Fall Back Bond: [Applicable/Not Applicable]
- (ix) Index Sponsor: (a) the relevant Exchange[s] [is/are] [●] and;
 (b) the relevant Index Sponsor is [●].
- (x) Related Bond Redemption Event: [Applicable/Not Applicable]
- (xi) Determination Date: [●]
- (xii) Index Sponsor: [●]
- (xiii) Knock-in Event: [Not Applicable / specify /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Level]]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 [In the event that a Knock-in Determination Day is a Disrupted

	Day, [Omission/ Postponement/Modified Postponement] will apply.]
(a) Knock-in Level:	[Specify]
(b) Knock-in Determination Day(s):	[Specify / Each Scheduled Trading Day in the Knock-in Determination Period]
(c) Knock-in Period Beginning Date:	[Not Applicable / specify]
(d) Knock-in Period Ending Date:	[Not Applicable / specify]
(e) Knock-in Valuation Time:	[Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]
(xiv) Knock-out Event:	[Not Applicable / specify /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
(a) Knock-out Level:	[Specify]
(b) Knock-out Determination Day(s):	[Specify / Each Scheduled Trading Day in the Knock-out Determination Period]
(c) Knock-out Period Beginning Date:	[Not Applicable / specify]
(d) Knock-out Period Ending Date:	[Not Applicable / specify]
(e) Knock-out Valuation Time:	[Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]
(xv) Scheduled Trading Day:	[Not Applicable / specify]
(xvi) Other Provisions:	[●]
26 Final Redemption Amount In cases where the Final Redemption Amount is other variable-linked:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> [[●] per Note of [[●] Specified Denomination/other] <i>(If the Final Redemption Amount is different from 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>
(i) Formula/variable:	[give or annex details]
(ii) Calculation Agent responsible for calculating the Final Redemption Amount:	[●]

- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Formula and/or other variable: [●]
- (iv) Determination Date(s): [●]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (vi) Payment Date: [●]
- (vii) Minimum Redemption Amount: [●]
- (viii) Maximum Redemption Amount: [●]

27 Early Redemption Amount

- Early Redemption Amount(s) payable on redemption for taxation reasons, for or an event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 28 Form of Notes: [Dematerialised Notes/Materialised Notes]
(Materialised Notes are only in bearer form)
[Delete as appropriate]
- (i) Form of Dematerialised Notes: [Not Applicable/if Applicable specify whether]
[Bearer dematerialised form (*au porteur*)] [fully/administered]
Registered dematerialised form (*au nominative [pur/administré]*)]
- (ii) Registration Agent: [Not Applicable/]
(Note that a Registration Agent must be appointed in relation to Registered Dematerialised Notes only)
- (iii) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Bearer Notes on [●] (the "**Exchange Date**"), being 40 days after the Issue Date subject to postponement as provided in the Temporary Global Certificate]
- 29 Financial Centre(s) or other special provisions relating to [Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end]

- payments dates: *dates, to which sub-paragraphs 16(v) and 18(ix) relate]*
- 30 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No/Not Applicable. *If yes, give details]*
- 31 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details]*
- 32 Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details]*
- (i) Instalment Amounts: [●]
- (ii) Instalment Dates: [●]
- 33 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 1(d)] apply]
- 34 Consolidation provisions: [Not Applicable/The provisions [in Condition 14(b)] apply]
- 35 *Masse* (Condition 11): [Applicable/Not Applicable/Condition 11 replaced by the full provisions of the French *Code de commerce* relating to the *Masse*] (*Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 11 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 11 must be waived in its entirety and replaced by the provisions of French Code de commerce relating to the Masse. If Condition 11 (as it may be amended or supplemented) applies, or if the full provisions of the French Code de commerce apply, insert details of initial and alternate Representatives and remuneration, if any)*)
- 36 Other final terms: [Not Applicable/*give details]*
- (When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*

DISTRIBUTION

- 37 (a) If syndicated, names of Managers: [Not Applicable/*give names]*

- (b) Stabilising Manager(s) [Not Applicable/*give name*]
(if any):
- 38 If non-syndicated, name of Dealer : [Not Applicable/*give name*]
- 39 U.S. selling restrictions: [Reg S Compliance Category; TEFRA C/TEFRA D/TEFRA not applicable]
- 40 Additional selling restrictions: [Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [admission to trading on [*specify relevant regulated market*]] of the Notes described herein] pursuant to the € 10,000,000,000 Euro Medium Term Notes Programme of the Issuer.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. 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 [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]*

Signed on behalf of the Issuer

By:

Duly authorised

* To be added only where information provided by third parties is added to the Final Terms.

PART B – OTHER INFORMATION

1 RISK FACTORS

[Insert any risk factors that are material to the Notes being offered and/or listed and admitted to trading in order to assess the market risk associated with these Notes and that may affect the Issuer's ability to fulfil its obligations under the Notes which are not covered under "Risk Factors" in the Base Prospectus or any Supplement(s) to the Base Prospectus or documents incorporated by reference. If any such additional risk factors need to be included consideration should be given as to whether they constitute a "significant new factor" and consequently triggers the need for a Supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

2 LISTING AND ADMISSION TO TRADING

- (i) Listing: [Euronext Paris/other (specify)/none]
- (ii) Admission to trading [Application has been made for the Notes to be admitted to trading on *[specify relevant regulated market]* with effect from [●.] / [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market]* with effect from [●.] / [Not Applicable.]
- [(Where documenting a fungible issue need to indicate that original securities are already listed and admitted to trading.)]*
- (iii) Estimate of total expenses related to admission to trading: [●]
- (iv) Additional publication of Base Prospectus and Final Terms [●] *(See Condition 15 which provides that the Base Prospectus and Final Terms of Notes admitted to trading on any regulated market of the EEA will be published on the website of the Autorité des marchés financiers. Please provide for additional methods of publication in respect of an admission to trading on a regulated market other than the Autorité des marchés financiers)*

3 RATINGS AND EURO EQUIVALENT

Ratings:

[Not Applicable] [The Notes to be issued have been rated [●] by [Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("**S&P**")/ Fitch Ratings Ltd ("**Fitch**")].

Each of S&P and Fitch is established in the European Union and is registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**"). Each of S&P and Fitch is included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or; where the issue has been specifically rated, that rating.)

Euro equivalent:

[Not Applicable/Euro [●]] *(Only applicable for Notes not denominated in Euro).* The aggregate principal

amount of Notes issued has been converted into Euro at the rate of [●], producing a sum of:[●]

4 NOTIFICATION

The *Autorité des marchés financiers* in France [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with [a] certificate[s] of approval attesting that the Base Prospectus [and the Supplement[s]] [has/have] been drawn up in accordance with the Prospectus Directive.]

5 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

["Save as discussed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]/[●]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

6 THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS

[Where a statement or report attributed to a person as an expert is included in respect of the Issuer or the Notes, provide such person's name, business address, qualifications and material interest if any in the Issuer. If the report has been produced at the Issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part in respect of the Issuer of the Notes.

Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, the Issuer shall identify the source(s) of the information.] / [Not Applicable.]

7 [FIXED RATE NOTES ONLY -YIELD

Indication of yield: [●]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

8 [FLOATING RATE NOTES ONLY - HISTORIC INTEREST RATES, DESCRIPTION OF THE UNDERLYING, MARKET OR SETTLEMENT DISRUPTION AND ADJUSTMENT RULES

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

DESCRIPTION OF THE UNDERLYING

Need to include a description of the underlying on which the Floating Rate is based and of the method used to relate the two.

MARKET OR SETTLEMENT DISRUPTION

Need to include a description of any disruption or settlement disruption events that affect the underlying.

ADJUSTMENT RULES

Need to include a description of the adjustment rules with relation to events concerning the underlying.]

9 [DERIVATIVES ONLY – RETURN ON DERIVATIVES SECURITIES AND INFORMATION CONCERNING THE UNDERLYING⁷

EXERCISE DATE OR FINAL REFERENCE DATE]

Need to specify the exercise date or final reference date of the derivative securities.

SETTLEMENT PROCEDURES FOR DERIVATIVE SECURITIES

Need to include a description of the settlement procedures of the derivative securities.

RETURN ON DERIVATIVE SECURITIES

- Return on derivative securities: [Description of how any return on derivative securities takes place]
- Payment or delivery date: [●]
- Method of calculation: [●]

INFORMATION CONCERNING THE UNDERLYING

The exercise price or the final reference price of the underlying: [●]

A statement setting out the type of the underlying and details of where information on the underlying can be obtained:

— an indication where information about the past and the further performance of the underlying and its volatility can be obtained [●]

— where the underlying is a security: [Applicable/Not Applicable]

- the name of the issuer of the security: [●]
- ISIN code or other such security identification code: [●]

— where the underlying is an index: [Applicable / Not Applicable]

- the name of the index and a description of the index if it is composed by the issuer. If the [●]

⁷ Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

index is not composed by the issuer, where information about the index can be obtained:

— where the underlying is an interest rate: [Applicable/Not Applicable]

• a description of the interest rate: [●]

— others: [Applicable/Not Applicable]

• where the underlying does not fall within the categories specified above the securities note shall contain equivalent information: [●]

— where the underlying is a basket of underlyings: [Applicable/Not Applicable]

• disclosure of the relevant weightings of each underlying in the basket: [●]

A description of any market disruption or settlement disruption events that affect the underlying: [●]

Adjustment rules with relation to events concerning the underlying: [●]

10 [DERIVATIVES ONLY - REASONS FOR THE OFFER, USE OF PROCEEDS, TOTAL NET PROCEEDS AND TOTAL EXPENSES⁸

[(i)] Reasons for the offer and use of proceeds: [●] (*When different from making profit and/or hedging certain risks / See "Use of Proceeds" in the Base Prospectus*)

[(ii)] Total net proceeds: [●]

[(iii)] Estimated total expenses: [●]

(N.B.: (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

11 [DERIVATIVES ONLY – POST ISSUANCE INFORMATION CONCERNING THE UNDERLYING⁹]

The Issuer [intends][does not intend] to issue any post-issuance information except if required by any applicable laws and regulations.

[If post-issuance information is to be reported, specify what information will be reported and where such information can be obtained.]

⁸ Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

⁹ Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

12 [DERIVATIVES ONLY - OTHER

- Date of underwriting agreement: [●]
- Name and address of Calculation Agent: [●]
- Other markets on which securities of the same class of the Notes to be admitted to trading are already admitted to trading: [●]
- [Information on taxes on the income from the Notes withheld at source in the country where admission to trading (other than in France) is sought: [●]]

13 OPERATIONAL INFORMATION

- (i) ISIN Code: [●]
- (ii) Common Code: [●]
- (iii) Any clearing system(s) other than Euroclear France, Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of initial Paying Agent(s): Principal Paying Agent and Paris Paying Agent
BNP Paribas Securities Services
(affiliated with Euroclear France under number 29106)
Les Grands Moulins de Pantin
9 rue du Débarcadère
93500 Pantin
France
- (vi) Names and addresses of additional Paying Agent(s) (if any): [●]
- (vii) Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment. [Not Applicable/give names(s), address(es) and description]

GENERAL INFORMATION

1. Listing and admission to trading

This Base Prospectus has received visa no 12-310 on 28 June 2012 from the AMF.

Application may be made for Notes issued under the Programme during a period of 12 months from the date of this Base Prospectus to be listed and admitted to trading on Euronext Paris or any other Regulated Market.

2. Corporate authorisations

The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in France in connection with the establishment and update of the Programme.

Any drawdown of Notes under the Programme, to the extent that such Notes constitute *obligations*, requires the prior authorisation of the Executive Board (*Directoire*) of the Issuer which may delegate its powers to any person.

Any drawdown of Notes under the Programme, to the extent that such Notes do not constitute *obligations*, falls within the general powers of the *Président* of the Executive Board (*Directoire*) of the Issuer or a *directeur général* of the Issuer.

For this purpose, by a decision dated 25 June 2012, the Executive Board (*Directoire*) of the Issuer has authorised the issue, under the Programme, up to € 500,000,000 of *obligations* and assimilated securities (*obligations ou titres assimilés ou assimilables*), and the Executive Board (*Directoire*) of the Issuer has delegated to each of Mr. Philippe Bajou, member of the Executive Board (*Directoire*) of the Issuer and Mr. Stéphane Magnan, *Directeur des Opérations Financières* of the Issuer, acting alone, the authority to issue *obligations* and assimilated securities (*obligations ou titres assimilés ou assimilables*) within the limits fixed by the Executive Board (*Directoire*) of the Issuer and determine the terms and conditions of the *obligations* and assimilated securities (*obligations ou titres assimilés ou assimilables*), which authority will, unless previously cancelled, expire on 25 June 2013 (exclusive).

3. Clearing

Notes will be accepted for clearance through the Euroclear and Clearstream, Luxembourg systems which are entities in charge of keeping the records. The Common Code and the International Securities Identification Number (ISIN) or the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream, Luxembourg is 42 avenue John Fitzgerald Kennedy, L- 1855 Luxembourg, Grand Duchy of Luxembourg.

Dematerialised Notes will be inscribed in the books of Euroclear France (acting as central depository). Dematerialised Notes which are in registered form (*au nominatif*) will be also inscribed either with the Issuer or with the registration agent.

The address of Euroclear France is 115 rue Réaumur, 75081 Paris Cedex 02, France.

4. Significant change

Except as disclosed in this Base Prospectus, there has been no significant change in the financial position of the Issuer or La Banque Postale Group since the date of its last published audited consolidated financial statements.

5. Material adverse change

Except as disclosed in this Base 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.

6. Litigation

Except as disclosed in this Base Prospectus, neither the Issuer nor any member of La Banque Postale 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 La Banque Postale Group's financial position or profitability.

7. Documents available

For a period of 12 months following the date of this Base Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at, or in the case of the documents referred to at (iii) and (iv) below may be obtained from, the office of the Fiscal Agent:

- (i) the Agency Agreement;
- (ii) the by-laws (*statuts*) of the Issuer;
- (iii) Final Terms for Notes that are listed on Euronext Paris or any other stock exchange;
- (iv) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus and any document incorporated by reference in such documents; and
- (v) the annual audited consolidated financial statements of the Issuer for the financial years ended 31 December 2010 and 2011 and the unaudited consolidated accounts of the Issuer for the six-month period ended 30 June 2011.

This Base Prospectus and Final Terms relating to Notes listed and admitted to trading on any Regulated Market in the EEA are also available on the websites of the AMF (www.amf-france.org) and of the Issuer (www.labanquepostale.fr). The French version and a free English translation of the 2010 Reference Document and the 2011 Reference Document as well as any historical financial information of the Issuer and press releases are available on the website of the Issuer (www.labanquepostale.fr).

8. Auditors

KPMG Audit – a department of KPMG S.A., PricewaterhouseCoopers Audit and Mazars, have audited and rendered an unqualified audit report on the consolidated financial statements of the Issuer for the years ended 31 December 2010 and 2011. The French auditors carry out their duties in accordance with the principles of *Compagnie Nationale des Commissaires aux Comptes* (CNCC).

9. Rating

The long term debt of the Issuer has been assigned a rating of A+ (with a stable outlook) by S&P on 2 April 2010 (confirmed on 30 April 2012) and AA- (with a negative outlook) by Fitch on 20 July 2010 (confirmed on 21 December 2011). Notes issued under the Programme may be unrated or rated differently from the current ratings of the Issuer or of its long term debt. The rating (if any) of Notes to be issued under the Programme will be specified in the applicable Final Terms.

Each of S&P and Fitch is established in the European Union and is registered under the CRA Regulation. Each of S&P and Fitch is included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

10. Information concerning the underlying

In respect of derivatives securities as defined in Article 15.2 of Commission Regulation no. 809/2004, the Final Terms will indicate whether or not the Issuer intends to provide post-issuance information concerning the underlying. If the Issuer intends to report such information, the Final Terms will specify what information will be reported and where such information can be obtained.

RESPONSIBILITY STATEMENT

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

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

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

Dated 28 June 2012



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 Base Prospectus the *visa* n°12-310 on 28 June 2012. This Base Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. This document may only be used for the purposes of a financial transaction if completed by Final Terms. 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. This *visa* has been granted subject to the publication of Final Terms in accordance with Article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.

Registered Office of the Issuer

La Banque Postale
115, rue de Sèvres
75275 Paris Cedex 06
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Dealers

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United Kingdom

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Société Générale
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France

The Royal Bank of Scotland plc
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London EC2M 3UR
United Kingdom

UBS Limited
1 Finsbury Avenue
London EC2M 2PP
United Kingdom

**Fiscal Agent, Principal Paying Agent,
Redenomination Agent, Consolidation Agent
and Calculation Agent**

BNP Paribas Securities Services

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Auditors to the Issuer

PricewaterhouseCoopers Audit

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KPMG Audit

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To the Issuer

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To the Dealers

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