



**USD130,000,000 5.35 per cent. Subordinated Notes due 1 June 2045**

**Issue Price: 100 per cent.**

The USD130,000,000 5.35 per cent. subordinated notes of BPCE (the “**Issuer**”) maturing on 1 June 2045 (the “**Notes**”) will be issued on 1 June 2015 (the “**Issue Date**”) and will bear interest at a rate of 5.35 per cent. *per annum* from (and including) the Issue Date, payable semi-annually in arrear on 1 June and on 1 December of each year, beginning on 1 December 2015 and ending on 1 June 2045 (the “**Maturity Date**”), as further described in “*Terms and Conditions of the Notes – Interest*” of this prospectus (the “**Prospectus**”).

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

The Notes will be issued in dematerialised bearer form (*au porteur*) in the denomination of USD200,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier* by book entries. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes. The Notes will be governed by French law.

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

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

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

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

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

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



In accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and its General Regulations (*Règlement général*), in particular Articles 211-1 to 216-1, the *Autorité des marchés financiers* (“**AMF**”) has granted to this Prospectus the visa n°15-228 on 28 May 2015. This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L.621-8-1-I of the French *Code monétaire et financier*, the visa has been granted following an examination by the AMF of “whether the document is complete and comprehensible, and whether the information in it is coherent”. It does not imply that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Notes.

**Bookrunner**

**Natixis**

**Co-Managers**

**BayernLB**

**Swedbank**

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

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

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

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

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

*The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the “**Securities Act**”). The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act.*

*This Prospectus has not been approved for the purpose of Section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”) by a person authorised under FSMA and is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**relevant persons**”). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.*

*In this Prospectus, references to “€”, “**EURO**”, “**EUR**” or to “**euro**” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended and references to “**US\$**”, “**\$**”, “**USD**”, “**U.S. dollars**” and “**dollars**” are to the lawful currency of the United States of America.*

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## PERSON RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE PROSPECTUS

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

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

The statutory auditors' report on the consolidated financial statements of Groupe BPCE for the year ended 31 December 2014 included on pages 318 and 319 of Chapter 5 of the 2014 Registration Document (as defined in "*Documents Incorporated by Reference*") and the statutory auditors' report on the consolidated financial statements of BPCE SA Group for the year ended 31 December 2014 included on pages 400 and 401 of Chapter 5 of the 2014 Registration Document contain the following observation: "*Without qualifying the opinion expressed above, we draw your attention to Note 2.2 "Applicable accounting standards and comparability - Standards" to the consolidated financial statements, which details the changes in methods as a result of the new standards and interpretations applicable as of January 1, 2014*".

The statutory auditors' report on the non-consolidated financial statements of the Issuer for the year ended 31 December 2014 included on pages 447 and 448 of Chapter 5 of the 2014 Registration Document contains the following observation: "*Without qualifying the opinion expressed above, we draw your attention to Note 2.2 in the notes to the parent company financial statements, which details the changes in methods as a result of the new standards and interpretations applicable as of January 1, 2014*".

BPCE  
50, avenue Pierre Mendès France  
75013 Paris  
France

Duly represented by:

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

Dated 28 May 2015

## CERTAIN TERMS USED IN THIS PROSPECTUS

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

“**Banques Populaires**” means 18 Banques Populaires and their subsidiaries (made up of 16 regional banks, CASDEN Banque Populaire and Crédit Coopératif).

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

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

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

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

“**Issuer**” means BPCE SA, a *société anonyme à Conseil de Surveillance et Directoire*, as issuer of the Notes.

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

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the sections identified in the cross-reference table below of the 2013 *Document de Référence* in the French language relating to the Issuer filed with the AMF under number D.14-0182 on 21 March 2014 (the “**2013 Registration Document**”), including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2013 and the related notes thereto and the related statutory auditors' report. To the extent that the 2013 Registration Document itself incorporates documents by reference, such documents shall not be deemed incorporated by reference herein; and
- (b) the sections identified in the cross-reference table below of the 2014 *Document de Référence* in the French language relating to the Issuer filed with the AMF under number D.15-0157 on 18 March 2015 (the “**2014 Registration Document**”), including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2014 and the related notes thereto and the related statutory auditors' report. To the extent that the 2014 Registration Document itself incorporates documents by reference, such documents shall not be deemed incorporated by reference herein.
- (c) the sections identified in the cross-reference table below of the first update to the 2014 Registration Document in the French language relating to the Issuer filed with the AMF under number D.15 0157-A01 on 12 May 2015 (the “**2014 First Update Document**”). To such extent that the 2014 First Update Document itself incorporates documents by reference, such documents shall not be deemed incorporated by reference herein.

Free translations in the English language of the 2013 Registration Document, the 2014 Registration Document and the 2014 First Update Document are available on the Issuer's website ([www.bpce.fr](http://www.bpce.fr)). These documents are available for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions.

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

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

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

## CROSS-REFERENCE LIST FOR DOCUMENTS INCORPORATED BY REFERENCE

Annex XI of the European Regulation 809/2004/EC of 29 April 2004 as amended by Commission Delegated Regulation (EU) 486/2012 of 30 March 2012 and 862/2012 of 4 June 2012		Pages of the 2013 Registration Document	Pages of the 2014 Registration Document	Pages of the 2014 First Update Document
2 Statutory auditors				
2.1	Names and addresses	N/A	108-109	51-52
2.2	Change of situation of the auditors	N/A		
3 Risk factors				
3.1	Risk factors	N/A	85-101; 113-188; 272-275; 376-379	43-47
4 Information about the Issuer				
4.1	History and development of the Issuer	N/A	5	N/A
4.1.1	Legal and commercial name	N/A	498	N/A
4.1.2	Place of registration and registration number	N/A	498	N/A
4.1.3	Date of incorporation and term	N/A	498	N/A
4.1.4	Domicile, legal form, jurisdictions governing its activities, country of incorporation, address and telephone number	N/A	498	N/A
4.1.5	Recent events particular to the Issuer	N/A		
5 Business overview				
5.1	Principal activities			
5.1.1	Description of the Issuer's principal activities	N/A	15-28; 189-205; 284-286; 386-388	2
5.1.2	Indication of any significant new products and/or activities	N/A		
5.1.3	Principal markets	N/A	15-28; 189-205; 284-286; 386-388	N/A
5.1.4	The basis for any statements in the registration document made by the issuer regarding its competitive position	N/A	15-28	N/A
6 Organisational structure				
6.1	If the issuer is part of a group, a brief description of the group and of the issuer’s position within it.	N/A	4-8	N/A
6.2	If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.	N/A		
7 Trend information				
7.1	Statement of no material adverse	N/A		

Annex XI of the European Regulation 809/2004/EC of 29 April 2004 as amended by Commission Delegated Regulation (EU) 486/2012 of 30 March 2012 and 862/2012 of 4 June 2012		Pages of the 2013 Registration Document	Pages of the 2014 Registration Document	Pages of the 2014 First Update Document
change on the Issuer's prospects				
7.2	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.	N/A	211-212; 406	N/A
<b>8 Profit forecast and estimate</b>				
8.1	Principal assumptions	N/A		
8.2	Statement regarding the forecasts and estimates	N/A		
8.3	Comparable with historical financial information	N/A		
<b>9 Administrative, management and supervisory bodies</b>				
9.1	Information concerning the administrative, management and supervisory bodies	N/A	32-71; 84	N/A
9.2	Conflicts of interests	N/A	32-33; 84	N/A
<b>10 Major shareholders</b>				
10.1	Ownership and control	N/A	502-503	N/A
10.2	Description of arrangements which may result in a change of control	N/A	503	N/A
<b>11 Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses</b>				
11.1 Historical financial information				
<i>Audited consolidated financial statements BPCE</i>				
	- Balance sheet (Statement of financial position)	202-203	214-215	N/A
	- Income statement	204	216	N/A
	- Cash flow statement	208	220	N/A
	- Accounting policies and explanatory notes	209-286	221-317	N/A
	- Auditors' report	287-288	318-319	N/A
<i>Audited consolidated financial statements BPCE SA</i>				
	- Balance sheet (Statement of financial position)	290-291	320-321	N/A
	- Income statement	292	322	N/A
	- Cash flow statement	296	326	N/A
	- Accounting policies and explanatory notes	297-365	327-399	N/A
	- Auditors' report	366-367	400-401	N/A
<i>Audited non-consolidated financial statements</i>				
	- Balance sheet (Statement of financial position)	374-375	408-409	N/A

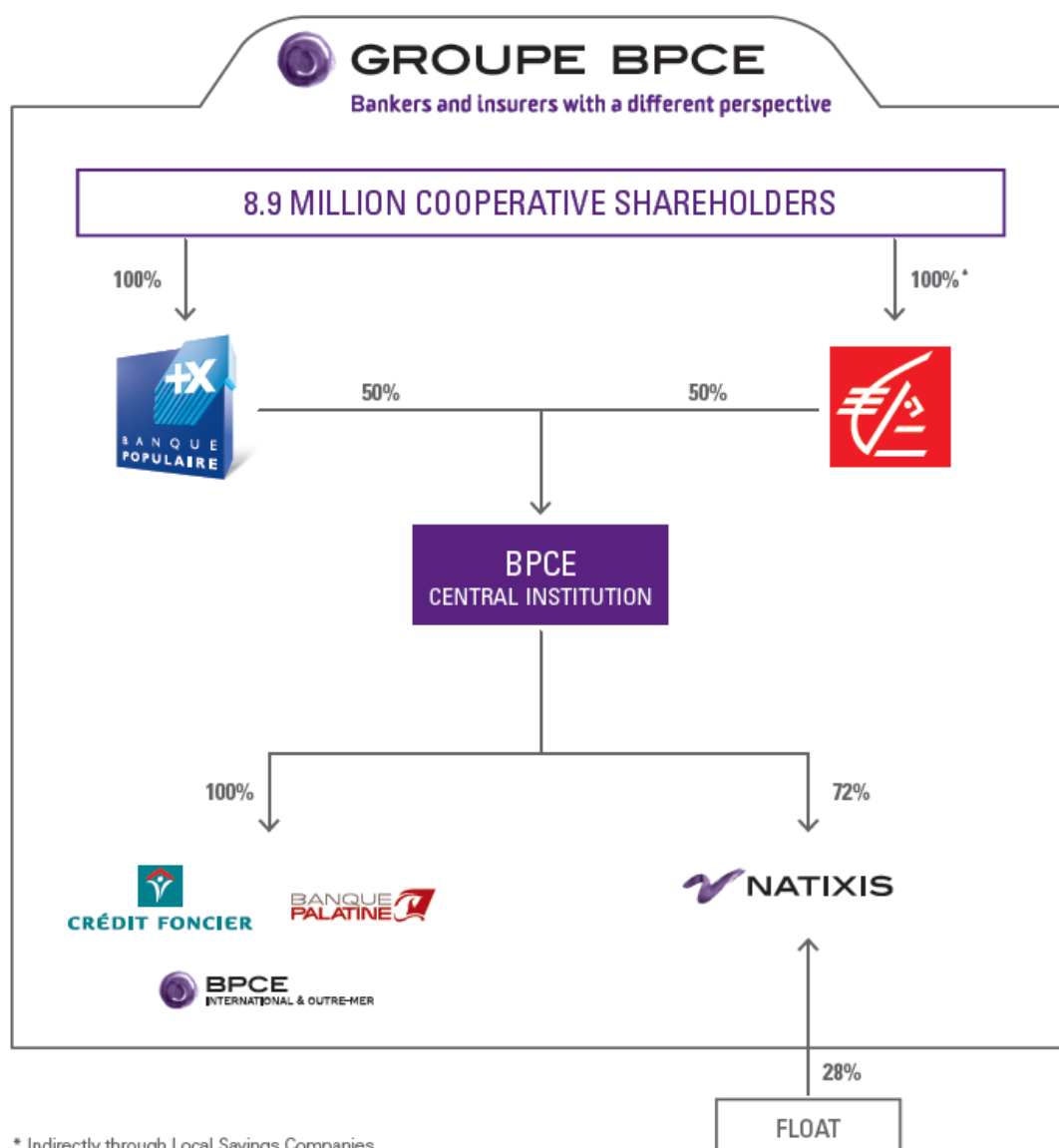
<b>Annex XI of the European Regulation 809/2004/EC of 29 April 2004 as amended by Commission Delegated Regulation (EU) 486/2012 of 30 March 2012 and 862/2012 of 4 June 2012</b>		<b>Pages of the 2013 Registration Document</b>	<b>Pages of the 2014 Registration Document</b>	<b>Pages of the 2014 First Update Document</b>
- Income statement		376	410	N/A
- Cash flow statement		N/A		
- Accounting policies and explanatory notes		377-414	411-446	N/A
- Auditors' report		415-416	447-448	N/A
11.2 Financial statements		202-286; 290-365; 368-414	214-317; 320-399; 408-446	N/A
11.3 Auditing of historical annual financial information				
11.3.1 Statement of audit of the historical annual financial information		287-288; 366-367; 415-416	318-319; 400-401; 447-448	N/A
11.3.2 Other audited information		N/A		
11.3.3 Unaudited data		N/A		
11.4 Age of latest financial information				
11.4.1 Age of latest financial information		N/A	213	N/A
11.5 Interim and other financial information		N/A		3-42
11.6 Legal and arbitration proceedings		N/A	173-176	47-50
11.7 Significant change in the issuer's financial position		N/A		
<b>12 Material contracts</b>				
12.1 Material contracts		N/A		
<b>13 Third party information</b>				
13.1 Statements by experts		N/A		
13.2 Statements by third parties		N/A		
<b>14 Documents on display</b>				
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## OVERVIEW

### BPCE AND GROUPE BPCE

BPCE is the central institution of Groupe BPCE, a French mutual banking group. Groupe BPCE includes 35 regional banks, 18 in the Banque Populaire retail banking network, and 17 in the Caisse d'Epargne retail banking network, as well as BPCE and its subsidiaries and affiliates. BPCE's largest subsidiary is Natixis, a publicly listed French bank in which BPCE holds a 71.51% interest. Groupe BPCE's structure is illustrated in the following chart:

### ORGANIZATION CHART OF GROUPE BPCE AT DECEMBER 31, 2014



As the central institution of Groupe BPCE, BPCE's role is to coordinate policies and exercise certain supervisory functions with respect to the regional banks and other affiliated French banking entities (including Natixis), and to ensure the liquidity and solvency of the entire group. The French banking entities in Groupe BPCE are covered by a mutual financial solidarity mechanism that results in BPCE's credit being effectively supported by the financial strength of the entire group (including a €1.260 billion guarantee fund

and €33.8 billion of Tier One capital of the Banques Populaire and Caisse d'Épargne networks, in each case as of 31 December 2014).

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

## **BUSINESS OF GROUPE BPCE**

Groupe BPCE is one of the largest banking groups in France. As of 31 December 2014, Groupe BPCE had €1,223.3 billion of total assets, €623.3 billion of gross outstanding customer loans and €62.7 billion of consolidated shareholders' equity (€55.3 billion group share). It recorded €23.3 billion of consolidated net banking income and €2.9 billion of consolidated net income attributable to equity holders of the parent, in each case for the year ended 31 December 2014. Its activities are conducted primarily through two core business lines:

- **Commercial Banking and Insurance** (68.7% of 2014 net banking income of the core business lines). The commercial banking and insurance business line includes the activities of the Banques Populaires and Caisses d'Épargne retail banking networks, activities relating to real estate financing (mainly through Crédit Foncier de France) and insurance, international banking and certain other banking activities. This core business line includes:
  - The Banques Populaire network, which has a leading position with small and medium enterprises, professional customers as well as individuals. The Banques Populaires had outstanding customer loans of €167 billion and customer savings and deposits (including life insurance and mutual fund savings) of €217 billion as of 31 December 2014, and they recorded €6.4 billion of net banking income in 2014.
  - The Caisses d'Épargne network, which has a leading role with individual customers as well as professionals, and a strong historic presence in regional development banking (primarily public sector financing and public housing). The Caisses d'Épargne had outstanding customer loans of €211 billion and customer savings and deposits (including life insurance and mutual fund savings) of €379 billion as of 31 December 2014, and they recorded €7.1 billion of net banking income in 2014.
  - Insurance and other networks, which includes the activities of the Crédit Foncier group, Groupe BPCE's interest in CNP Assurances, subsidiaries located in French overseas territories, international subsidiaries, and Banque Palatine a French bank that provides mainly wealth management services. This division recorded €1.6 billion of net banking income in 2014.
- **Wholesale Banking, Investment Solutions and Specialized Financial Services** (31.3% of 2014 net banking income of the core business lines). This business line is conducted by Natixis. It includes (i) corporate and investment banking for large corporate and institutional customers, (ii) investment solutions, including asset management, insurance, private banking and private equity, and (iii) specialized financial services, including factoring, leasing, consumer finance, sureties and guarantees, employee benefits planning, payments and securities services.

In addition to these core business lines, Groupe BPCE has equity investments in a number of other entities, including Nexity, a leading French real estate services company, and Coface, a world leader in credit insurance. The remainder of Groupe BPCE's business consists of corporate center activities (including BPCE's activities as the central body of Groupe BPCE).

## **BPCE SA GROUP**

The BPCE SA Group includes BPCE and its consolidated subsidiaries and affiliates, including Natixis. The BPCE SA Group does not include the Banques Populaires and Caisses d'Epargne in the scope of consolidation since 6 August 2013, when the Banques Populaires and Caisses d'Epargne repurchased 20% non-voting equity interests in each of them, which were previously held by Natixis. The results of operations of the BPCE SA Group include those 20% interests, accounted for in the share of income from associates, through 6 August 2013.

As of 31 December 2014, BPCE SA Group had €803.8 billion of total assets, €236.8 billion of gross outstanding customer loans and €28.5 billion of consolidated shareholders' equity (€21.2 billion group share). It recorded €8.8 billion of consolidated net banking income and €724 million of consolidated net income attributable to equity holders of the parent, in each case for the year ended 31 December 2014.

## **NATIXIS**

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

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

## **REGULATORY CAPITAL RATIOS**

As of 31 December 2014, based on CRD IV standards, Groupe BPCE's Basel III common equity Tier 1 ratio stood at 12% and its total capital adequacy ratio at 15.6% (in both cases without transitional measures and after restatement to account for deferred tax assets).

As of 31 December 2014, based on CRD IV standards, Groupe BPCE's Basel III common equity Tier 1 ratio stood at 11.9% and its total capital adequacy ratio at 15.4% (in both cases taking account of transitional measures).

## **RISK FACTORS**

*In purchasing the Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes. The order in which the following risks factors are presented is not an indication of the likelihood of their occurrence.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The measures that have been or may be adopted include more stringent capital and liquidity requirements (particularly for large global institutions and groups such as Groupe BPCE), taxes on financial transactions, limits or taxes on employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly proprietary trading and investment and ownership in private equity funds and hedge funds), or new ring-fencing requirements relating to certain activities, enhanced prudential standards applicable to large non-U.S.-based banking organizations, restrictions on the types of entities permitted to conduct swap activities, restrictions on certain types of activities or financial products such as derivatives, mandatory write-down or conversion into equity of certain debt instruments, enhanced recovery and resolution regimes, revised risk-weighting methodologies (particularly with respect to insurance businesses) and the creation of new and strengthened regulatory bodies including the transfer of certain supervisory functions to the European Central Bank ("ECB"), which became effective on 4

November 2014. Some of the new measures are proposals that are under discussion and that are subject to revision and interpretation, and need adapting to each country's framework by national regulators. For further information, see *"Government Supervision and Regulation of Credit Institutions in France."*

As a result of some of these measures, Groupe BPCE has reduced, and may further reduce, the size of certain of its activities in order to allow it to comply with the new requirements. These measures may also increase compliance costs. This could lead to reduced consolidated revenues and profits in the relevant activities, the reduction or sale of certain operations and asset portfolios, and asset-impairment charges.

Certain of these measures may also increase the Issuer's funding costs. For example, on 10 November 2014, the Financial Stability Board has proposed that "Global Systemically Important Banks" (including the Issuer) maintain significant amounts of liabilities that are subordinated (by law, contract or structurally) to certain priority operating liabilities, such as guaranteed or insured deposits. These so-called "TLAC" (or "total loss absorbing capacity") requirements are intended to ensure that losses are absorbed by shareholders and creditors, other than creditors in respect of priority operating liabilities, rather than being borne by government support systems. The TLAC requirements will, if adopted and implemented in France, apply in addition to capital requirements applicable to the Issuer. They could require the Issuer to change the way in which it manages its funding operations and increase the Issuer's financing costs. Because the TLAC requirements are currently proposals, it is possible that they will evolve in a manner that further increases the Issuer's costs before they are finally adopted.

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

*Groupe BPCE recently became subject to the financial supervision of the European Central Bank*

Since 4 November 2014, Groupe BPCE, along with all other significant financial institutions in the Eurozone, has become subject to direct supervision by the ECB, which assumed the supervisory functions previously performed by French regulators. For further details on the supervision of the Groupe BPCE, please refer to the section entitled *"Government Supervision and Regulation of Credit Institutions in France."* It is not yet possible to assess the impact of this new supervisory framework on Groupe BPCE. While the ECB will implement substantially the same supervisory framework as the former regulators, the supervisory practices and procedures of the ECB may prove to be more onerous or costly than those applied to the Groupe BPCE in the past.

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

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

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

Credit ratings are important to the liquidity of BPCE and its affiliates that are active in financial markets (including Natixis). A downgrade in credit ratings could adversely affect the liquidity and competitive position of BPCE or Natixis, increase borrowing costs, limit access to the capital markets or trigger obligations under certain bilateral provisions in some trading, derivatives and collateralized financing contracts. BPCE's cost of obtaining long-term unsecured funding, and that of Natixis, is directly related to their respective credit spreads (the amount in excess of the interest rate of government securities of the same maturity that is paid to debt investors), which in turn depend in large part on their credit ratings. Increases in credit spreads can significantly increase BPCE's or Natixis' cost of funding. Changes in credit spreads are permanent, market-driven, and subject at times to unpredictable and highly volatile movements. Credit spreads are also influenced by market perceptions of creditworthiness. In addition, credit spreads may be influenced by movements in the cost to purchasers of credit default swaps referenced to BPCE's or Natixis' debt obligations, which are influenced both by the credit quality of those obligations, and by a number of market factors that are beyond the control of BPCE and Natixis.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

systems to accommodate an increasing volume of transactions could also undermine its business development capacity.

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

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

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

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

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

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

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

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy liable to significantly influence investor decisions, in particular in markets where Groupe BPCE operates;
- general changes in regulatory requirements, notably prudential rules relating to the regulatory capital adequacy framework, such as the modifications being made to the regulations implementing the Basel III requirements;
- changes in rules and procedures relating to internal controls;
- changes in the competitive environment and prices;
- changes in financial reporting rules;
- expropriation, nationalization, price controls, exchange controls, confiscation of assets and changes in legislation relating to foreign ownership rights; and
- any adverse change in the political, military or diplomatic environments creating social instability or an uncertain legal situation capable of affecting the demand for the products and services offered by Groupe BPCE.

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

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

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

The risk management techniques and strategies of Groupe BPCE may not effectively limit its risk exposure in all economic market environments or against all types of risk, including risks that the group fails to identify or anticipate. The group's risk management techniques and strategies may also not effectively limit its risk exposure in all market fluctuations. These techniques and strategies may not be effective against certain risks, particularly those that the group has not previously identified or anticipated. Some of the group's qualitative tools and metrics for managing risk are based upon its use of observed historical market behavior. The group's risk managers apply statistical and other tools to these observations to arrive at quantifications of its risk exposures. These tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors the group did not anticipate or correctly evaluate in its statistical models or from unexpected and unprecedented market movements. This would limit the group's ability to manage its risks. The group's losses could therefore be significantly greater than the historical measures indicate. In addition, the group's quantified modeling does not take all risks into account. The group's qualitative approach to managing those risks could prove insufficient, exposing it to material unanticipated

losses. In addition, while no material issue has been identified to date, the risk management systems are subject to the risk of operational failure, including fraud. See “*Gestion des Risques*” (“*Risk Management*”) and the related sections of the 2014 Registration Document for a more detailed discussion of the policies, procedures and methods that group entities use to identify, monitor and manage its risks.

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

Groupe BPCE may incur losses if any of the variety of instruments and strategies that it uses to hedge its exposure to various types of risk in its businesses is not effective. Many of its strategies are based on historical trading patterns and correlations. For example, if the group holds a long position in an asset, it may hedge that position by taking a short position in an asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the group may only be partially hedged, or these strategies may not be fully effective in mitigating the group’s risk exposure in all market environments or against all types of risk in the future. Any unexpected market developments may also affect the group’s hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in reported earnings.

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

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

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

Competition is intense in all of Groupe BPCE’s primary business areas in France and in other areas of the world where it has significant operations. Consolidation, both in the form of mergers and acquisitions and through alliances and cooperation, is increasing competition. Consolidation has created a number of firms that, like Groupe BPCE, have the ability to offer a wide range of products and services, ranging from insurance, loans and deposits to brokerage, investment banking and asset management. Groupe BPCE competes with other entities on the basis of a number of factors, including transaction execution, products and services offered, innovation, reputation and price. If Groupe BPCE is unable to maintain its competitiveness in France or in its other major markets with attractive and profitable product and service offerings, it may lose market share in important areas of its business or incur losses on some or all of its operations. In addition, downturns in the global economy or in the economy of Groupe BPCE’s major markets are likely to increase competitive pressure, notably through increased price pressure and lower business volumes for Groupe BPCE.

and its competitors. More competitive new competitors could also enter the market, subject to separate or more flexible regulation, or other requirements relating to prudential ratios. These new market participants may therefore be able to offer more competitive products and services. Technological advances and the growth of e-commerce have made it possible for non-deposit taking institutions to offer products and services that traditionally were banking products, and for financial institutions and other companies to provide electronic and Internet-based financial solutions, including electronic securities trading. These new players may exert downward price pressure on Groupe BPCE's products and services or may affect Groupe BPCE's market share.

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

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

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

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

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

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

Inadequate management of these issues could also give rise to additional legal risk for Groupe BPCE and cause an increase in the number of legal proceedings and the amount of damages claimed against Groupe BPCE, or expose Groupe BPCE to sanctions from the regulatory authorities (for further details see section 3.5 ("*Legal risks*") of the 2014 Registration Document, and in particular the sections 3.5.2 and 3.5.3 on legal and arbitration proceedings).

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

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

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

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

As the central body of Groupe BPCE, BPCE guarantees the liquidity and solvency of each of the regional banks (the Caisses d'Epargne and the Banques Populaires), as well as the other members of the affiliated group that are credit institutions subject to regulation in France. The affiliated group includes BPCE affiliates such as Natixis, Crédit Foncier de France and Banque Palatine (a more complete list is included in the 2014 Registration Document). While each of the regional banks and the other members of the affiliated group are required to provide similar support to BPCE, there can be no assurance that the benefits of the financial solidarity mechanism for BPCE will outweigh its costs.

To assist BPCE in assuming its central body liabilities and to ensure mutual support within Groupe BPCE, three guarantee funds have been established to cover liquidity and solvency risks, with an aggregate amount of €1.260 billion as at 31 December 2014. The regional banks and the entities in the affiliated group will be required to make additional contributions to the guarantee funds from their future profits. While the guarantee funds provide a substantial source of resources to fund the financial solidarity mechanism, there can be no assurance that they will be sufficient for this purpose. If the guarantee funds turn out to be insufficient, BPCE will be required to make up the shortfall.

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

BPCE does not hold any direct or indirect interest in the Banques Populaires and Caisses d'Epargne, although it acts as central institution, centralizes Groupe BPCE's funding operations and manages the group's financial solidarity mechanism.

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

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

The mechanism for the appointment of members of the supervisory board and of the management board of BPCE, as well as the implementation of various corporate governance measures is set forth in a protocol originally dated 24 June 2009 (the "**BPCE Protocol**"). Of the 18 members of the BPCE Supervisory Board, seven have been nominated by the Caisses d'Epargne, seven have been

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

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

In addition to the risks relating to the Issuer (including the default risk) that may affect the Issuer's ability to fulfil its obligations under the Notes, there are certain factors which are material for the purpose of assessing the risks associated with an investment in the Notes.

### *Subordinated obligations*

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

If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason, the rights of payment of the Noteholders will be subordinated to the payment in full of unsubordinated creditors (including depositors) and any other creditors that are senior to the Noteholders. In the event of incomplete payment of unsubordinated creditors and any other creditors that are senior to the Noteholders upon the liquidation of the Issuer, the obligations of the Issuer in connection with the Notes will be terminated by operation of law.

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

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

*Notes may be subject to mandatory write-down or conversion to equity if the Issuer becomes subject to a resolution procedure*

French banking law allows authorities to cancel, write-down or convert into equity failing banks' subordinated instruments (such as the Notes), in accordance with their seniority. Failing banks are defined as those that, currently or in the near future (i) no longer comply with regulatory capital requirements, (ii) are not able to make payments that are, or will be imminently, due, or (iii) require

extraordinary public financial support. Conversion or write-down ratios are decided upon by the French resolution authority (the “ACPR”) on the basis of a “fair and realistic” assessment.

In addition, the recently adopted European Bank Resolution and Recovery Directive and the Single Resolution Mechanism provide resolution authorities with resolution powers, including but not limited to the power to ensure that capital instruments, including tier 2 instruments such as the Notes, and eligible liabilities absorb losses at the point of non-viability of the issuing institution individually, or in certain circumstances of the group to which it belongs, should junior instruments prove insufficient to absorb all such losses, through the write-down or conversion to equity of such instruments (the “**Bail-In Tool**”). The point of non-viability is defined as the point at which the resolution authority determines that (i) the institution is failing or likely to fail, (ii) there is no reasonable prospect that private action would prevent the failure and (iii) except with respect to capital instruments, a resolution action is necessary in the public interest. The Bail-In Tool with respect to capital instruments may also apply when the institution requires extraordinary public support. Although the European Bank Resolution and Recovery Directive contemplates that this Bail-In Tool with respect to capital instruments, including tier 2 instruments such as the Notes, shall be applied from 1 January 2015, its implementation is still in process in France.

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

For further information about the proposed European resolution directive and the French banking law, and their resolution measures, including the Bail-In Tool, see “*Government Supervision and Regulation of Credit Institutions in France*.”

*Notes subject to early redemption upon the occurrence of a Special Event*

Subject as provided herein, in particular to the provisions of Condition 6.6 (*Conditions to redemption and purchase prior to Maturity Date*) the Issuer may, at its option (subject to approval of the Relevant Regulator), redeem all, but not some only, of the Notes at any time at their outstanding principal amount plus accrued and unpaid interest, upon the occurrence of a Capital Event or a Tax Event.

The early redemption feature may limit the market value of the Notes. In addition, Holders will not receive a make-whole amount or any other compensation in case of early redemption of the Notes.

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

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

In the event that the Issuer is required to withhold amounts in respect of French taxes from payments of interest on the Notes, the terms and conditions of the Notes provide that, subject to certain exceptions, the Issuer will pay additional amounts so that the holders of the Notes will receive the amount they would have received in the absence of such withholding. Under French tax law, there is some uncertainty as to whether the Issuer may pay such additional amounts. French debt instruments

typically provide that, if an issuer is required to pay additional amounts but is prohibited by French law from doing so, the issuer must redeem the debt instruments in full. Under Article 63 of the CRD IV Regulation, however, mandatory redemption clauses are not permitted in a Tier 2 instrument such as the Notes. As a consequence, in such a case, Holders will receive less than the full amount due under the Notes, and the market value of the Notes will be adversely affected, unless the Issuer is able and willing to redeem the Notes pursuant to one of the early redemption or repurchase options provided for in Condition 6 (subject to approval of the Relevant Regulator).

#### *No Events of Default*

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

#### *Modification and waivers*

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

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

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

#### *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 of other jurisdictions.

#### *Transactions on the Notes could be subject to a future European financial transaction tax (“FTT”)*

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**Participating Member States**”).

If adopted in its current form, the Commission’s Proposal would subject transactions in securities such as the Notes to a financial transactions tax. It would call for the Participating Member States to

impose a tax of at least 0.1% on all such transactions, generally determined by reference to the amount of consideration paid. The mechanism by which the tax would be applied and collected is not yet known, but if the proposed directive or any similar tax is adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

Joint statements issued by Participating Member States confirmed that all relevant issues will continue to be examined by national experts. They noted the intention of the Participating Member States to work on a progressive implementation of the FTT, focusing initially on the taxation of shares and some derivatives. They indicate an intention to implement the FTT by 1 January 2016.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the European FTT.

*The EU Savings Directive is applicable to the Notes*

EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) requires an EU Member State to provide to the tax authorities of another EU Member State details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident in or certain limited types of entities established in, that other EU Member State, except that, for a transitional period, Austria instead imposes a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during such period it elects otherwise. Luxembourg operated such a withholding system until 31 December 2014, but the Luxembourg government has elected out of the withholding system in favour of automatic exchange of information with effect from 1 January 2015.

On 24 March 2014, the Council of the European Union adopted a Directive amending the Savings Directive (the “**Amending Directive**”), which, if implemented, would amend and broaden the scope of the requirements described above. In particular, additional steps may be required in certain circumstances to identify the beneficial owner of interest payments (through a look through approach). The EU Member States would have until 1 January 2016 to adopt the national legislation necessary to comply with this Amending Directive, which legislation must apply from 1 January 2017.

However, the European Commission has proposed the repeal of the Savings Directive from January 1, 2017 in the case of Austria and from January 1, 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive. The latest version of the text of the draft Council Directive repealing the Savings Directive has been published in the Council Register dated 7 May 2015.

Investors should inform themselves of, and where appropriate take advice on, the impact of the Savings Directive, the amending Directive and the new automatic exchange of information regime on their investment. See “*Taxation—EU Savings Directive.*”

If a payment under a Note were to be made by a person in or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive as amended from time to time or any law implementing or complying with, or introduced in order to conform to, such Directive, neither the

Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note, as the case may be, as a result of the imposition of such withholding tax.

Each Noteholder is responsible under the Terms and Conditions of the Notes for supplying to the 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 Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any subsequent meeting of the Council of the European Union on the taxation of savings income (including, for the avoidance of doubt, the Amending Directive) or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives

*No active secondary/trading market for the Notes*

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

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

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

*Credit ratings are subject to revision, suspension or withdrawal at any time, and a change in the credit ratings of the Notes could affect the market value and reduce the liquidity of the Notes*

A credit rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal by the relevant rating agency at any time. There can be no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn by the relevant rating agency if, in its judgment, circumstances in the future so warrant. In the event that a rating initially assigned to the Notes is subsequently lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Notes, and the market value of the Notes may be adversely affected. In addition, the Issuer's credit ratings do not always mirror the risk related to the Notes. Real or anticipated changes in the Issuer's credit ratings generally will also affect the market value of the Notes.

In addition, the credit rating agencies may change their methodologies for rating securities with features similar to the Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Notes, sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and/or the ratings of the Notes were to be subsequently lowered, revised, suspended or withdrawn, this may have a negative impact on the trading price of the Notes.

### *Market Value of the Notes*

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

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

### *French Insolvency Law*

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

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

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

The receiver (*administrateur judiciaire*) is allowed to take into account the existence of voting or subordination agreements entered into by a holder of notes, or the existence of an arrangement providing that a third party will pay the holder’s claims, in full or in part, in order to reduce such holder’s voting rights within the Assembly. The receiver must disclose the method to compute such voting rights. In the event of a disagreement regarding such method, the interested holder or the receiver may ask the president of the competent commercial court to resolve the dispute.

These provisions could apply to a Noteholder who has entered into a hedging arrangement in relation to the Notes.

For the avoidance of doubt, the provisions relating to the General Meetings of Noteholders set out in Condition 11 (*Representation of Noteholders*) of the Terms and Conditions of the Notes will not be applicable in these circumstances.

Specific provisions related to insolvency proceedings for credit institutions are described in the section entitled “*Government Supervision and Regulation of Credit Institutions in France*.” In particular, the ACPR must approve in advance the opening of any safeguard, judicial reorganization or liquidation procedures.

Please refer to the risk factor entitled “*Notes may be subject to mandatory write-down or conversion to equity if the Issuer becomes subject to a resolution procedure*” and the section “*Government Supervision and Regulation of Credit Institutions in France*” for a description of resolution measures including, critically, the Bail-In Tool, which can be implemented under the French banking law and the European Bank Resolution and Recovery Directive.

#### *Change of Law*

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

## GOVERNMENT SUPERVISION AND REGULATION OF CREDIT INSTITUTIONS IN FRANCE

### French Banking Regulatory and Supervisory Bodies

French banking law is mostly set forth in directly applicable EU regulations and in the French *Code monétaire et financier* which mainly derives from EU directives. The French *Code monétaire et financier* sets forth the conditions under which credit institutions, including banks, may operate, and vests related supervisory and regulatory powers in certain banking regulatory and supervisory bodies.

#### *The French Banking Authorities*

In France, the *Autorité de contrôle prudentiel et de résolution* (“**ACPR**”) was created in September 2013 to supervise financial institutions and insurance firms and be in charge of ensuring the protection of consumers and the stability of the financial system. On 15 October 2013, the European Union adopted Regulation (EU) No 1024/2013 establishing a single supervisory mechanism for credit institutions of the Eurozone and opt-in countries (the “**ECB Single Supervisory Mechanism**”), which has conferred specific tasks on the European Central Bank (the “**ECB**”) concerning policies relating to the prudential supervision of credit institutions. This European regulation has given to the ECB, in conjunction with the relevant national regulatory authorities, direct supervisory authority for European credit institutions and banking groups, including the Groupe BPCE.

Since 4 November 2014, the ECB has fully assumed supervisory tasks and responsibilities within the framework of the ECB Single Supervisory Mechanism, in close cooperation, in France, with the ACPR (each of the ACPR and the ECB is hereinafter referred to as a “**Banking Authority**”), as follows:

- The ECB is exclusively competent to carry out, for prudential supervisory purposes, the following tasks in relation to all credit institutions, regardless of the significance of the credit institution concerned:
  - to authorise credit institutions and to withdraw authorization of credit institutions; and
  - to assess notification of the acquisition and disposal of qualifying holdings, in other credit institutions, except in the case of a bank resolution.
- The other supervisory tasks have to be performed by both the ECB and the ACPR, their respective supervisory roles and responsibilities being allocated on the basis of the significance of the supervised entities, with the ECB directly supervising significant banks, such as the Groupe BPCE, while the ACPR is in charge of the supervision of the less significant entities. These supervisory tasks are *inter alia* the following:
  - to ensure compliance with all prudential requirements laid down in general EU banking rules for credit institutions in the areas of own funds requirements, securitisation, large exposure limits, liquidity, leverage, reporting and public disclosure of information on those matters;
  - to carry out supervisory reviews, including stress tests and their possible publication, and the basis of this supervisory review, to impose where necessary on credit institutions higher prudential requirements to protect financial stability under the conditions provided by EU law;
  - to impose robust corporate governance practices (including the fit and proper requirements for the persons responsible for the management process, internal control mechanisms, remuneration policies and practices) and effective internal capital adequacy assessment processes; and

- to carry out supervisory tasks in relation to recovery plans, and early intervention where credit institutions or group does not meet or is likely to breach the applicable prudential requirements, including structural changes required to prevent financial stress or failure but excluding, however, resolution measures.
- The ACPR may apply requirements for capital buffers to be held by credit institutions at the relevant level, in addition to own funds requirements (including countercyclical buffer rates). If deemed necessary, the ECB may, instead of the ACPR but by cooperating closely with it, apply such higher requirements.

### *Supervisory framework*

With respect to the banking sector, and for the purposes of carrying out the tasks conferred on it, the relevant Banking Authority makes individual decisions, grants banking and investment firm licenses, and grants specific exemptions as provided in applicable banking regulations. It supervises the enforcement of laws and regulations applicable to banks and other credit institutions, as well as investment firms, and controls their financial standing.

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

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

Where regulations have been violated, the relevant Banking Authority may impose administrative sanctions, which may include warnings, fines, suspension or dismissal of managers and deregistration of the bank, resulting in its winding up. The relevant Banking Authority also has the power to appoint a temporary administrator to manage provisionally a bank that it deems to be mismanaged. Insolvency proceedings may be initiated against banks or other credit institutions, or investment firms only after prior approval of the relevant Banking Authority.

## ***The French Resolution Authority***

In France, the ACPR is in charge of implementing measures for the prevention and resolution of banking crises, including but not limited to the Bail-In Tool described below. Its powers were extended to new resolution powers by the French banking reforms of 26 July 2013 (*Loi de séparation et de régulation des activités bancaires*) and of 20 February 2014 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*). See “Resolutions measures” below.

As from 1 January 2016, a single resolution board (the “**Single Resolution Board**”) established by Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a single resolution mechanism and a single resolution fund (the “**Single Resolution Mechanism Regulation**”), together with national authorities, will be in charge of resolution planning and preparation of resolution decisions for cross-border credit institutions and banking groups as well as credit institutions and banking groups directly supervised by the ECB such as Groupe BPCE, or by national supervisory authorities in the euro-zone. The ACPR will remain responsible for implementing the resolution plan according to the Single Resolution Board’s instructions. Since 1 January 2015, certain of the powers of the ACPR with respect to resolution planning have, however, already been transferred to the Single Resolution Board, which is intended to act in close cooperation with the national resolution authorities, including the ACPR.

## ***Other French Banking Regulatory and Supervisory Bodies***

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

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

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

## **Banking Regulations**

In France, credit institutions such as the Issuer must comply with the norms of financial management set by the Minister of Economy, the purpose of which is to ensure the creditworthiness and liquidity of French credit institutions. These banking regulations are mainly derived from EU directives and regulations. New banking regulations implementing the Basel III reforms were adopted on 26 June 2013: Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the “**CRD IV Directive**”) and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**CRD IV Regulation**” and together with the CRD IV Directive, “**CRD IV**”). The CRD IV Regulation (with the exception of some of its

provisions, which will enter into effect at later dates) became directly applicable in all EU member states including France on 1 January 2014. The CRD IV Directive became effective on 1 January 2014 (except for capital buffer provisions which shall apply as from 1 January 2016) and was implemented under French law by the banking reform dated 20 February 2014 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*).

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

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

French credit institutions must satisfy, on a consolidated basis, certain restrictions relating to concentration of risks (*ratio de contrôle des grands risques*). The aggregate of a French credit institution's loans and a portion of certain other exposure (*risques*) to a single customer (and related entities) may not exceed 25% of the credit institution's regulatory capital as defined by French capital ratio requirements. Individual exposures exceeding 10% (and in some cases 5%) of the credit institution's regulatory capital are subject to specific regulatory requirements.

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

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

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

French credit institutions are subject to restrictions on equity investments and, subject to various specified exemptions for certain short-term investments and investments in financial institutions and insurance

companies, “qualifying shareholdings” held by credit institutions must comply with the following requirements: (a) no “qualifying shareholding” may exceed 15% of the regulatory capital of the concerned credit institution and (b) the aggregate of such “qualifying shareholdings” may not exceed 60% of the regulatory capital of the concerned credit institution. An equity investment is a “qualifying shareholding” for the purposes of these provisions if (i) it represents more than 10% of the share capital or voting rights of the company in which the investment is made or (ii) it provides, or is acquired with a view to providing, a “significant influence” (*influence notable*, presumed when the credit institution controls at least 20% of the voting rights) in such company. Further, the ECB must authorize certain participations and acquisitions.

French regulations permit only licensed credit institutions to engage in banking activities on a regular basis. Conversely, institutions licensed as banks may not, on a regular basis, engage in activities other than banking, bank-related activities and a limited number of non-banking activities determined pursuant to the regulations issued by the French Minister of Economy. Regulation No 86-21 relating to non-banking activities, dated November 24, 1986 sets forth an exhaustive list of such non-banking activities and requires revenues from those activities to be limited in the aggregate to a maximum of 10% of total net revenues.

Finally, the CRD IV Regulation imposes disclosure obligations to credit institutions relating to risk management objectives and policies, governance arrangements, capital adequacy requirements, remuneration policies that have a material impact on the risk profile and leverage. In addition, the French *Code monétaire et financier* imposes additional disclosure requirements to credit institutions, including disclosure relating to certain financial indicators, their activities in non-cooperative states or territories, and more generally, certain information on their overseas operations.

#### *Examination*

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

#### *Deposit Guarantees*

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

#### *Additional Funding*

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

### *Internal Control Procedures*

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

With respect to credit risks, each credit institution must have a credit risk selection procedure and a system for measuring credit risk that permit, *inter alia*, centralization of the institution's on- and off-balance sheet exposure and for assessing different categories of risk using qualitative and quantitative data. With respect to market risks, each credit institution must have systems for monitoring, among other things, its proprietary transactions that permit the institution to record on at least a day-to-day basis foreign exchange transactions and transactions in the trading book, and to measure on at least a day-to-day basis the risks resulting from trading positions in accordance with the capital adequacy regulations. The institution must prepare an annual report for review by the institution's board of directors and the relevant Banking Authority regarding the institution's internal procedures and the measurement and monitoring of the institution's exposure.

### *Compensation Policy*

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

### *Money Laundering*

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

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

## **Resolution Measures**

### *European Bank Recovery and Resolution Directive*

On 15 May 2014, the European Parliament and the Council of the European Union adopted a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms: Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**"). The stated aim of the BRRD is to provide relevant authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimize taxpayers' exposure to losses.

The powers provided to “resolution authorities” in the BRRD include write down/conversion powers to ensure that capital instruments (which include common equity tier 1, additional tier 1 and tier 2 debt instruments such as the Notes) and eligible liabilities (which include senior unsecured debt instruments) fully absorb losses at the point of non-viability of the issuing institution (referred to as the “**Bail-In Tool**”, as defined in the Section 2 (“*Risks linked to the Notes*”) in the Risks Factors section above). Accordingly, the BRRD contemplates that resolution authorities may require the write-down of such capital instruments and eligible liabilities in full on a permanent basis, or convert them in full into common equity tier 1 instruments. The BRRD provides, inter alia, that resolution authorities shall exercise the write-down power in a way that results in (i) common equity tier 1 instruments being written down first in proportion to the relevant losses, (ii) thereafter, the principal amount of other capital instruments (including Tier 2 instruments such as the Notes) being written down or converted into common equity tier 1 instruments on a permanent basis and (iii) thereafter, eligible liabilities being written down or converted in accordance with a set order of priority. Following such a conversion, the resulting common equity tier 1 instruments may also be subject to the application of the Bail-In Tool.

The point of non-viability under the BRRD is the point at which the competent resolution authority determines that:

- (a) the institution individually, or the group to which it belongs, as applicable, is failing or likely to fail, which includes situations where:
  - (i) the institution or its group infringes/will in the near future infringe the requirements for continuing authorization in a way that would justify withdrawal of such authorization including, but not limited to, because the institution has incurred/is likely to incur losses depleting all or a significant amount of its own funds;
  - (ii) the assets of the institution or its group are/will be in a near future less than its liabilities;
  - (iii) the institution or its group is/will be in a near future unable to pay its debts or other liabilities when they fall due;
  - (iv) the institution or its group requires extraordinary public financial support; or
  - (v) with respect to the write-down or conversion into common equity tier 1 instruments of capital instruments referred to below, the group infringes/will in the near future infringe its consolidated prudential requirements including, but not limited to, because the group has incurred or is likely to incur losses depleting all or a significant amount of its own funds.
- (b) there is no reasonable prospect that a private action would prevent the failure; and
- (c) except with respect to the write-down or conversion into common equity tier 1 instruments of capital instruments referred to below, a resolution action is necessary in the public interest.

In addition to the Bail-In Tool, the BRRD provides resolution authorities with broader powers to implement other resolution measures with respect to institutions or under certain circumstances their groups, which reach non-viability, which may include (without limitation) the sale of the institution’s business, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

Moreover, the resolution authorities must exercise the write-down or conversion into common equity tier 1 instruments of capital instruments (additional Tier 1 and Tier 2 instruments) in any of the following circumstances:

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

Except for the Bail-In Tool that will apply as from 1 January 2016 at the latest, the BRRD contemplates that the measures set out therein, including the write-down or conversion into common equity tier 1 instruments of capital instruments (including Tier 2 instruments such as the Notes), apply as from 1 January 2015. However, its implementation is still in process in France.

### ***The Single Resolution Fund***

The BRRD provides for the implementation of resolution funds at the national level as of 1 January 2015 and until 1 January 2016. The Single Resolution Mechanism Regulation provides for the establishment of a single resolution fund at the EU level financed by banks at the national level (the “**Single Resolution Fund**”). On 19 December 2014, the Council adopted the proposal for a Council implementing act to calculate the contributions of banks to the Single Resolution Fund, which provides for annual contributions to the Single Resolution Fund to be made by the banks based on their liabilities, excluding own funds and covered deposits and adjusted for risks. As of 1 January 2016, the Single Resolution Fund will replace national resolution funds implemented pursuant to the BRRD.

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

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

In particular, the ACPR may implement a write-down of shareholders' equity and thereafter a write-down or conversion into equity of subordinated instruments (including Tier 2 instruments such as the Notes), but not unsubordinated debt, in accordance with their seniority. The ACPR will also be entitled to (i) transfer all or part of the institution's assets and activities, including to a bridge bank, (ii) force an institution to issue new equity, (iii) temporarily suspend payments to creditors and (iv) terminate executives or appoint a temporary administrator (*administrateur provisoire*). Conversion ratios and transfer prices are determined by the ACPR on the basis of a “fair and realistic” assessment.

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

Further, recovery and resolution plans are required from credit institutions, or groups of credit institutions, whose balance sheet exceeds a certain threshold that will be fixed by a decree of the French Government. No separate obligation will arise with respect to an entity within the group that is already supervised on a consolidated basis. Each such institution or group must prepare a recovery plan (*plan préventif de*

*rétablissement*) that will be reviewed by the ACPR. The ACPR is in turn required to prepare a resolution plan (*plan préventif de résolution*) for such institution or group.

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

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

## TERMS AND CONDITIONS OF THE NOTES

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

### 1. Introduction

- 1.1 *Notes:* The issue of the U.S. dollar (“USD”) 130,000,000 5.35 per cent. Subordinated Notes due 1 June 2045 (the “Notes”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 12 (*Further Issues*) and forming a single series with the Notes) of BPCE (the “Issuer”) was authorized by a decision of Roland Charbonnel, *Directeur des Emissions et de la Communication Financière* of the Issuer, dated 21 May 2015, acting pursuant to a resolution of the Management Board (*Directoire*) of the Issuer dated 27 April 2015.
- 1.2 *Issue and Agency Agreement:* An agency agreement dated on or about the date hereof (as supplemented, amended and/or replaced from time to time, the “Agency Agreement”) has been entered into between the Issuer, BNP Paribas Securities Services as fiscal agent (the “Fiscal Agent”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and BNP Paribas Securities Services as paying agent (the “Paying Agent”, which expression includes any successor paying agent appointed from time to time in connection with the Notes). Reference below to the “Agents” shall be to the Fiscal Agent and/or the Paying Agent, as the case may be. Copies of the Agency Agreement are available for inspection at the specified offices of the Agents. References below to “Conditions” are, unless the context otherwise requires, to the numbered paragraphs below.

### 2. Interpretation

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

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

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets settle payments and are open for general business in New York City, London and Taipei and on which the Target System is operating;

“**Capital Event**” means a change in the regulatory classification of the Notes that was not reasonably foreseeable by the Issuer at the Issue Date, as a result of which the Notes are fully excluded from the Tier 2 Capital of the Issuer, provided that such exclusion is not as a result of any applicable limits on the amount of Tier 2 Capital;

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

“**CRD IV**” means, taken together, the (i) CRD IV Directive and (ii) CRD IV Regulation;

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

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

**“Day Count Fraction”** (i) means in respect of the calculation of interest payable on an Interest Payment Date in respect of any Interest Period, 0.5, and (ii) in respect of the calculation of interest in respect of any period other than an Interest Period, shall be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed;

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

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

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

**“Interest Payment Date”** means 1 June and 1 December in each year from (and including) 1 December 2015;

**“Interest Period”** means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**“Issue Date”** means 1 June 2015;

**“Maturity Date”** means 1 June 2045;

**“Rate of Interest”** means 5.35 per cent. *per annum*;

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

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

**“Senior Obligations”** means all unsecured and unsubordinated obligations of the Issuer, and all other obligations expressed to rank senior to the Notes, as provided by their terms or by law;

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

**“Specified Denomination”** has the meaning given to such term in Condition 3.1 (*Form of Notes and denomination*);

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

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

**“Tax Jurisdiction”** has the meaning given to such term in Condition 8.1 (*Withholding Tax*); and

**“Tier 2 Capital”** means capital which is treated by the Relevant Regulator as a constituent of tier 2 under Applicable Banking Regulations from time to time applicable to the Issuer.

2.2 *Interpretation:* In these Conditions:

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

3. **Form, Denomination and Title**

3.1 *Form of Notes and denomination:* The Notes are issued in dematerialised bearer form (*au porteur*) in denomination of USD 200,000 (the “**Specified Denomination**”).

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

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

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

4. **Status of the Notes**

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

Principal and interest of the Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer ranking (i) *pari passu* without any preference among themselves, (ii) junior to all Senior Obligations, (iii) *pari passu* with any other present and future direct, unconditional, unsecured and subordinated obligations of the Issuer (other than those that constitute Senior Obligations) and (iv) senior to any present and future *prêts participatifs* granted to the Issuer, *titres participatifs* issued by the Issuer and deeply subordinated obligations of the Issuer (*engagements dits "super subordonnés" or engagements subordonnés de dernier rang*).

If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason, the rights of payment of the Noteholders shall be subordinated to the payment in full of creditors (including depositors) in respect of Senior Obligations and, subject to such payment in full, the Noteholders shall be paid in priority to any *prêts participatifs* granted to the Issuer, any *titres participatifs* issued by it and any deeply subordinated obligations of the Issuer (*engagements dits "super subordonnés" or engagements subordonnés de dernier rang*).

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

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

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

There is no negative pledge in respect of the Notes.

## **5. Interest**

- 5.1 *Interest rate:* The Notes bear interest at the Rate of Interest from (and including) the Issue Date. Interest shall be payable semi-annually in arrear on each Interest Payment Date commencing on 1 December 2015, subject in any case as provided in Condition 7 (*Payments*). The amount of interest payable per Specified Denomination in respect of any Note for any period (including an Interest Period) shall be equal to the product of the Rate of Interest, the Specified Denomination, and the Day Count Fraction.
- 5.2 *Accrual of interest:* Each Note will cease to bear interest from the due date for redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of:
- (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder; and
  - (ii) the day which is seven (7) calendar days after the Fiscal Agent has notified the Holders in accordance with Condition 13 (*Notices*) that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

## **6. Redemption and Purchase**

- 6.1 *Maturity date:* Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed on the Maturity Date at their Redemption Amount.
- 6.2 *Redemption upon the occurrence of a Capital Event:* Upon the occurrence of a Capital Event, the Issuer may, at its option (but subject to the provisions of Condition 6.6 (*Conditions to redemption and purchase prior to Maturity Date*)) at any time and having given not more than forty-five (45) nor less than thirty (30) calendar days' notice to the Holders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their Redemption Amounts, together with accrued interest (if any) thereon.
- 6.3 *Redemption upon the occurrence of a Tax Event:*
- (i) If by reason of any change in the laws or regulations of any Tax Jurisdiction, or any political subdivision therein or any authority thereof or therein having power to tax, any change in the application or official interpretation of such laws or regulations, or any other change in the tax treatment of the Notes which is required by law or which is requested in writing by a

competent tax authority, becoming effective on or after the Issue Date, the tax regime of any payments under the Notes is modified and such modification results in the part of the interest payable by the Issuer under the Notes that is tax-deductible being reduced, the Issuer may, at its option (but subject to the provisions of Condition 6.6 (*Conditions to redemption and purchase prior to Maturity Date*)), at any time, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' notice to Noteholders (which notice shall be irrevocable) in accordance with Condition 13 (*Notices*), redeem all, but not some only, of the outstanding Notes at their Redemption Amounts together with accrued interest (if any) thereon, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make such payment with interest being fully deductible under the corporate income tax laws of the Tax Jurisdiction.

- (ii) If by reason of a change in the laws or regulations of any Tax Jurisdiction, or any political subdivision therein or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, or any other change in the tax treatment of the Notes which is required by law or which is requested in writing by a competent tax authority, becoming effective on or after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8 (*Taxation*), the Issuer may, at its option (but subject to the provisions of Condition 6.6 (*Conditions to redemption and purchase prior to Maturity Date*)), at any time, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 13 (*Notices*), redeem all, but not some only, of the outstanding Notes at their Redemption Amounts together with accrued interest (if any) thereon, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for taxes.

The Issuer will not give notice under this Condition 6.3 unless it has demonstrated to the satisfaction of the Relevant Regulator that the change referred to in paragraphs (i) or (ii) above is material and was not reasonably foreseeable at the time of issuance of the Notes.

- 6.4 *Purchase*: The Issuer may at any time on or after the fifth (5<sup>th</sup>) anniversary of the Issue Date (but subject to the provisions of Condition 6.6 (*Conditions to redemption and purchase prior to Maturity Date*)) purchase Notes in the open market or otherwise and at any price in accordance with applicable laws and regulations. Notes purchased by or on behalf of the Issuer may be purchased and held in accordance with Article L.213-1-A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes for a maximum period of one year from the date of purchase in accordance with Article D. 213-1-A of the French *Code monétaire et financier*.

The Issuer or any agent on its behalf shall have the right at all times to purchase the Notes for market making purposes provided that: (a) the prior written approval of the Relevant Regulator shall be obtained; and (b) the total principal amount of the Notes so purchased does not exceed the lower of (x) 10% of the initial aggregate principal amount of the Notes and such any further Notes issued under Condition 12 (*Further Issues*), or (y) 3% of the Tier 2 Capital of the Issuer from time to time outstanding.

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

## **7. Payments**

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

Payments in respect of principal and interest on the Notes will, in all cases, be made subject to (i) any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable in respect of such payments but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof), or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement) (collectively, “**FATCA**”). No commission or expenses shall be charged by the Issuer or the Paying Agent to the Noteholders in respect of such payments.

- 7.2 *Payments on Business Days*: If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day, payment shall not be made of the amount due and credit or transfer instructions shall not be given in respect thereof until the next following Business Day

unless that Business Day falls in the next calendar month, in which case such date shall be brought forward to the immediately preceding Business Day and the Noteholder shall not be entitled to any further interest or other sums in respect of any such postponed payment in accordance with Condition 5.1 (*Interest rate*).

- 7.3 *Fiscal Agent and Paying Agent*: The name and specified office of the initial Fiscal Agent and the name and specified office of the initial Paying Agent are as follows: BNP Paribas Securities Services, 9, rue du Débarcadère, 93500 Pantin, France.

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

## 8. Taxation

### 8.1 Withholding Tax

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

- (i) to or on behalf of a Holder or beneficial owner who is subject to such Taxes in respect of such Note by reason of the Holder or beneficial owner being connected with the Tax Jurisdiction otherwise than by reason only of the holding of such Note or receipt of payments thereon;
- (ii) where such withholding or deduction is imposed pursuant to the European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any subsequent meeting of the Council of the European Union on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, or Directives;
- (iii) where such withholding or deduction would not have been so imposed but for the failure to comply, following a timely request by the Issuer, with any applicable certification, identification, documentation, information or other reporting requirement concerning the nationality, residence, identity or connection with a Tax Jurisdiction of the Holder or beneficial owner if, without regard to any tax treaty, such compliance is required under the tax laws or regulations of a Tax Jurisdiction or any political subdivision or taxing authority thereof or therein to establish an entitlement to an exemption from such withholding or deduction; or
- (iv) where such withholding or deduction is imposed pursuant to FATCA.

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

of the foregoing.

## 8.2 *Supply of information*

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

## 9. **Agents**

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

## 10. **Event of default**

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

## 11. **Representation of Noteholders**

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

The initial representative appointed in respect of the Notes is Philippe Dupuis, BNP Paribas Securities Services 9, rue du Débarcadère, F-93500 Pantin, France (the “**Representative**”). The alternate representative appointed in respect of the Notes is Pierre Jond, BNP Paribas Securities Services 9, rue du Débarcadère, F-93500 Pantin, France.

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

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

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

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

## 12. **Further Issues**

The Issuer may from time to time, subject to the prior information of the Relevant Regulator but without the consent of the Noteholders, issue further notes to be assimilated (*assimilées*) with the

Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated (*assimilées*) notes will for the defense of their common interests be grouped in a single Masse having legal personality.

### **13. Notices**

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

### **14. Prescription**

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

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

The Notes are governed by, and shall be construed in accordance with, the laws of the Republic of France.

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

## **USE OF PROCEEDS**

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

## RECENT DEVELOPMENTS

### **Pierre Valentin elected Chairman of the Supervisory Board of Groupe BPCE (Press release dated 22 May 2015)**

The Ordinary Shareholders Meeting of Groupe BPCE, convened today, approved the renewal of all 19 members of its Supervisory Board. The Board members then elected Pierre Valentin, who is also Chairman of the Steering and Supervisory Board of the Caisse d'Epargne de Languedoc Roussillon, to the position of Chairman of the Supervisory Board of Groupe BPCE, and appointed Steve Gentili, who also serves as Chairman of the Board of Directors of BRED-Banque Populaire, to the position of Vice-Chairman. The Management Board of Groupe BPCE, whose mandate runs until May 2017, remains unchanged.

The Supervisory Board of Groupe BPCE is comprised of 19 directors, elected for a term of 6 years.

In addition to its Chairman, Pierre Valentin, the other 6 members nominated by the **Fédération Nationale des Caisses d'Epargne** are:

- Chairmen/women of Caisse d'Epargne Steering and Supervisory Boards:
  - Catherine Amin-Garde – Caisse d'Epargne Loire Drôme Ardèche
  - Astrid Boos – Caisse d'Epargne Alsace
  - Françoise Lemalle – Caisse d'Epargne Côte d'Azur
  - Nicolas Plantrou – Caisse d'Epargne Normandie
- Chairmen/women of Caisse d'Epargne Management Boards:
  - Stephanie Paix – Caisse d'Epargne Rhône-Alpes
  - Didier Patault – Caisse d'Epargne Ile de France

In addition to the Vice-Chairman, Steve Gentili, the other 6 members nominated by the **Fédération Nationale des Banques Populaires** are:

- Chairmen of Banque Populaire Boards of Directors:
  - Thierry Cahn – Banque Populaire Alsace Lorraine Champagne
  - Pierre Desvergues – CASDEN Banque Populaire
  - Michel Grass – Banque Populaire Bourgogne Franche-Comté
  - André Joffre – Banque Populaire du Sud
- Chief Executive Officers of Banque Populaire banks:
  - Catherine Halberstadt – Banque Populaire Massif Central
  - Yves Gevin – Banque Populaire Rives de Paris

The three independent directors appointed on the proposal of the Appointments Committee, remain unchanged. These are:

- Maryse Aulagnon, Chairwoman and CEO - Affine Group
- Marwan Lahoud, Chief Strategy and International Marketing Officer - Airbus GROUP
- Marie-Christine Lombard, Chairwoman of the Executive Board - GEODIS

The two employees' representatives, appointed by the trade unions representing Group employees are:

- Vincent Gontier, CFDT
- Frédéric Hassaine, CFE-CGC

The following were also appointed as *censeurs* (non-voting members):

- Gonzague de Villèle – Chief Executive Officer of Banque Populaire Val de France
- Pascal Marchetti – Chief Executive Officer of Banque Populaire des Alpes
- Pierre Carli – Chairman of the Management Board of Caisse d'Epargne Midi-Pyrenees
- Alain Lacroix – Chairman of the Management Board of Caisse d'Epargne Provence-Alpes-Corse

On this occasion, Pierre Valentin said: *“I am both pleased and proud to be appointed Chairman of the Supervisory Board at a time when the Group – which has significantly strengthened its financial structures in recent years – has yet to meet new challenges of a regulatory, commercial and technological nature. I am deeply confident in the ability of our management teams to continue to take full advantage of the cooperative strengths of our banks boasting strong roots at a local and regional level and working exclusively for the benefit of our clientele of individual customers, companies and local authorities.”*

### About Groupe BPCE

*Groupe BPCE, the 2nd-largest banking group in France, includes two independent and complementary cooperative commercial banking networks: the network of 18 Banque Populaire banks and the network of 17 Caisses d'Epargne. It also works through Crédit Foncier in the area of real estate financing. It is a major player in Wholesale Banking, asset management and financial services with Natixis. Groupe BPCE serves more than 36 million customers and enjoys a strong presence in France with 8,000 branches, 108,000 employees and more than 8.9 million cooperative shareholders.*

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### Groupe BPCE press contacts

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[www.bpce.fr](http://www.bpce.fr)



[@GroupeBPCE](https://twitter.com/GroupeBPCE)

**Renewal and appointment of statutory auditors of BPCE by the annual general shareholders' meeting of May 22, 2015**

The annual general shareholders' meeting of BPCE of May 22, 2015, voting under the conditions of quorum and majority applicable to an ordinary general meeting, decided to appoint Deloitte et Associés - 185, avenue Charles de Gaulle, 92524 Neuilly-sur-Seine Cedex, for a period of six fiscal years, *i.e.* until the ordinary general shareholders' meeting to be held in 2021, convened to approve the financial statements for the year ended December 31, 2020.

Alternate: BEAS, residing at 195, avenue Charles de Gaulle, 92524 Neuilly-sur-Seine Cedex, for a period of six fiscal years, *i.e.* until the ordinary general shareholders' meeting to be held in 2021, convened to approve the financial statements for the year ended December 31, 2020.

The annual general shareholders' meeting of BPCE of May 22, 2015, voting under the conditions of quorum and majority applicable to an ordinary general meeting, decided to renew the appointment of PricewaterhouseCoopers Audit - 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, for a period of six fiscal years, *i.e.* until the ordinary general shareholders' meeting to be held in 2021, convened to approve the financial statements for the year ended December 31, 2020.

Alternate: Jean-Baptiste Deschryver, residing at 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, for a period of six fiscal years, *i.e.* until the ordinary general shareholders' meeting to be held in 2021, convened to approve the financial statements for the year ended December 31, 2020.

PricewaterhouseCoopers Audit (642010045 RCS Nanterre), Mazars (784824153 RCS Nanterre) and Deloitte et Associés (572028041 RCS Nanterre) are registered as Statutory Auditors, members of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* and under the authority of the *Haut Conseil du Commissariat aux Comptes*.

## **Groupe BPCE sells a 4.66% stake in Banca Carige (Press release dated 24 May 2015)**

Groupe BPCE announces the signing of an agreement with Malacalza Investimenti regarding the disposal of a 4.66% stake in Banca Carige for a total consideration of Euro 32.7 million.

Following this transaction, Groupe BPCE will hold a 5.1% stake in Banca Carige.

This transaction is part of Groupe BPCE's strategy of reducing or selling its stakes in non-core assets.

Barclays and Natixis have assisted Groupe BPCE in the context of this transaction.

### **About Groupe BPCE**

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### **Groupe BPCE press contacts**

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[@GroupeBPCE](https://twitter.com/GroupeBPCE)

**Groupe BPCE has agreed today to dispose of a 10.7% stake in Nexity's share capital to Crédit Agricole Assurances (via its subsidiary Predica), Crédit Mutuel Arkéa and to an investment vehicle controlled by Nexity's executives (Press release dated 25 May 2015)**

Groupe BPCE has announced the disposal of 5.5 million Nexity shares representing 10.2% of the share capital of the company to Crédit Agricole Assurances (via its subsidiary Predica) and Crédit Mutuel Arkéa as well as 0.3 million shares representing 0.5% of the share capital of the company to an investment vehicle (NewPort SAS) controlled by Nexity's executives and whose representative is Alain Dinin, Chairman and CEO of Nexity. This disposal amounts to a total of 206 million euros (based on a transaction price of 35.5 euros per Nexity share ex-dividend 2014). The completion of the transaction will occur on 27 May 2015.

Moreover, NewPort has also committed to acquire from Groupe BPCE, under financing condition, up to 802,000 additional shares representing a stake of up to 1.5% of Nexity's share capital at the same price per share. This additional acquisition will have to occur before the 8 July 2015. Groupe BPCE which had three representatives at the Board of Directors of Nexity will renounce to two seats consistently with the reduction of its stake in Nexity's share capital.

This disposal forms part of the implementation by Groupe BPCE of its strategic plan, aiming at reducing or disposing of its parts in its non-core assets. Following the transaction, Groupe BPCE's residual stake in Nexity will stand at 22.7% and possibly at 21.2% in case of the completion of the aforementioned additional disposal to NewPort.

The lock-up undertaken by BPCE in the context of the 2 December 2014 placement, ending on 9 June 2015, was lifted only as part of the Transaction and only for the shares related to it.

**About Groupe BPCE**

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## TAXATION

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

### 1. EU Savings Directive

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

However, for a transitional period, Austria instead applies a withholding system in relation to interest payments, unless during such period it elects otherwise. The beneficial owner of the interest payment may, on meeting certain conditions, request that no tax be withheld and elect instead for an exchange of information procedure. The rate of withholding is 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income. Luxembourg operated such a withholding system until December 31, 2014, but the Luxembourg government has elected out of the withholding system in favour of automatic exchange of information with effect from 1 January 2015.

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

On 24 March 2014, the Council of the European Union adopted a Directive amending the Savings Directive, which if implemented, would amend and broaden the scope of the requirements described above. In particular, additional steps may be required in certain circumstances to identify the beneficial owner of interest payments (through a look through approach). The EU Member States would have until 1 January 2016 to adopt the national legislation necessary to comply with this amending Directive, which legislation must apply from 1 January 2017.

However, the European Commission has proposed the repeal of the Savings Directive from January 1, 2017 in the case of Austria and from January 1, 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive. The latest version of the text of the draft Council Directive repealing the Savings Directive has been published in the Council Register dated 7 May 2015.

Investors should inform themselves of, and where appropriate take advice on, the impact of the Savings Directive, the amending Directive and the new automatic exchange of information regime, on their investment.

## 2. French Withholding Tax

*The following is a basic summary of certain withholding tax considerations that may be relevant to holders of Notes who do not concurrently hold shares of the Issuer. Persons who are in doubt as to their tax position should consult a professional tax adviser.*

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

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

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

Notwithstanding the foregoing, the law provides that neither the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts*, nor, to the extent that the relevant interest or revenues relate to genuine transactions and is not an abnormal or exaggerated amount, the Deductibility Exclusion and the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts* that may be levied as a result of such non-deductibility, will apply in respect of the Notes if the Issuer can prove that the principal purpose and effect of the issue of the Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the “**Exception**”). Pursuant to *Bulletin officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211, dated 11 February 2014, BOI-RPPM-RCM-30-10-20-40-20140211 dated 11 February 2014 and BOI-ANX-000364-20120912, dated 12 September 2012, the Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes, if the Notes are:

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

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

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

## SUBSCRIPTION AND SALE

### 1. Subscription agreement

Pursuant to a subscription agreement dated 28 May 2015 (the “**Subscription Agreement**”) entered into between Natixis (the “**Bookrunner**”), Bayerische Landesbank and Swedbank AB (publ) (the “**Co-Managers**” and, together with the Bookrunner, the “**Managers**”) and the Issuer, the Managers have agreed with the Issuer, subject to the satisfaction of certain conditions, to procure subscription and payment for the Notes at an issue price equal to 100 per cent. of their principal amount less the commissions agreed between the Issuer and the Managers. The Subscription Agreement entitles, in certain circumstances, the Managers to terminate it prior to payment being made to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

### 2. Selling Restrictions

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

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

#### 2.1 United States

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

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

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

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

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

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

## 2.2 European Economic Area

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

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

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

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

## 2.3 United Kingdom

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

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer were not an authorised person, apply to the Issuer; and

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

## 2.4 France

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

## 2.5 Italy

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

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

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

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

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

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, Regulation No. 16190, Legislative Decree No. 385 of 1 September 1993 as amended (the “**Banking Act**”) and any other applicable laws or regulation;

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

In no event may the Notes be sold or offered for sale to retail clients (as such term is defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004, as amended, supplemented and recast from time to time and the relevant implementing Italian laws and regulations) located or resident in the Republic of Italy.

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

## **2.6 Taiwan**

The Notes may not be offered, sold or delivered to any person for reoffering, resale or redelivery, in any such case directly or indirectly, in Taiwan or to any resident of Taiwan in contravention of any applicable laws.

## **2.7 General**

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

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

## **3. Potential Conflicts of Interest**

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

## **4. Legality of purchase**

None of the Issuer, the Managers or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if

different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

## GENERAL INFORMATION

1. The Notes have been accepted for clearance through Clearstream, Luxembourg (42, avenue JF Kennedy, 1855 Luxembourg, Luxembourg), Euroclear (1, boulevard du Roi Albert II, 1210 Bruxelles, Belgium) and Euroclear France (66, rue de la Victoire, 75009 Paris, France) with the common code 123971965. The International Securities Identification Number (ISIN) code for the Notes is FR0012758159.
2. The issue of the Notes was authorized by a decision of Roland Charbonnel, *Directeur des Emissions et de la Communication Financière* of the Issuer, dated 21 May 2015, acting pursuant to a resolution of the Management Board of the Issuer dated 27 April 2015.
3. Application has been made for the Notes to be listed and admitted to trading on Euronext Paris on 1 June 2015.
4. For the sole purpose of the admission to trading of the Notes on Euronext Paris, and pursuant to Articles L.412-1 and L.621-8 of the French *Code monétaire et financier*, this Prospectus has been submitted to the AMF and received visa no. 15-228 dated 28 May 2015.
5. The total expenses related to the admission to trading of the Notes are estimated to €20,750 (including AMF fees).
6. The members of the Management Board (*Directoire*) of the Issuer have their business addresses at the registered office of the Issuer.
7. The statutory auditors of the Issuer for the period covered by the historical financial information are PricewaterhouseCoopers AUDIT (63, rue de Villiers, 92208 Neuilly-sur-Seine, Cedex, – France), Mazars (Exaltis, 61, rue Henri Regnault, 92075 La Défense Cedex – France) and KPMG Audit, a department of KPMG S.A. (1, Cours Valmy – 92923 Paris La Défense Cedex – France). They have audited and rendered unqualified audit reports on the financial statements of the Issuer for the financial years ended 31 December 2013 and 31 December 2014.
8. The yield of the Notes is 5.35 per cent. *per annum*, as calculated at the Issue Date on the basis of the issue price of the Notes. It is not an indication of future yield.
9. Save for any fees payable to the Managers, as far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue of the Notes.
10. There has been no significant change in the financial or trading position of the Issuer or BPCE SA Group since 31 December 2014 and Groupe BPCE since 31 March 2015.
11. There has been no material adverse change in the prospects of the Issuer, BPCE SA Group and/or Groupe BPCE since 31 December 2014.
12. Save as disclosed in item 11.6 of the cross-reference table on page 10 of the Prospectus, there have been no governmental, legal or arbitration proceedings of which the Issuer is aware (including any such proceedings which are pending or threatened) which may have, or have had in the recent past, significant effects on the Issuer, BPCE SA Group and/or Groupe BPCE's financial position or profitability during the period of twelve (12) months prior to the date of this Prospectus.
13. There are no material contracts entered into otherwise than in the ordinary course of the Issuer's business, which could result in any member of the Groupe BPCE SA and/or the Groupe BPCE being

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

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

## **ISSUER**

### **BPCE**

50, avenue Pierre Mendès France  
75013 Paris  
France

## **BOOKRUNNER**

### **Natixis**

30, avenue Pierre Mendès France  
75013 Paris  
France

## **CO-MANAGERS**

### **Bayerische Landesbank**

Brienner Strasse 18  
80333 Munich  
Federal Republic of Germany

### **Swedbank AB (publ)**

SE-105 34 Stockholm  
Sweden

## **FISCAL AGENT AND PAYING AGENT**

### **BNP Paribas Securities Services**

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9, rue du Débarcadère  
93500 Pantin  
France

## **AUDITORS TO THE ISSUER**

### **Mazars**

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### **PricewaterhouseCoopers Audit**

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France

### **Deloitte et Associés**

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## **LEGAL ADVISER TO THE ISSUER**

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## **LEGAL ADVISER TO THE MANAGERS**

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