



## Arkéa Public Sector SCF

(société de crédit foncier duly licensed as a French specialised credit institution)

### **€10,000,000,000 Euro Medium Term Note Programme for the issue of obligations foncières and other privileged notes**

Under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus (as defined below), Arkéa Public Sector SCF (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue French law *obligations foncières* or German law registered notes (*Namensschuldverschreibungen*), as specified in the relevant Final Terms (as defined below) (respectively, the "**French law Privileged Notes**" and the "**German law Privileged Notes**" and together, the "**Privileged Notes**"), benefiting from the statutory priority right of payment (*privilège*) created by Article L.513-11 of the French *Code monétaire et financier* (the "**French Monetary and Financial Code**"), as more fully described herein.

The aggregate nominal amount of all Privileged Notes outstanding under the Programme will not at any time exceed €10,000,000,000 (or its equivalent in any other currency at the date of signing of the issue of any Privileged Notes).

This document constitutes a base prospectus (the "**Base Prospectus**") for the purpose of Article 8 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the "**Prospectus Regulation**"). This Base Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority in Luxembourg under the Luxembourg act dated 16 July 2019 relating to prospectuses for securities (*loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières*) (the "**Luxembourg Law**") which implements the Prospectus Regulation.

The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. In line with the provisions of Article 6(4) of the Luxembourg Law, the CSSF assumes no responsibility as to the economic and financial soundness of the Privileged Notes and the quality or solvency of the Issuer and such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. This Base Prospectus shall be valid for admission to trading of Privileged Notes on a Regulated Market and/or the offering of Privileged Notes to the public pursuant to a non-exempt offer in accordance with the Prospectus Regulation until 2 July 2022, provided that it is completed by any supplement, pursuant to Article 23 of the Prospectus Regulation, following the occurrence of a significant new factor, a material mistake or a material inaccuracy relating to the information included (or incorporated by reference) in this Base Prospectus which may affect the assessment of an investment in the Notes. The obligation to supplement this Base Prospectus in the event of a significant new factors, material mistakes or material inaccuracies does not apply when this Base Prospectus is no longer valid.

Application may be made to the Luxembourg Stock Exchange for French law Privileged Notes issued under the Programme during a period of twelve (12) months after the date of the approval of this Base Prospectus to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended ("**MiFID II**"), appearing on the list of regulated markets of the European Securities and Markets Authority (each a "**Regulated Market**"). French law Privileged Notes may also be unlisted or listed or admitted to trading on any other market or stock exchange, including any other Regulated Market of any member state of the European Economic Area ("**EEA**"), and/or offered to the public in France pursuant to a non-exempt offer in accordance with the Prospectus Regulation. The relevant final terms in respect of the issue of any Privileged Notes (the "**Final Terms**") will specify whether or not French law Privileged Notes will be listed or admitted to trading on any market in any member state of the EEA (and, if so, the relevant market) and/or offered to the public in France pursuant to a non-exempt offer. The German law Privileged Notes will not be admitted to trading nor listed on any market or stock exchange and will not be offered to the public pursuant to a non-exempt offer in any jurisdiction. **The approval by the CSSF of this Base Prospectus is only applicable for French law Privileged Notes to be listed and/or admitted to trading on a Regulated Market and/or offered to the public in France pursuant to a non-exempt offer, and is not relevant, in any case, for German law Privileged Notes, as German law Privileged Notes will not be listed or admitted to trading on any market or stock exchange, nor offered to the public pursuant to a non-exempt offer.**

French law Privileged Notes may be issued either in dematerialised form ("**Dematerialised Privileged Notes**") or in materialised form ("**Materialised Privileged Notes**") as more fully described herein. Dematerialised Privileged Notes will at all times be in book-entry form in compliance with articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French Monetary and Financial Code. No physical documents of title will be issued in respect of the Dematerialised Privileged Notes. Dematerialised Privileged Notes may, at the option of the Issuer, be (i) in bearer dematerialised form (*au porteur*) inscribed as from the issue date in the books of Euroclear France (acting as central depository) which shall credit the accounts of the Account Holders (as defined in section "*Terms and Conditions of the French law Privileged Notes - Form, Denomination and Title*") including Euroclear Bank SA/NV ("**Euroclear**") and the depository bank for Clearstream Banking, S.A. ("**Clearstream**"), or (ii) in registered dematerialised form

(*au nominatif*) and, in such latter case, at the option of the relevant Noteholder (as defined in section "*Terms and Conditions of the French law Privileged Notes - Definitions*"), in either fully registered dematerialised form (*au nominatif pur*), in which case they will be inscribed in an account maintained by the Issuer or by a registration agent (appointed in the relevant Final Terms) for the Issuer, or in administered registered dematerialised form (*au nominatif administré*) in which case they will be inscribed in the accounts of the Account Holders designated by the relevant Noteholder.

Materialised Privileged Notes will be in bearer materialised form only and may only be issued outside France. A temporary global certificate in bearer form without interest coupons attached (a "**Temporary Global Certificate**") will initially be issued in relation to Materialised Privileged Notes. Such Temporary Global Certificate will subsequently be exchanged for definitive Materialised Privileged Notes with, where applicable, coupons for interest or talons attached (the "**Definitive Materialised Privileged Notes**"), on or after a date expected to be on or about the fortieth (40<sup>th</sup>) calendar day after the issue date of the French law Privileged Notes (subject to postponement as described in section "*Temporary Global Certificate in respect of Materialised Privileged Notes*") upon certification as to non-U.S. beneficial ownership as more fully described herein. Temporary Global Certificates will (a) in the case of a Tranche (as defined in section "*Terms and Conditions of the French law Privileged Notes*") intended to be cleared through Euroclear and/or Clearstream, be deposited on the issue date with a common depositary for Euroclear and Clearstream, and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer(s) (as defined below). In the case of a Tranche which is not intended to be cleared notably through Euroclear and/or Clearstream, the French law Privileged Notes of such Tranche cannot be listed on the Official List of the Luxembourg Stock Exchange and traded on the Regulated Market of the Luxembourg Stock Exchange.

German law Privileged Notes will be issued in materialised registered and definitive form only, as more fully described in the amended and restated agency agreement dated the date thereof. German law Privileged Notes will not be deposited with a central depositary and cannot be transferred or cleared via a clearing system.

Privileged Notes issued under the Programme are expected to be rated Aaa by Moody's France SAS ("**Moody's**" or the "**Rating Agency**"). As of the date of this Base Prospectus and unless otherwise specified in the relevant Final Terms, according to Moody's rating system, obligations rated "Aaa" are judged to be of the highest quality, subject to the lowest level of credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from "Aa" through "Caa". The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Tranches of Privileged Notes issued under the Programme may be rated or unrated. Where an issue of Privileged Notes is rated, the credit rating of the Privileged Notes will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating assigned to other Privileged Notes issued under the Programme. As of the date of this Base Prospectus, the Rating Agency is established in the European Union, registered under Regulation (EC) no. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**") and included in the list published on the European Securities and Markets Authority's website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. The Rating Agency is not established in the United Kingdom and is not registered in accordance with the CRA Regulation as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK CRA Regulation**"). Where an issue of Privileged Notes is rated, the relevant Final Terms will specify if the credit rating of the Privileged Notes has been endorsed by Moody's Investors Service Limited in accordance with the UK CRA Regulation and has not been withdrawn. As such, the ratings issued by the Rating Agency may, as applicable, be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal by the assigning rating agency, at any time and without prior notice.

**See section "*Risk Factors*" below for certain information relevant to an investment in the Privileged Notes to be issued under the Programme.**

ARRANGER AND PERMANENT DEALER  
**CRÉDIT AGRICOLE CIB**  
PERMANENT DEALER  
**CRÉDIT MUTUEL ARKÉA**

This Base Prospectus (together with any supplement thereto that may be published from time to time) constitutes a base prospectus for the purposes of Article 8 of the Prospectus Regulation and contains or incorporates by reference all relevant information concerning the Issuer which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, as well as the rights attaching to the French law Privileged Notes to be issued under the Programme, the reason for the issuance of any French law Privileged Notes and its impact on the Issuer. The terms and conditions applicable to each Tranche (as defined in section "*General Description of the Programme*") not contained herein (including, without limitation, the aggregate nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder) will be determined by the Issuer and the relevant dealer(s) (the "Dealer(s)") at the time of the issue and will be set out in the relevant Final Terms. References to the Dealers are to the Permanent Dealers and all persons appointed as a dealer in respect of one (1) or more tranches of French law Privileged Notes.

This Base Prospectus is to be read and construed in conjunction with (i) any document and/or information which is incorporated herein by reference in accordance with Article 27 of the Luxembourg Law and Article 19 of the Prospectus Regulation (see section "*Documents incorporated by Reference*" below), (ii) any supplement thereto that may be published from time to time, together with any document incorporated by reference therein and (iii) in relation to any Tranche of Privileged Notes, the relevant Final Terms.

This Base Prospectus (together with any supplement thereto that may be published from time to time) may only be used for the purposes for which it has been published.

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

The distribution of this Base Prospectus and the offer or sale of Privileged Notes may be restricted by law in certain jurisdictions. The Issuer, the Arranger and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Privileged Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealers which is intended to permit an offer of any Privileged Notes to the public or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Privileged Note may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other 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 Base Prospectus or any Privileged Notes may come are required by the Issuer, the Arranger and the Dealers to inform themselves of, and to observe any such restrictions on the distribution of this Base Prospectus and the offering and sale of Privileged Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Privileged Notes in the United States of America, Japan, the United Kingdom or the EEA (including France, Italy, the Netherlands and the Federal Republic of Germany (see section "*Subscription and Sale*").

The Privileged Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States of America and, subject to certain exceptions, may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act ("Regulation S"). The Privileged Notes may include Materialised Privileged Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Privileged Notes may not be offered or sold or, in the case of Materialised Privileged Notes in bearer form, delivered within the United States of America or, in the case of certain Materialised Privileged Notes in bearer form, to, or for the account or benefit of, United States persons as defined in the U.S. Internal Revenue Code of 1986, as amended. The Privileged Notes are being offered and sold outside the United States of America to non-U.S. persons in reliance on Regulation S.

This Base Prospectus has not been submitted to the clearance procedures of the *Autorité des marchés financiers* in France.

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

The Arranger and the Dealers have not separately verified the information contained or incorporated by reference in this Base Prospectus. Neither the Arranger nor any of the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Base Prospectus. Neither this Base Prospectus nor any other information supplied in connection with the Programme (including any information incorporated by reference herein) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Privileged Notes. Each potential investor in Privileged Notes should determine for itself the relevance of the information contained or incorporated by reference in this Base Prospectus and its purchase of Privileged Notes should be based upon such investigation as it deems necessary. Neither the Arranger nor any of the Dealers undertake to review the financial or general condition of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Privileged Notes of any information that may come to the attention of any of the Dealers or the Arranger. Any websites referred to in the Base Prospectus are for information purposes only and do not form part of the Base Prospectus.

#### NOTICE

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

- (i) be (or be advised by) financial institutions or other professional investors who have sufficient knowledge and experience to make a meaningful evaluation of the Privileged Notes, the merits and risks of investing in the relevant Privileged Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement to this Base Prospectus and the relevant Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial condition, an investment in the relevant Privileged Notes and the impact the relevant Privileged Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Privileged Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Privileged Notes and be familiar with the behaviour of any relevant rates and financial markets;
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks;
- (vi) consult its legal advisers to determine whether and to what extent (i) Privileged Notes are legal investments for it, (ii) Privileged Notes can be used as collateral for various types of borrowing, (iii) other restrictions apply to its purchase or pledge of any Privileged Notes and financial should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Privileged Notes under any applicable risk-based capital or similar rules. Neither the Issuer, the Dealer(s) nor any of their respective affiliates has or assumes responsibility for (i) the lawfulness of the acquisition of the Privileged Notes by a prospective investor in the Privileged Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or (ii) compliance by that prospective investor with any law, regulation or regulatory policy applicable to it; and
- (vii) ensure that, in terms of any legislation or regulatory regime applicable to such investor, it complies with existing restrictions (if any) on its ability to invest in Privileged Notes generally and in any particular type of Privileged Notes.

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

investment will have on the potential investor's overall investment portfolio.

The tax legislation of the investors' member state and of the Issuer's country of incorporation may have an impact on the income received from the Privileged Notes.

Potential purchasers and sellers of the Privileged 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 jurisdiction where the Privileged Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial notes such as the Privileged Notes. Potential investors are advised to ask for their own tax adviser's advice on their individual taxation with respect to the subscription, acquisition, disposal, sale and redemption of the Privileged Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor.

A number of member states of the European Union are currently negotiating to introduce a financial transactions tax ("FTT") in the scope of which transactions in the Privileged Notes may fall. If the proposed directive is adopted and implemented in local legislation, Noteholders may be exposed to increased transaction costs with respect to financial transactions carried out with respect to the Privileged Notes and the liquidity of the market for the Notes may be diminished. Prospective investors should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing, purchasing, holding and disposing the Privileged Notes.

The credit ratings that may be assigned by one or more independent credit rating agencies to the Privileged Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Privileged Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal by the assigning rating agency at any time and without prior notice.

The credit ratings address, in respect of the Rating Agency, the expected loss which the investors are exposed to in respect of the Privileged Notes.

MiFID II product governance / target market – The Final Terms in respect of any Privileged Notes will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Privileged Notes, taking into account the five (5) categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority ("ESMA") on 5 February 2018, and which channels for distribution of the Privileged Notes are appropriate. Any person subsequently offering, selling or recommending the Privileged Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Privileged Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID II Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID II Product Governance Rules"), any Dealer subscribing for any Privileged Notes is a manufacturer as defined in MiFID II in respect of such Privileged Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID II Product Governance Rules.

UK MiFIR product governance / target market – The Final Terms in respect of any Privileged Notes may include a legend entitled "UK MiFIR product governance" which will outline the target market assessment in respect of the Privileged Notes, taking into account the five (5) categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018 (in accordance with the FCA's policy statement entitled "Brexit our approach to EU non-legislative materials"), and which channels for distribution of the Privileged Notes are appropriate. Any person subsequently offering, selling or recommending the Privileged Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Privileged Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Privileged Notes is a manufacturer in respect of such Privileged Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

PRIIPs Regulation / prohibition of sales to EEA retail investors - If the Final Terms in respect of any Privileged Note include a legend entitled "Prohibition of sales to EEA retail investors", the Privileged Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or

otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution, as amended (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products, as amended (the "PRIIPs Regulation") for offering or selling the Privileged Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Privileged Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**UK PRIIPs Regulation / Prohibition of sales to UK retail investors – The Privileged Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "UK").** For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing MiFID II as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Privileged Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Privileged Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "Euro", "euro", "EUR" or "€" are to the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended, references to "£", "GBP", "pounds sterling" and "Sterling" are to the lawful currency of the United Kingdom, references to "\$", "USD" and "U.S. Dollar" are to the lawful currency of the United States of America, references to "¥", "Yen", "yen" and "JPY" and are to the lawful currency of Japan and references to "CHF" and "Swiss Francs" are to the lawful currency of the Helvetic Confederation.

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## GENERAL DESCRIPTION OF THE PROGRAMME

*This section "General Description of the Programme" does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Privileged Notes, the relevant Final Terms. The Privileged Notes will be issued on such terms as shall be agreed between the Issuer and the relevant Dealer(s) and will be subject to the Conditions set out in this Base Prospectus as completed by the relevant Final Terms.*

*This section "General Description of the Programme" constitutes a general description of the Programme for the purposes of Article 25.1(b) of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019, as amended. It does not, and is not intended to, constitute a summary of this Base Prospectus within the meaning of Article 7 of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the "**Prospectus Regulation**"), or any implementing regulation thereof.*

*Words and expressions defined in the section "Terms and Conditions of the French law Privileged Notes" below shall have the same meanings in this general description. Unless otherwise specified, the expression "Privileged Notes" shall include the French law Privileged Notes and the German law Privileged Notes to the extent permitted by the terms and conditions applicable to the relevant Privileged Notes.*

**Issuer:** Arkéa Public Sector SCF, limited liability company (*société anonyme*) incorporated under French law and *société de crédit foncier* duly licensed as a French credit institution by the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*) on 15 November 2010. As a result of the entry into force on 1 January 2014 of the Ordinance no. 2013-544 dated 27 June 2013 relating to credit institutions and financing companies, the Issuer became a specialised credit institution (*établissement de crédit spécialisé*) as from 1 January 2014.

**Legal Entity Identifier ("LEI"):** 9695002BGH4R9KJFC936

**Arranger:** Crédit Agricole Corporate and Investment Bank.

**Dealers:** Crédit Agricole Corporate and Investment Bank and Crédit Mutuel Arkéa.

The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one (1) or more Tranches or in respect of the whole Programme. References in this Base Prospectus to "**Permanent Dealers**" are to the person referred to above as Dealer and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one (1) or more Tranches.

**Description:** Euro Medium Term Note Programme (the "**Programme**") for the issue of French law *obligations foncières* and German law registered notes (*Namenschuldverschreibung*) (respectively, the "**French law Privileged Notes**" and the "**German law Privileged Notes**" and together, the "**Privileged Notes**") (as described herein). Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time, issue Privileged Notes the principal and interest of which benefit from the statutory priority right of payment (*privilège*) (the "**Privilège**") created by Article L.513-11 of the French Monetary and Financial Code (for further description, see section "*Main features of the legislation and regulations relating to sociétés de crédit foncier*").

**Programme Limit:** Up to €10,000,000,000 (or its equivalent in any other currency at the date of signing of the issue of any Privileged Notes) aggregate nominal amount of Privileged Notes outstanding at any one time, or such other amount as may be agreed from time to time between the Issuer and the Permanent Dealers.

**Fiscal Agent, Principal Paying Agent and Paris**



<b>Paying Agent in respect of the French law Privileged Notes:</b>	CACEIS Corporate Trust.
<b>Luxembourg Paying Agent and Luxembourg Listing Agent in respect of the French law Privileged Notes:</b>	CACEIS Bank, Luxembourg Branch.
<b>Calculation Agent in respect of the French law Privileged Notes:</b>	CACEIS Bank, Luxembourg Branch, unless the Final Terms provide otherwise.
<b>Risk Factors:</b>	There are certain factors which the Issuer believes are specific to the Issuer and/or the Privileged Notes and material for the purpose of assessing the market risk associated with the Privileged Notes. Such risks may alter its ability to fulfil its obligations under the Privileged Notes towards investors. These are set out under the section entitled " <i>Risk Factors</i> " of this Base Prospectus
<b>Method of Issue:</b>	The Privileged Notes may be distributed on a syndicated or non-syndicated basis.
<b>Series and Tranches:</b>	<p>The Privileged Notes will be issued in Series having one (1) or more issue date(s). The Privileged Notes of each Series will be interchangeable with all other Privileged Notes of that Series.</p> <p>Each Series of Privileged Notes may be issued in Tranches on the same or different issue dates and on terms identical to the terms of other Tranches of the same Series, save in respect of the issue date, issue price, first payment of interest and aggregate nominal amount of the Tranche. The specific terms of each Tranche of Privileged Notes will be determined by the Issuer and the relevant Dealer(s) at the time of the issue and will be set out in the final terms of such Tranche (the "<b>Final Terms</b>").</p>
<b>Maturities:</b>	<p>Subject to compliance with all relevant laws, regulations and directives, the Privileged Notes may have any maturity as specified in the relevant Final Terms.</p> <p>An extended Final Maturity Date may be specified in the relevant Final Terms of a Series of Privileged Notes in accordance with the Terms and Conditions of the French law Privileged Notes, each such Privileged Notes being referred to as Privileged Notes with soft bullet maturity (the "<b>Soft Bullet Privileged Notes</b>").</p>
<b>Currencies</b>	Subject to compliance with all relevant laws, regulations and directives, Privileged Notes may be issued in Euro, Sterling, U.S. Dollar, Yen, Swiss Francs and in any other currency agreed between the Issuer and the relevant Dealer(s), as set out in the relevant Final Terms. Payments in respect of Privileged Notes may, subject to compliance with the aforesaid, be made in any currency other than the currency in which such Privileged Notes are denominated.
<b>Denomination(s):</b>	<p>The Privileged Notes shall be issued in the Specified Denomination(s) set out in the relevant Final Terms, save that the minimum denomination of all French law Privileged Notes admitted to trading on a Regulated Market and/or offered to the public to the public pursuant to a non-exempt offer in France will be of €1,000 (or its equivalent in any other currency at the date of the issue of such French law Privileged Notes) or such higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.</p> <p>Unless permitted by then current laws and regulations, Privileged Notes (including Privileged Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be</p>

accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000, as amended, must have a minimum redemption amount of £100,000 (or its equivalent in any other currency at the date of the issue of such Privileged Notes).

Dematerialised Privileged Notes shall be issued in one (1) denomination only.

**Status of the Privileged Notes:**

The Privileged Notes, and, where applicable, any related Coupons and Receipts will constitute direct, unconditional, unsubordinated and, pursuant to the provisions relating to the *Privilège* described in Condition 5, privileged obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and equally and rateably with all other present or future notes (including the Privileged Notes of all other Series) and other resources raised by the Issuer benefiting from the *Privilège* (including the German law Privileged Notes)The principal and interest of the Privileged Notes benefit from the *Privilège* and the Noteholders shall benefit from all the rights set out in Article L.513-11 of the French Monetary and Financial Code and the Noteholders shall benefit from all the rights set out in Article L.513-11 of the French Monetary and Financial Code. See section "*Terms and Conditions of the French law Privileged Notes - Privilège*" and "*Main features of the legislation and regulations relating to sociétés de crédit foncier*".

**Negative Pledge:**

None.

**Events of Default:**

None.

**Redemption Amount:**

The Final Terms issued in respect of each Tranche will specify the final redemption amounts payable.

**Final Redemption:**

Unless previously redeemed or purchased and cancelled as provided below pursuant to any Issuer's or Noteholders' option in accordance with Condition 7(c) or 7(d), each Privileged Note shall be finally redeemed on the Final Maturity Date specified in the relevant Final Terms (the "**Final Maturity Date**") (or the Extended Final Maturity Date, as the case may be) specified in the relevant Final Terms at its final redemption amount (the "**Final Redemption Amount**") (which, unless otherwise provided, is its nominal amount) or, in the case of Privileged Notes falling within Condition 7(b), its final Instalment Amount.

An Extended Final Maturity Date may be specified in the relevant Final Terms with respect to the soft bullet Privileged Notes in accordance with the relevant Conditions applicable to the Privileged Notes.

**Optional Redemption:**

The Final Terms issued in respect of each Tranche will state whether such Privileged Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or at the option of the Noteholders, and if so the terms applicable to such redemption.

**Redemption by Instalments:**

The Final Terms issued in respect of each Tranche that are redeemable in two (2) or more instalments will set out the dates on which, and the amounts in which, such Privileged Notes may be redeemed.

**Early Redemption:**

Except as provided in paragraph "Optional Redemption" above, Privileged Notes will be redeemable by the Issuer prior to their stated maturity only for illegality.

**No gross-up obligation:**

If any law would require that payments of principal, interest and other revenues in respect of any present or future Privileged Note or any present or future Receipt or Coupon relating thereto, be subject to withholding or deduction in respect of any present or future taxes or duties whatsoever, the Issuer will not be required to pay any additional amounts in respect of any such withholding or deduction.

Each prospective holder or beneficial owner of Privileged Notes should

consult its tax adviser as to the tax consequences of any investment in, or ownership and disposition of, the Privileged Notes.

**Interest Periods and Interest Rates:**

The length of the interest periods for the Privileged Notes, the applicable interest rate and/or its method of calculation may differ from time to time or be constant for any Series. The Privileged Notes may have a maximum interest rate, a minimum interest rate or both and/or rate multiplier. The use of interest accrual periods permits the Privileged Notes to bear interest at different rates in the same interest period. The relevant Final Terms will set out such information among the options and terms and conditions described in Condition 6.

**Fixed Rate Privileged Notes:**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

**Floating Rate Privileged Notes:**

Floating Rate Privileged Notes will bear interest determined separately for each Series as follows:

- (a) on the same basis as the Floating Rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the FBF Definitions, or
- (b) on the same basis as the Floating Rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions, or
- (c) on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service (including, without limitation, EURIBOR, LIBOR, SONIA, SOFR or SARON,

in each case by applying one of the formulae specified in the relevant Conditions of the Privileged Notes as completed in the relevant Final Terms. Floating Rate Privileged Notes may also have a maximum rate of interest, a minimum rate of interest or both and/or rate multiplier.

For the avoidance of doubt, the rate of interest (i.e. relevant rate plus margin) shall not be, in any case, lower than zero.

**CMS Linked Privileged Notes:**

Payments of interest in respect of CMS Linked Privileged Notes shall be calculated by reference to one or more CMS Rates and by applying one of the formulae specified in the relevant Conditions of the Privileged Notes as completed in the relevant Final Terms. Such Notes may have a maximum rate of interest, a minimum rate of interest or both and/or rate multiplier.

For the avoidance of doubt, the rate of interest (i.e. relevant rate plus margin) shall not be, in any case, lower than zero.

**Fixed/Floating Rate Privileged Notes, Fixed/CMS Rate Privileged Notes, Floating/Fixed Rate Privileged Notes, CMS/Fixed Rate Privileged Notes, Fixed/Fixed Rate Privileged Notes, Floating/Floating Rate Privileged Notes:**

Fixed/Floating Rate Privileged Notes and Floating/Fixed Rate Privileged Notes may be converted from a Fixed Rate to a Floating Rate, or from a Floating Rate to a Fixed Rate on the date set out in the relevant Final Terms either by the election of the Issuer or automatically. Fixed/Fixed Rate Privileged Notes and Floating/Floating Rate Privileged Notes may be converted from a Fixed Rate to a different Fixed Rate or from a Floating Rate to a different Floating Rate on the date set out in the relevant Final Terms by the election of the Issuer or automatically. Fixed/CMS Rate Privileged Notes and CMS/Fixed Rate Privileged Notes may be converted from a Fixed Rate

to a CMS Rate or from a CMS Rate to a Fixed Rate on the date set out in the relevant Final Terms by the election of the Issuer or automatically.

**Inverse Floating Rate Privileged Notes and Inverse CMS Rate Privileged Notes:**

The Rate of Interest in respect of Inverse Floating Rate Privileged Notes or Inverse CMS Rate Privileged Notes, as the case may be, for each Interest Accrual Period, shall be equal to a Fixed Rate minus a Floating Rate or a CMS Rate, as the case may be.

**Zero Coupon Privileged Notes:**

Zero Coupon Privileged Notes may be issued at their nominal amount or at a discount and will not bear interest.

**Form of Privileged Notes:**

French law Privileged Notes may be issued in either dematerialised form ("**Dematerialised Privileged Notes**") or in materialised form ("**Materialised Privileged Notes**").

Dematerialised Privileged Notes may, at the option of the Issuer, be issued in bearer form (*au porteur*) or in registered form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder, in either fully registered form (*au nominatif pur*) or administered form (*au nominatif administré*). No physical documents of title will be issued in respect of Dematerialised Privileged Notes.

Materialised Privileged Notes will be in bearer form (*au porteur*) only. A Temporary Global Certificate will initially be issued in respect of each Tranche of Materialised Privileged Notes. Materialised Privileged Notes may only be issued outside France.

German law Privileged Notes will be issued in materialised, registered and definitive form only.

**Representation of holders of Privileged Notes:**

Holders of French law Privileged Notes will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the "**Masse**"), which will be governed by the provisions of Articles L.228-46 *et seq.* of the French Commercial Code as amended or supplemented by Condition 11.

The *Masse* will be a separate legal entity and will act in part through a Representative and in part through collective decisions of the relevant Noteholders.

Holders of German law Privileged Notes may amend the terms and conditions of the German law Privileged Notes or appoint a joint representative by resolutions exceeding certain defined majority thresholds. In this regard, the rules of the German Banking Act (*Schuldverschreibungsgesetz*) shall apply accordingly.

**Limited recourse, non-petition**

As further described in Condition 13, the recourse of holders of Privileged Notes against the Issuer will be limited to the funds that are available to the Issuer at any relevant date and they will not be able to commence or to join any proceedings for the insolvency of the Issuer prior to the date which is eighteen (18) months and one (1) day after the earlier of (i) the Final Maturity Date (or, as the case may be, with respect to Soft Bullet Privileged Notes, the extended Final Maturity Date) of the last Series issued by the Issuer under the Programme, or (ii) the date of payment of any sums outstanding and owing under the latest outstanding covered bond issued thereunder.

**Governing Law:**

The French law Privileged Notes will be governed by, and construed in accordance with, French law.

The German law Privileged Notes will be governed by, and construed in accordance with, German law, as specified in the Agency Agreement, with the exception of the condition relating to the *Privilège* created by Article

L.513-11 of the French Monetary and Financial Code, which shall always be governed by French law.

**Clearing Systems:**

Euroclear France as central depository in relation to Dematerialised Privileged Notes and, in relation to Materialised Privileged Notes, Clearstream and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).

German law Privileged Notes will not be deposited with a central depository and cannot be transferred or cleared via a clearing system.

**Initial Delivery of Dematerialised Privileged Notes:**

At least one (1) Paris business day before the issue date of each Tranche of Dematerialised Privileged Notes, the *lettre comptable* relating to such Tranche shall be deposited with Euroclear France as central depository.

**Initial Delivery of Materialised Privileged Notes:**

On or before the issue date for each Tranche of Materialised Privileged Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer(s).

**Issue Price:**

Privileged Notes may be issued at their nominal amount or at a discount or premium to their nominal amount, as specified in the relevant Final Terms. The price and amount of the Privileged Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealers at the date of issue in accordance with prevailing market conditions.

**Offer to the public pursuant to a non-exempt offer:**

French law Privileged Notes may be offered to the public in France pursuant to a non-exempt offer, to the extent that the relevant Final Terms provide it and in accordance with applicable laws and regulations. The German law Privileged Notes will not be offered to the public pursuant to a non-exempt offer in any jurisdiction.

**Approval, listing and Admission to Trading:**

Application has been made to the *Commission de surveillance du secteur financier* (the "CSSF") in its capacity as competent authority under the Prospectus Regulation for approval of this document as a base prospectus. Application has been made for the delivery by the CSSF of a certificate of approval specifying that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation to the French *Autorité des marchés financiers*, as competent authority in France.

Application may be made for French law Privileged Notes issued under the Programme for the period of twelve (12) months from the date of this Base Prospectus to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market (as defined below) of the Luxembourg Stock Exchange and/or any other Regulated Market (as defined below) and/or to be offered to the public pursuant to a non-exempt offer in France in accordance with the Prospectus Regulation.

French law Privileged Notes may also be unlisted or listed and/or admitted to trading on any other market or stock exchange.

The relevant Final Terms will state whether or not the relevant French law Privileged Notes are to be listed and/or admitted to trading and, if so, the relevant market or stock exchange.

The German law Privileged Notes will neither be listed nor admitted to trading on any market or stock exchange.

**"Regulated Market"** means a regulated market located in a member state of the EEA within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and appearing on the list of regulated markets of the European Securities and Markets Authority.

**Use of Proceeds:**

The net proceeds of the issue of the Privileged Notes will be used for financing assets referred to in Article L.513-4 of the French Monetary and Financial Code.

**Rating:**

Tranches of Privileged Notes issued under the Programme may be rated or unrated. Where an issue of Privileged Notes is rated, the credit ratings of the Privileged Notes will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating assigned to other Privileged Notes issued under the Programme. Privileged Notes issued under the Programme are expected on issue to be rated Aaa by Moody's France SAS ("**Moody's**" or the "**Rating Agency**"). As of the date of this Base Prospectus and unless otherwise specified in the relevant Final Terms, according to Moody's rating system, obligations rated "Aaa" are judged to be of the highest quality, subject to the lowest level of credit risk. Obligations rated "A" are judged to be upper-medium grade with low credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from "Aa" through "Caa". The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. As of the date of this Base Prospectus, the Rating Agency is established in the European Union, registered under Regulation (EC) no. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**") and included in the list published on the European Securities and Markets Authority's website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. The Rating Agency is not established in the United Kingdom and is not registered in accordance with the CRA Regulation as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). Where an issue of Privileged Notes is rated, the relevant Final Terms will specify if the credit rating of the Privileged Notes has been endorsed by Moody's Investors Service Limited in accordance with the UK CRA Regulation and has not been withdrawn. As such, the ratings issued by the Rating Agency may, as applicable, be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change, or withdrawal by the assigning rating agency at any time without notice.

**Selling Restrictions:**

There are restrictions on the offer and sale of French law Privileged Notes and the distribution of offering materials in various jurisdictions (see section "*Subscription and Sale*").

The Issuer is Category 1 for the purposes of Regulation S under the United States Securities Act of 1933, as amended ("**Regulation S**").

Materialised Privileged Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) and any successor regulation issued under the Hiring Incentives to Restore Employment Act of 2010 (the "**Hire Act**") (the "**TEFRA D Rules**") unless (i) the relevant Final Terms state that such Materialised Privileged Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) and any successor regulation issued under the Hire Act (the "**TEFRA C Rules**") or (ii) such Materialised Privileged Notes are issued other than in compliance with the TEFRA D Rules or the TEFRA C Rules but in circumstances in which the Privileged Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be

referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

TEFRA rules are not applicable to Dematerialised Privileged Notes which are in bearer form for U.S. tax purposes.

**General Information:**

This Base Prospectus, any supplement thereto that may be published from time to time and, so long as French law Privileged Notes are admitted to trading on any Regulated Market of any member state of the EEA and/or offered to the public in France pursuant to a non-exempt offer in accordance with the Prospectus Regulation, the Final Terms relating to such French law Privileged Notes will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). In addition, if the French law Privileged Notes are listed and/or admitted to trading on a Regulated Market of the EEA other than the Luxembourg Stock Exchange, the relevant Final Terms will provide whether this Base Prospectus and the relevant Final Terms will be published on the websites of (i) the relevant Regulated Market or (ii) the relevant competent authority.

So long as any of the Privileged Notes are outstanding, copies of this Base Prospectus and various other documents will also be available for inspection and obtainable upon request and free of charge, during usual business hours on any weekday, at the registered office of the Issuer (1, rue Louis Lichou, 29480 Le Relecq-Kerhuon, France) and on the website of the Issuer ([www.arkea.com/banque/assurance/credit/mutuel/ecb\\_5040/fr/public-sector-scf](http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5040/fr/public-sector-scf)).

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Privileged Notes issued under the Programme. Most of these factors are contingencies which may or may not occur.*

*Factors which the Issuer believes are specific to the Privileged Notes and material for an informed investment decision with respect to investing in the Privileged Notes issued under the Programme are described below. In each category below the Issuer sets out the most material risks (in descending order of importance), taking into account the negative impact of such risks and the probability of their occurrence. Additional risks and uncertainties, not included in the risk factors below, which, on the date of this Base Prospectus, are not known by the Issuer or are considered to be not material nor specific, may have a significant impact on the Issuer, its activities, its financial condition or the Privileged Notes.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents deemed to be incorporated by reference herein) and make their own opinion about risk factors prior to making any investment decision. Investors should in particular conduct their own analysis and evaluation of the risks relating to the Issuer, its financial condition and the Privileged Notes and consult their own financial or legal advisers about risks associated with the investment in a particular Series of Privileged Notes and the suitability of investing in the Privileged Notes in light of their particular circumstances.*

*Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings when used below.*

### **I. RISKS RELATED TO THE ISSUER**

#### **1. Risks related to the Issuer and its operations**

##### **The Issuer has sole liability under the Privileged Notes**

The Issuer is the only entity which has obligations to pay principal and interest in respect of the Privileged Notes. The Privileged Notes will not be obligations or responsibilities of any other entity, including (but not limited to) Crédit Mutuel Arkéa or any other company in the Group (as defined in section "*Description of the Issuer – Incorporation, duration and registered office*"), or the shareholders or directors or agents of any company in the Group.

The Issuer's ability to meet its obligations under the Privileged Notes will firstly mainly depend on the ability of the Borrower to meet its payment obligations towards the Issuer under the Facility Agreement.

Should the double recourse against the Borrower and against the collateral security assets or cash collateral under the Facility Agreement (see section "*Risk Factors - Borrower's ability to pay under the Facility Agreement*") prove to be insufficient to support payments under the Privileged Notes until their maturity, this may have a significant negative impact on the Issuer's ability to perform its payment obligations under the Privileged Notes and the Noteholders will have no other external remedies than to request such payments from the Issuer. As a consequence, the situation of the Noteholders may be adversely and materially affected and they could lose or a substantial part of all their investments in the Privileged Notes.

##### **Outsourcing risk**

The Issuer has entered into agreements with a number of third parties, which have agreed to perform services for the Issuer (see section "*Material contracts and relationship between Arkéa Public Sector SCF and Crédit Mutuel Arkéa*"). In the event that any other party providing services to the Issuer fails to perform its obligations under the relevant agreement(s) to which it is a party, the ability of the Issuer to make payments under the Privileged Notes may be affected. As a result, Noteholders could lose all or a substantial part of their investment in the Privileged Notes.

However, the relevant agreements provide for the ability of the Issuer under certain circumstances to terminate the appointment of any relevant third party which would be defaulting in performing their obligations under the relevant agreements.

Potential investors should also be aware that the technical administration of the Issuer has been subcontracted to Crédit Mutuel Arkéa which also manages the security of the Group's information systems.



## Substitution risk

Under certain circumstances described in the agreements executed with respect to the Programme (see section "*Material contracts and relationship between Arkéa Public Sector SCF and Crédit Mutuel Arkéa*") and leading to the substitution of one (1) or more counterparties of the Issuer, a substitute entity may not be found.

In case of substitution, the transfer to a substitute entity outside the Group may result in delays, increased costs and/or losses in collection of sums due to the Issuer under its assets and could create operational and administrative difficulties for the Issuer.

Any delay or inability to appoint a substitute entity may affect the ability of the Issuer to make payments under the Privileged Notes.

## Credit risk on assets

The Issuer's main business activity is to grant or acquire exposures to, or guaranteed by, public sector entities (either directly or indirectly). Therefore, the Issuer is exposed, directly or indirectly, to the credit risk of such public sector entities.

However, in order to mitigate such credit risk, the assets of the Issuer will be selected as to comply with certain eligibility criteria contained in the legal framework relating to French *sociétés de crédit foncier* and with additional contractual constraints.

### *Legal eligibility criteria*

The assets of the Issuer must comply with the legal eligibility criteria provided for in articles L.513-4 and L.513-5 of the French *Code monétaire et financier* (the "**French Monetary and Financial Code**").

Compliance with those legal eligibility criteria is controlled by the specific controller (*contrôleur spécifique*) of the Issuer who reports to the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*) (See section "*Main Features of the legislation and regulations relating to sociétés de crédit foncier*").

In addition, according to articles L.513-7 and R.513-6 of the French Monetary and Financial Code, the Issuer may hold securities, values or deposits which are sufficiently secure and liquid as substitution assets (*valeurs de remplacement*). Those substitution assets may only comprise exposures on credit institutions or investment firms benefiting from the highest level of credit assessment (*meilleur échelon de qualité de crédit*) assigned by an external rating agency recognised by the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*) pursuant to article L.511-44 of the French Monetary and Financial Code, or guaranteed by credit institutions or investment firms benefiting from the same credit assessment, or when the remaining maturity of such exposures on credit institutions or investment firms is less than one hundred (100) calendar days, the second highest level of credit assessment (*second meilleur échelon de qualité de crédit*) assigned by an external rating agency recognised by the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*) pursuant to article L.511-44 of the French Monetary and Financial Code, or guaranteed by credit institutions or investment firms benefiting from the same credit assessment.

The total amount of such substitution assets must not exceed fifteen per cent. (15%) of the nominal amount of the Privileged Notes issued by the Issuer and other resources benefiting from the *Privilège* as described in section "*Main Features of the legislation and regulations relating to sociétés de crédit foncier*".

### *Cover ratio between assets and privileged debts*

According to articles L.513-12 and R.513-8 of the French Monetary and Financial Code, the ratio between the total amount of assets of *sociétés de crédit foncier*, after application of the relevant weighting percentage, and the amount of liabilities benefiting from the *Privilège* must be at least one hundred and five per cent. (105%). Calculation of this cover ratio is set out in Regulation 99-10 of the *Comité de la Réglementation Bancaire et Financière* (the "**CRBF**") pursuant to which the ratio's denominator is comprised of *obligations foncières* and other resources benefiting from the *Privilège* and the ratio's numerator is made up of all the assets weighted with the percentage applicable to their respective categories. In accordance with the French current legal framework applicable to *sociétés de crédit foncier*, in the case of the Issuer, since the loans are granted to, or guaranteed by, public sector entities, they are accounted for at their accounting value (one hundred per cent. (100%) weighting).

The specific controller (*contrôleur spécifique*) (see section "*Description of the Issuer*") has access to information that allows confirmation of compliance with the cover ratio in respect of any issue benefiting from the *Privilège* which amount is greater than or equal to five hundred million euros (€500,000,000). This cover ratio is published four times a year and checked on a quarterly basis by the specific controller (*contrôleur spécifique*).

Credit risk on assets is also overseen by the risk direction of Crédit Mutuel Arkéa.

### *Additional contractual constraints*

The agreements relating to the Programme provide for additional contractual eligibility criteria for the assets of the Issuer. In accordance with those criteria, the vast majority of these assets comes from the commercial financing activities of the Group's entities.

In addition, Crédit Mutuel Arkéa and the Issuer have entered into agreements in order to ensure, by providing to the Issuer liquidity support or transferring to the Issuer additional eligible assets or otherwise, that the Issuer will, at all times, maintain an overcollateralisation ratio (also referred to as the asset cover ratio), calculated in accordance with a contractual valuation methodology, between its eligible assets and its Privileged Notes equal to or greater than one hundred and five per cent. (105%) (See section "*Description of the Issuer – Business Overview – OC Test*").

Failure to maintain such compliance with the maximal amount of substitution assets, the regulatory cover ratio or the contractual asset cover ratio may result in the Issuer having insufficient funds to meet its payment obligations under the Notes.

### **Credit risk on bank counterparties**

For the Issuer, bank counterparty risk is that of counterparties in:

- (i) administrating the Issuer's bank accounts;
- (ii) paying any sums due under the Facility Agreement (see section "*Description of the Issuer – Business Overview*");
- (iii) providing cash collateral in accordance with a cash collateral agreement concluded with Crédit Mutuel Arkéa (see section "*Material contracts and relationship between Arkéa Public Sector SCF and Crédit Mutuel Arkéa – Other Agreements*"); and
- (iv) hedging operations it may enter into (if any).

The ability of the Issuer to make any principal and interest payments in respect of the Privileged Notes will mainly depend on the ability of Crédit Mutuel Arkéa, in its capacity as Cash Collateral Provider, administrator of the Issuer's bank accounts and hedging counterparty (if any) to perform its payment obligations towards the Issuer under the agreements relating to the Programme and the value of the Collateral Security will depend on the ability of the Collateral Providers to transfer additional Public Sector Receivables as Collateral Security under the Collateral Security Agreement up to the required amount to meet with the OC Test. As of the date of this Base Prospectus, Moody's France SAS ("**Moody's**") has assigned an issuer rating of Aa3/stable outlook/P-1 to Crédit Mutuel Arkéa and Fitch France S.A.S ("**Fitch**") has assigned an issuer default ratings of A/stable outlook/F1 to Crédit Mutuel Arkéa.

According to Moody's rating system, obligations rated "Aa3" are judged to be of high quality and are subject to very low credit risk and ratings of "Prime-1" reflect a superior ability to repay short-term obligations. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from "Aa" through "Caa". The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

According to Fitch's rating system, "A" ratings denote expectations of a low level of default risk relative to other issuers or obligations in the same country or monetary union and "F1" indicates the strongest capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. Under the agency's National Rating scale, this rating is assigned to the lowest default risk relative to others in the same country or monetary union. Where the liquidity profile is particularly strong, a "+" is added to the assigned rating.

The legal framework relating to French *sociétés de crédit foncier* (for further description, see section "*Main features of the legislation and regulations relating to sociétés de crédit foncier*") and the agreements relating to the Programme provide for mitigants or for substitution and/or constitution of cash collateral upon certain triggers (most notably, the OC Test and several triggers based upon long or short term ratings of Crédit Mutuel Arkéa, as further described under the paragraph "The Cash Collateral Agreement" in the section entitled "Material contracts and relationship between Arkéa Public Sector SCF and Crédit Mutuel Arkéa"). Delay or inability to implement those mitigants may affect the ability of the Issuer to make payments under the Privileged Notes up to the required amount and/or on the relevant due date.

In addition, if those mitigants prove to be insufficient, failure of any such party to make a payment or a transfer as expected and when due may materially affect the ability of the Issuer to make principal and interest payments in respect of the Privileged Notes.

## Interest and currency risks

As described in section "*Description of the Issuer – Business Overview*", each advance granted by the Issuer to the benefit of the Borrower under the Facility Agreement shall be made available in the same Specified Currency and according to the same interest conditions to those applicable to the Privileged Notes funding such advance. As a consequence, as long as an event of default under the Facility Agreement has not occurred, the Issuer is not exposed to any currency and interest risk regarding the advances and the Privileged Notes. As of 31 December 2020, the advances granted by the Issuer to the benefit of the Borrower under the Facility Agreement amount to 2,077,600,000.00 euros.

Upon the occurrence of an event of default under the Facility Agreement and the enforcement of the Collateral Security, a significant part of the Issuer's available funds will arise from the Collateral Security. The assets being part of the Collateral Security may not bear interest at the same conditions as the Privileged Notes or may not be denominated in the same currency as the Privileged Notes and, as a result, the Issuer may be exposed to interest and/or currency risk regarding the advances and the Privileged Notes.

In order to mitigate the potential mismatch of the interest rates applicable to the Privileged Notes and to the Collateral Security and the potential mismatch of currencies of denomination of the Privileged Notes and the Collateral Security, the Issuer is entitled to provide additional over-collateralisation and/or provide any other mechanism(s) such as the implementation of a hedging strategy, cash reserve, additional selection rules for the eligible assets or any other mechanism(s) which will comply with the legal requirements applicable to *sociétés de crédit foncier*. However, there is no commitment by the Issuer to provide additional over-collateralisation and/or provide any other mechanism(s) as describe above and if such mechanism(s) were implemented, they may not be maintained or may not adequately cover any interest rate and/or currency risk to which the Issuer might be exposed.

Pursuant to Article 12 of Regulation no. 99-10 of 9 July 1999 of the *Comité de la réglementation bancaire et financière* relating to the *sociétés de crédit foncier* and to the *sociétés de financement de l'habitat* as amended on 26 June 2001, 15 July 2002, 7 May 2007, 23 February 2011, 26 May 2014 and 3 November 2014 (the "**CRBF Regulation**"), the Issuer shall implement a system for measuring overall interest rate risks under the conditions set forth in Articles 134 to 139 of the *Arrêté* dated 3 November 2014 with respect to the internal control of banking sector companies, payment services and investment services providers subject to *Autorité de contrôle prudentiel et de résolution* supervision. The level of rate and maturity matching between the assets and the liabilities of the Issuer shall be monitored by the specific controller (*contrôleur spécifique*).

## Liquidity risk

The maturity and amortisation profile of the assets transferred as Collateral Security will not match the repayment profile and maturities of the Privileged Notes. Therefore, upon the occurrence of an event of default under the Facility Agreement and the enforcement of the Collateral Security, such mismatch creates a potential need for liquidity at the level of the Issuer. As of 31 December 2020, no such mismatch had occurred.

Pursuant to Articles L.513-8 and R.513-7 of the French Monetary and Financial Code, the Issuer must, at all time, cover its treasury needs over a period of one hundred and eighty (180) days. As of 31 December 2020, the Issuer had to maintain a minimum of 0 euro to cover its treasury needs.

To anticipate and address the above mentioned liquidity risk and in order to comply with the liquidity ratio of Article R.513-7 of the French Monetary and Financial Code, the Issuer will benefit from an undertaking from Crédit Mutuel Arkéa to fund certain amounts as cash collateral (*gage espèces*) so as to secure as they become due and payable the payments of all and any amounts owed by the Borrower under the Facility Agreement (see section "*Material contracts and relationship between Arkéa Public Sector SCF and Crédit Mutuel Arkéa – Other Agreements*").

On the date on which Crédit Mutuel Arkéa's short-term, unsecured, unsubordinated and unguaranteed debt obligation falling below such minimum rating complying with the Rating Agency's public methodologies and criteria in order to maintain the rating of the Privileged Notes (a "**Pre-Maturity Rating Event**") and on a regular basis throughout the period starting from such date and ending on the date on which the Pre-Maturity Rating Event ceases to be continuing, Crédit Mutuel Arkéa has undertaken (x) to transfer certain amounts to the Issuer on such date by crediting such cash collateral account as designated by the Issuer and (y) to maintain, on a rolling basis until such Pre-Maturity Rating Event has ceased to occur, a minimum reserve amount in such cash collateral account, as security for its payment obligations under the Facility Agreement.

## Commingling risk

The Collateral Providers have been appointed by the Issuer to carry out the administration and recovery of the assets transferred as Collateral Security. In the event that insolvency proceedings are opened against any Collateral Provider, a statutory stay of proceedings under French insolvency law will prevent the Issuer from having recourse

against such Collateral Provider for the repayment of collections under those assets transferred as Collateral Security which are commingled with other funds of such Collateral Provider.

To address such commingling risk, the Issuer will benefit from a guarantee from Crédit Mutuel Arkéa and an undertaking from Crédit Mutuel Arkéa to transfer to the Issuer, by crediting such account as designated by the Issuer, certain amounts on each relevant collection payment date following Crédit Mutuel Arkéa's short-term, unsecured, unsubordinated and unguaranteed debt obligation falling below such minimum ratings, complying with the Rating Agency's public methodologies and criteria in order to maintain the rating of the Privileged Notes. As of 31 December 2020, the balance of such account amounted to 2,585,097,131.63 euros.

### **Risks related to Covid-19**

The Covid-19 epidemic has significant macroeconomic impacts at both global and national levels.

Due to the intervention of public authorities and the measures implemented by the Group to manage the specific risks induced by the development of the epidemic, the first impacts of this epidemic are already visible on the Group's results in 2020. Given the uncertainties of the situation, these impacts are not definitive and will continue over the following years.

*Description of the specific measures implemented by the Group to manage the specific risks induced by the development of the epidemic*

The health situation in France and Belgium, the group's main markets, and its impact on the economic and social situation, led the group to take specific measures as soon as possible.

- (i) Triggering of the emergency and business continuity plan, identifying essential services and implementing business continuity mechanisms in a general context of population containment; and
- (ii) Triggering of reinforced risk monitoring systems:
  - (a) With regard to operational risk, massive recourse to distance working to protect the health of employees and, in this context, strengthening of surveillance systems relating to cyber risks and fraud.
  - (b) With regard to liquidity, implementation of reinforced vigilance in the spring of 2020 related to requests for repayment of short-term refinancing instruments.
  - (c) On market risk, updating of stress scenarios (equities, spreads, etc.) with the movements observed during the crisis.
  - (d) With regard to credit risk, the rapid deployment of economic support measures in the networks to provide our customers with the closest possible support was achieved in particular by relying on our technological know-how enabling efficient remote processing (the loans guaranteed by the government offer with electronic signature was made available on March 25) and by adapting the decision patterns for granting credit in the face of the number of loans guaranteed by the government and customer renegotiations. These actions were accompanied by the introduction of enhanced monitoring of business sectors identified as particularly impacted and reporting to the supervisor, both for banking customers and for customers in the private equity portfolio.

Nevertheless, the Covid-19 epidemic, which is still ongoing, could have a lasting impact on the Group's financial situation.

*Description of the specific risks related to the development of the epidemic and the expected or observed impacts on the various components of the group's activity*

From the very beginning of the epidemic in France, the Group has endeavoured to identify the specific risks associated with its development and to identify the consequences as it evolves. These specific risks are summarised below:

- (i) **Business model risk**: the Group's business model consists of supporting and financing the real economy. The implementation of this business model is based on a certain number of projective hypotheses whose validity could be called into question by the socio-economic consequences of the epidemic and in particular by the sharp contraction of activity in France and Europe. Similarly, the competitive landscape could be negatively impacted by the consequences of the epidemic, with players pursuing an aggressive policy of winning or retaining customers in an unfavourable economic climate. These risks have been analysed and taken into account when the company's new strategic plan for 2024 was drawn up;
- (ii) **Liquidity risk** :

- (a) In a context of a sharp decline in economic activity for certain sectors of the economy, some customers may be led to increase the use of their overdraft authorisations, thereby creating potential tension on the group's liquidity. In 2020, it should be noted that a significant growth in deposits has been observed, as a result of the action of the European Central Bank and economic players.
  - (b) Uncertainty about the evolution of the epidemic and its duration could lead to a lack of confidence in the markets, which in turn could lead to specific refinancing difficulties for banks;
- (iii) Operational risk :
- (a) The successive confinements of a very large proportion of the group's employees, as part of the measures decided by the government to curb the spread of the epidemic, may have led, in the first instance, to difficulties in continuing business and increased risks of error or delay in processing, hence the need to pay close attention to maintaining surveillance and control of the most critical operations in order to limit these risks. In addition, in the event of an incident, there could be a risk of a slower resolution but without major damage observed in 2020.
  - (b) The current context has generated an increase in exposure to cyber risk and the risk of external fraud. In this context, particular attention has been paid and continues to be paid to keeping the monitoring systems operational and strengthening the monitoring of external access to the information system, given the significant expansion of remote working over time;
- (iv) Credit risk: the socio-economic impacts of the epidemic could lead to a large number of defaults by the counterparties with which the group is in contact, particularly in certain sectors of activity that are particularly impacted by the development of the epidemic and the associated restrictions on movement (tourism, air transport, etc.). These defaults were not recorded in 2020 but could have a significant adverse effect on the group's results and financial position in the coming years. A significant number of customer requests have already been noted and the cost of risk will increase in 2020 due to sector anticipation as a result of the first signs of deterioration in customer situations;
- (v) Market risk: the high volatility of the financial markets linked to uncertainties about the development of the epidemic and the impact of this development on economic activity could have a potential financial impact on the Group's cash management activity and on the group's equity. The Group has not been heavily exposed in 2020 given the relatively short duration of the investment portfolio, but continues to be vigilant in this area.
- In addition, the socio-economic impacts of the epidemic could have consequences on the Group's shareholdings. In the case of unlisted investments or investments that are part of the Group's private equity activity, a specific valuation risk could emerge due to the socio-economic impacts of the epidemic on the business, cash flow and credit quality of these investments. A strengthening of this monitoring has enabled the group to actively monitor these risks; and
- (vi) Risks related to life insurance: a deterioration in the market situation related to the impacts of the epidemic, and in particular a fall in interest rates, an increase in bond defaults or a fall in equity and real estate assets could have a significant negative impact on the results of the Group's life insurance business. A significant increase in mortality or morbidity could also have an impact on Suravenir's results on its life insurance business. This was not the case in 2020 but remains a point of vigilance for 2021.

## 2. Risks related to the Borrower

### **Borrower's ability to pay under the Facility Agreement**

Neither the Issuer, the Borrower nor any other party to the agreements relating to the Programme (other than upon certain circumstances, the Cash Collateral Provider and without prejudice to the Collateral Security granted by the Collateral Providers) guarantees or warrants the full and timely payment by the Borrower of any sums of principal or interest payable under any advance made available pursuant to the Facility Agreement, being part of the Issuer assets.

As of 31 December 2020, the advances granted by the Issuer to the benefit of the Borrower under the Facility Agreement amount to 2,077,600,000.00 euros.

Should the Borrower be subject to any applicable insolvency proceedings (including, the procedures of safeguard, moratorium, suspension of payments, controlled management, liquidation or similar insolvency proceedings), this would impair the ability of the Issuer to claim against the Borrower to obtain timely payment of amounts of principal and interest due and payable under any advance made available pursuant to the Facility Agreement and, as a consequence, this may have a significant negative impact on the Issuer's ability to perform its payment obligations under the Notes.

However in such event of insolvency proceedings of the Borrower, the Issuer would be entitled to accelerate the payment of such amounts and then immediately enforce the Collateral Security or the Cash Collateral (including upon and following the commencement of insolvency proceedings against the Cash Collateral Provider and/or the Collateral Providers).

### **Credit rating of the Privileged Notes may be affected by various factors**

Notes issued under the Programme are expected to be rated Aaa by Moody's. The credit rating of the Notes will be specified in the relevant Final Terms.

In the rating agencies' methodologies, the credit rating of a covered bond program is linked to the credit rating attributed to the issuer's parent. The rating criteria for the Issuer include both the financial health of its parent, the Borrower, as well as the strength of the support which is granted by the entities of the Group as Collateral Providers by way of the Collateral Security and various other structural features such as any Cash Collateral that aim to achieve a de-linkage between the rating of the Borrower and the rating of the Privileged Notes. Nevertheless, if the Collateral Security and the other support granted to the Issuer prove insufficient or fail to be granted to the Issuer in accordance with the agreements relating to the Programme, decreases in the credit rating of the Borrower may cause a decrease in the credit rating of the Privileged Notes. Furthermore, failure to meet any overcollateralisation requirement required by the Rating Agency may result not only in the occurrence of an Event of Default but also in a downgrade of the rating assigned to the Privileged Notes.

If the credit rating of the Privileged Notes were reduced due to these factors, such downgrade may adversely affect the value of the outstanding Privileged Notes and/or the ability of the Noteholders to sell the Privileged Notes, increase the Issuer's cost of borrowing and adversely affect the Issuer's ability to issue new Privileged Notes. As a result, investors could lose all or a substantial part of all their investments in the Notes.

### **3. Risks related to the disaffiliation of Arkéa's group from Crédit Mutuel**

#### **Change in the organization of the main players involved in the public stock ownership offering**

##### *A cooperative banking group independent from Crédit Mutuel*

The Borrower's Board of Directors (*conseil d'administration*), held on 17 January 2018, mandated its managers to take any action that would enable the Borrower to become a cooperative banking group independent from Crédit Mutuel, in order to pursue its original development strategy based on three strengths: its territorial anchoring, its culture of innovation and its intermediate size.

The directors of the local banks and federations of CM de Bretagne, CM du Sud-Ouest and CM du Massif Central (each, a "**Federation**" and, together, the "**Federations**") were invited to vote during the first half of 2018 in an orientation vote. At the end of the consultation process initiated by the local banks of the Group and the holding of the Federations' Boards of Directors, the Group has officialized the results of the votes of the 307 local banks that were cast. 94.5% of these local banks voted in favour of the proposed independence of the Group, which will thus become a cooperative and territorial group, independent from the rest of Crédit Mutuel. This vote acknowledges the Group's desire to withdraw from the Crédit Mutuel group and makes it possible to initiate the project aimed at defining the terms and conditions of its disaffiliation in the context of the general decision (the "**DCG**") No 1-2019 (the "**DCG I**"), relating to the disaffiliation of the Crédit Mutuel branches at their request.

This project aims to preserve the fundamental characteristics of the cooperative model and the *raison d'être* of the Group. It is also a development driver and will enable the Group to continue to serve its members, customers and partners.

##### *The operational implementation of disaffiliation*

The Group has begun the operational implementation of its disaffiliation. The Board of Directors (*conseil d'administration*) of the Borrower, held on 29 June 2018, approved the target organisation plan for the future independent group and called on the local banks to give their opinion on the implementation of this plan. Work to define the detailed technical details of the project has been under way for several months and discussions are underway with the supervisory authorities.

The disaffiliation operations will then be initiated in conjunction with the Confédération Nationale du Crédit Mutuel (the "**CNCM**"), within the limits of the powers attributed to it by law.

On 18 February 2019, CNCM's Board of Directors (*conseil d'administration*) recognised the possibility of leaving the Crédit Mutuel group by adopting the DCG I. In this context, the Group wishes to withdraw from the Crédit Mutuel group.

In accordance with the DCG I, the main stages of disaffiliation are as follows:

- (i) the Boards of Directors of the local banks of the Group wishing to disaffiliate from the Crédit Mutuel group will have to adopt a notification file of the planned disaffiliation. The Boards of Directors of the local banks will be consulted following the conclusion of ongoing discussions with the ECB and the ACPR on the basis of a consultation file;
- (ii) each Federation must then notify the CNCM of the planned disaffiliation of each local banks;
- (iii) once authorised by the CNCM Board of Directors (*conseil d'administration*) within two months of receiving the proposed disaffiliation, each Federation may organise a consultation of the members of each local banks meeting in an extraordinary general meeting. The disaffiliation project must be adopted by a two-thirds majority of the members present or represented; and
- (iv) in the event of approval of the proposed disaffiliation by the members, the CNCM Board of Directors (*conseil d'administration*) shall rule on the request for disaffiliation within two months of receipt of the complete file transmitted by the federations. In particular, a memorandum of understanding between the outgoing local banks and the CNCM setting out the commitments of the mutuals and the practical procedures for their disaffiliation must be concluded.

#### *The Group's target scheme*

Under the draft target scheme, the Group will be formed around Arkéa (currently Crédit Mutuel Arkéa), a cooperative limited company with variable capital and a union of cooperatives, which will remain individually licensed as a cooperative bank.

Arkéa will in particular be governed by Act 47-1775 of 10 September 1947 on the status of cooperation (the "**1947 Act**") and Article L. 512-1 of the *Code monétaire et financier* (the "**French Monetary and Financial Code**").

The local banks would take the form of Local Cooperatives (the "**LCs**") and would no longer be credit institutions. The local banks will retain their status as cooperative companies with variable capital, and will continue to constitute among themselves the union of Arkéa cooperatives, pursuant to the 1947 Law. The purpose of the new LCs will be refocused on their primary *raison d'être*: to develop membership and facilitate access to banking, financial and insurance services. They will be in charge of supporting and promoting membership as part of their regional outreach.

To this end, all the regulated financial activities of the local banks will be transferred to Arkéa, which will accordingly open local branches within the LCs. In addition, as part of this new organization, all banking and investment services will then be carried out by Arkéa's local branch, which will be opened on the same premises as those of LC.

Each LC will also be able to advise its local Arkéa branch to provide banking, financial and insurance services tailored to its members.

In accordance with the 1947 Law, each member will continue to participate in the social life of the LC according to the principle of "one person, one vote" and to stand as a candidate for the election of the members of the Board of Directors (*conseil d'administration*) of his LC. LCs will continue to hold the A shares issued by Arkéa. In other words, Arkéa's governance will be based on the involvement and participation of each LC playing its role as shareholder.

In addition, a cooperation pact between all LCs and Arkéa will be concluded for a period of 99 years with a view to implementing solidarity, mutual aid and support mechanisms to help LCs fulfil their primary mission, i.e. to promote access to banking, financial and insurance services for all.

Regional federations will ensure the smooth running and good governance of the LCs.

A share issuance scheme is currently under discussion with the ACPR and the ECB. In this respect, it is specified that the work in progress favours a scheme in which Arkéa's shares would be issued by Arkéa itself. In any event, the proposed plan will be submitted to the authorities beforehand.

#### **Risks relating to the complexity of the context and risks related to the disaffiliation of the Group from the Crédit Mutuel group**

The Borrower considers that the factors described below could affect the implementation of the disaffiliation of the Group from the Crédit Mutuel group. They are linked to events that may or may not occur. Their probability of occurrence and their extent in the event of occurrence are assessed by the Borrower for each risk factor.

The disaffiliation project as envisaged by the Borrower is unprecedented and complex to carry out. Investors' attention is drawn to the complexity of the situation linked to the plan to disaffiliate the Group from the Crédit Mutuel group and to the uncertainties and risks involved. This complexity relates in particular, but not exclusively, to the accounting and prudential consolidation mechanisms which will have to be implemented and which are

intended to determine the scope of supervision of the Group by the supervisory authorities once it is no longer part of the Crédit Mutuel.

Because of its novel and complex nature, the disaffiliation project presupposes, for its implementation, that conditions are met, in particular with regard to the various stages described in the paragraph on the operational implementation of disaffiliation.

Prior to any investment decision, potential investors should conduct an in-depth analysis of the disaffiliation project, of the Group's target organizational structure as described above and of the related uncertainties and risks, as described below. In particular, investors should carefully review all the information included in this Base Prospectus and, in particular, when making their investment decision, should consider the risk factors related to the change in the organization of the main players in the shares and the risks related to the disaffiliation of the Group from the Crédit Mutuel listed in this Base Prospectus.

The implementation of the Group's disaffiliation will not alter its nature as a cooperative and territorial group. However, its disaffiliation from the Crédit Mutuel group has consequences which may be difficult for the investor to grasp but which must be understood and analysed before taking any investment decision. Because of its unprecedented nature, the Borrower cannot guarantee that the project will be carried through to completion, that it will not have to be subject to major changes compared with what was initially planned or that new difficulties will not emerge during its implementation.

#### *Risks related to local banks*

- Uncertainties regarding the shares issued by the local banks before the Group's disaffiliation from the Crédit Mutuel group

The analysis carried out by the Borrower of the implementation of the disaffiliation of the Group from the Crédit Mutuel has confirmed that, in the planned target scheme, the A, B and C shares issued by the local banks to date will not be affected.

Indeed, the cases of early redemption based on a legal basis applicable to A, B and C shares result from (i) the 1947 Law and (ii) EU Regulation (EU) No 575/2013 of 26 June 2013, as amended in view of the capital quality of the shares. These texts do not include any case of early redemption relating to the loss of the local banks banking license or change of purpose as long as the cooperative status remains.

Similarly, the contractual terms and conditions of the A, B and C shares do not include any case of early redemption relating to the loss of the local banks approval.

The risk is therefore low, in the planned target scheme, that the shares issued by the local banks before the Group's disaffiliation from the Crédit Mutuel will be affected.

- Uncertainties regarding the implementation of a new share issue scheme after the disaffiliation of the Group from the Crédit Mutuel

The disaffiliation of the local banks from Crédit Mutuel will entail the loss of the benefit of the collective banking licence granted under the conditions of Article R.511-3 of the French Monetary and Financial Code, which will have an impact on their ability to issue, in the future, B shares by way of a public offer.

To date, these B shares are a key source of financing for the Borrower. A share issue plan is currently being discussed with the ACPR and the ECB. In this respect, it is specified that the work in progress favours a scheme in which Arkéa's shares would be issued by Arkéa itself. In any event, the proposed plan will be submitted to the authorities beforehand.

It is therefore possible that the Group will not obtain the agreement of the authorities, which could prevent the disaffiliation project from being carried out in accordance with the planned target scheme.

- Risks related to the fate of the local banks that voted against the disaffiliation project

In the context of the DCG, the operational implementation of the disaffiliation of the Group remains subject to the approval and vote of the Boards of Directors of the local banks, as the disaffiliation of the Borrower (the Group's inter-federal bank) does not automatically result in the disaffiliation of the local banks that are shareholders of the Group.

The local banks that vote against the disaffiliation from the Crédit Mutuel, or do not wish to participate in the vote, may not be part of this new organisation.

Even if 94.5 % of the local banks that voted in 2018 did so in favour of independence, these results do not in any way prejudice the results of the future vote of the local banks on the operational implementation of this disaffiliation from the Crédit Mutuel group.



Each local bank will be called upon to decide on the implementation phase of the disaffiliation of the Group in order to approve the disaffiliation project, the terms and conditions of disaffiliation and the filing of a disaffiliation request by the Federation concerned, in accordance with the DCG.

Local banks that choose to vote against disaffiliation may join another federal or inter-federal fund in order to benefit from a new collective agreement. This new affiliation will not constitute a case of early redemption of the A, B and C shares held by the members. These local banks will be reimbursed for the A shares they hold in the share capital of the Borrower

It is possible that some local banks may ultimately choose to vote against the disaffiliation from the Crédit Mutuel. However, the financial consequences for the Group will depend on the number and characteristics (shares, reserves, loans, deposits) of the local banks that choose to vote against the disaffiliation. On the basis of the orientation vote in April 2018, the impact of this exit on the Group would be low.

- Risks related to the final vote of the members

The local banks that vote for the disaffiliation of the Crédit Mutuel group will have to convene their extraordinary general meeting in order to adopt the disaffiliation project in accordance with the DCG and to approve the amendment of their articles of association relating thereto.

The vote of the members, which, in accordance with Article 2.3 of the DCG, may not take place less than two months after the CNCM's authorization to convene the extraordinary general meeting of the local banks concerned, shall relate to the express approval of the disaffiliation project, the terms of disaffiliation appearing in the notification file previously approved by the Boards of Directors of these local banks and its consequences, particularly financial, for these local banks and their members, in accordance with Appendix 2 of the DCG.

In accordance with Appendix 2 of the DCG, a presentation document summarising the main points of the notification file and the amendments to the Articles of Association shall be notified to the members at least fifteen (15) days before each extraordinary general meeting is held. The members will thus be able to decide on the basis of clear, precise and exhaustive information on the proposed disaffiliation and its consequences for their local banks, its members, its customers, its creditors, its employees and the entire Crédit Mutuel group, in accordance with the DCG.

The extraordinary general meeting of each local banks fund concerned must decide in favour of the request for disaffiliation by a two-thirds majority of the members present or represented, in accordance with Article 2.4 of the DCG.

In the event of disapproval by an extraordinary general meeting, the Federation concerned may not transmit a new request for disaffiliation from the local banks concerned before a period of three (3) years, in accordance with Article 2.3 of the DCG.

The results of the orientation vote on the Group's proposed independence in no way prejudices the results of the future vote of the local banks on the operational implementation of this disaffiliation from the Crédit Mutuel.

It is possible that the extraordinary general meetings of some local banks may not adopt the disaffiliation project and may not approve the amendment of their Articles of Association relating thereto. However, the financial consequences for the Group will depend on the number and characteristics (shares, reserves, loans, deposits) of the local banks that choose to vote against the proposed disaffiliation and the amendment of their articles of association. On the basis of the orientation vote in April 2018, the impact of this exit on the Group would be low.

#### *Risks related to the Group*

Following the disaffiliation of the Group from the Crédit Mutuel, of which CNCM is the central body, Arkéa (currently Crédit Mutuel Arkéa) will still be authorised as a cooperative bank and supervised directly by the ACPR and the ECB.

- Risks related to the approval of the supervisory authorities

In accordance with the provisions of the French Monetary and Financial Code, in conjunction with the disaffiliation of the Borrower from the Crédit Mutuel, CNCM, as the central body, must notify ACPR of the disaffiliation of the Borrower.

The ACPR and the ECB will have to review the banking licence of the Borrower and the local banks attached to it.

At this stage, detailed and documented work is underway with these authorities to obtain their agreement. Their agreement may not be obtained or the timing and modalities of obtaining their agreement cannot be anticipated. The change in the Borrower's corporate name will require the prior approval of these authorities.

It is therefore possible that the Group will not obtain the agreement of the ACPR and the ECB, which could prevent the disaffiliation project from going ahead as planned.

- Risks related to prudential calculations

In addition, the disaffiliation of the Group from the Crédit Mutuel could lead to a change in the internal model for calculating weighted risks leading to an increase in capital requirements, or even a switch to a standard model.

At 31 December 2020, credit risk was determined for €119 billion of net risk exposures, including:

- (i) €77 billion of risk exposures are assessed using an internal rating approach; and
- (ii) €42 billion of risk exposures are already assessed using a standard approach.

As a result, the disaffiliation of the Crédit Mutuel group could lead to a review of the weighted risk assessment method for the €77 billion of credit risk exposures currently assessed using an internal rating approach, without calling into question the financial strength of the Group.

- Risks related to the operational procedures for disaffiliation set by the DCG

The DCG stipulates that the notification file must mention "the commitments proposed by the bank to compensate all past and future costs borne by the Crédit Mutuel group entities as a result of the planned disaffiliation". In addition, the application file for disaffiliation which will be sent to CNCM by the Federations after the vote of the members of the local banks concerned who are affiliated to them must include the draft memorandum of understanding setting out the commitments of these local banks and the practical arrangements for disaffiliation.

Within this framework, the local banks will make a financial proposal to the CNCM Board of Directors (*conseil d'administration*) based on objective and legally founded elements.

Lastly, the DCG provides that the Board of Directors (*conseil d'administration*) of the CNCM must adopt the final terms of disaffiliation, 'taking into account, in particular, the effective date of disaffiliation of the fund concerned, the amount of the indemnity to be paid to the Caisse Centrale de Crédit Mutuel and the memorandum of understanding setting out the commitments of the local bank and the practical arrangements for disaffiliation'. The DCG does not specify either the methods of calculation of this compensation or its amount, which may in fine be significant, which the Borrower could then contest.

Furthermore, in accordance with Article 2.4 of the DCG, in the event of a change in the legal or factual circumstances between the authorization given to the Federations to organize the vote of the members and the vote of approval of each extraordinary general meeting, or after the latter vote, the CNCM Board of Directors (*conseil d'administration*) may ask the local banks and federations concerned for any useful additional information in order to "assess at short notice whether the essential conditions for disaffiliation are still met and the consequences of such a change for the Crédit Mutuel group in the event of disaffiliation" and "decide whether to follow up on the request for disaffiliation". 11

It is therefore possible that the Borrower does not agree with CNCM on the practical arrangements for disaffiliation set by DCG, which could prevent the disaffiliation project from being carried out.

- Risks related to the commercial stakes of disaffiliation

The disaffiliation of the Group from the Crédit Mutuel has a number of consequences, in particular the commercial stakes involved in the adoption by the Borrower of a name and trademarks that do not use the terms 'Crédit Mutuel'.

Furthermore, the possibility of opening up a large number of local banks in the territory of the Brittany and South-Western France Federations could increase competition with the Group in these two territories.

In any event, competition in the banking sector in France is strong. The Group considers that the intensification of competition in the context of its disaffiliation project will not affect its development capacities.

The preparatory work leading to the adoption of a new brand is being completed in order to initiate a new commercial and industrial dynamic.

It is therefore possible that the disaffiliation of the Borrower from the Crédit Mutuel could have commercial impacts on the Group. However, the work in progress makes it possible to determine that the consequences of the occurrence of this risk are slight.

- Risks related to the Borrower's governance

The CNCM thus amended its Articles of Association by an extraordinary general meeting on May 16, 2018 (the "**Articles of Association**").

A new Article 29 relating to the sanctions that may be pronounced by the CNCM has been incorporated into the Articles of Association. This new Article 29 is accompanied by a disciplinary regulation which would have the same legal force as the statutes.

The regulatory measures referred to in the powers of the Board of Directors refer to the creation of a new Article 33 of the Articles of Association, entitled "Withdrawal of confidence or approval as a regulatory measure", allowing for the removal of the heads of the regional groups outside of any sanction procedure.

It is possible that these provisions of the Articles of Association will be implemented by the CNCM, as the potential negative impact on the Group can be assessed as significant

- Risks related to potential litigation

Following the implementation of the disaffiliation of the Group from the Crédit Mutuel group, there is a risk of a legal challenge to the disaffiliation of the Group, in particular in the context of the application of the DCG.

In addition, the operational implementation of the disaffiliation of the Group could give rise to various claims or give rise to litigation against the Group by members, customers or counterparties of the Crédit Mutuel group.

Any litigation or claims that might be potentially brought could have a potentially significant negative impact on the Group.

- Risks related to the loss of inter-federal solidarity

As from the effective date of disaffiliation, the Borrower will no longer benefit from the national inter-federal solidarity mechanism in the event of the Group becoming independent from Crédit Mutuel.

However, it is specified that the Borrower has its own solidarity mechanism which would intervene in the first instance.

A cooperation pact between all LC and Arkéa will thus be concluded for a period of 99 years with a view to implementing solidarity, mutual aid and support mechanisms to help LC fulfil its primary mission, i.e. to promote access to banking, financial and insurance services for all.

For more information on the solidarity mechanism, investors may refer to section 1.6 on solidarity relations of this Universal Registration Document. The exit of the Borrower from the national inter-federal solidarity mechanism could lead to the lowering of certain financial ratings of the Group. However, it should be noted that Fitch Ratings already assigns a rating to the Group independently of the Crédit Mutuel group, without taking account of this national inter-federal solidarity mechanism.

At this stage, there is no certainty as to how this situation could evolve and/or the timing of its outcome, or the impact it could have on the B shares.

As the Issuer relies on the Borrower's situation for the conditions under which Privileged Notes may be issued, the disaffiliation of the Group from the Crédit Mutuel may have a potential impact on the Group including on the Borrower and thus, may affect the conditions under which the Issuer may issue the Privileged Notes or the Issuer's ability to comply with its obligations under the Privileged Notes.

## II. RISKS RELATED TO THE PRIVILEGED NOTES AND THE MARKET

### 1. Legal and regulatory risks

#### French insolvency laws

The Noteholders, in respect of all Tranches in any Series, will be grouped automatically for the defense of their common interests in a Masse, as defined in Condition 10 (*Representation of Noteholders*). However, under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") if a safeguard procedure (*procédure de sauvegarde*), an accelerated safeguard procedure (*procédure de sauvegarde accélérée*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), a judicial reorganisation procedure (*procédure de redressement judiciaire*) or an accelerated preservation procedure (*procédure de sauvegarde accélérée*) is opened in France with respect to the Issuer. The Issuer, as *société anonyme*, is subject to French legal provisions relating to insolvency proceedings, affecting creditors' rights and in particular the provisions of book VI (*Livre VI*) of the French *Code de commerce* (the "**French Commercial Code**") relating to the difficulties of companies (*difficultés des entreprises*).

The Assembly deliberates on the draft safeguard plan (*projet de plan de sauvegarde*), draft accelerated safeguard plan (*projet de plan de sauvegarde accélérée*), draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

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

As a specialised credit institution (*établissement de crédit spécialisé*), the Issuer is also subject to the provisions of Articles L.613-25 *et seq.* of the French Monetary and Financial Code. These provisions include *inter alia* specific rules on the opening of an insolvency proceeding against the Issuer, the involvement of the *Autorité de contrôle prudentiel et de résolution* in the event of bankruptcy of the Issuer, specific concepts of suspension of payment (*cessation des paiements*) for the Issuer and some specific rules of liquidation for the Issuer.

As a general principle, the above mentioned insolvency and reorganisation rules favour the continuation of a business and protection of employment over the payment of creditors.

However, the Issuer, as a *société de crédit foncier*, benefits from a regime which derogates in many ways from the French legal provisions relating to insolvency proceedings, including:

- (i) in accordance with Article L.513-18 of the French Monetary and Financial Code, the provisions of Article L.632-2 of the French Commercial Code (*nullités facultatives de la période suspecte*) are not applicable to contracts executed by a *société de crédit foncier*, or to legal transactions in favour of a *société de crédit foncier*, as far as such contracts or transactions are directly related to the transactions referred to in L. 513-2 of the French Monetary and Financial Code;
- (ii) in accordance with Article L.513-20 of the French Monetary and Financial Code, precludes the extension of insolvency proceedings in respect of the *société de crédit foncier* parent company to the *société de crédit foncier*;
- (iii) in accordance with Article L.513-21 of the French Monetary and Financial Code, any service/loan agreement pursuant to which the Issuer has delegated to another credit institution or financing company (*société de financement*) the management or the recovery of loans, exposures, assimilated receivables, securities, instruments, bonds or other sources of financing (in accordance with in accordance with Article L.513-15 of the French Monetary and Financial Code) may be immediately terminated upon the opening of bankruptcy proceedings (*procédure de sauvegarde, de sauvegarde financière accélérée, de sauvegarde accélérée, de redressement ou de liquidation judiciaires*) affecting such credit institution or financing company (*société de financement*);
- (iv) pursuant to Article L.513-11 of the French Monetary and Financial Code, in case of *procédure de sauvegarde, procédure de redressement ou de liquidation judiciaires* or conciliation proceedings (*procédure de conciliation*) of the Issuer, all cash flows generated by the assets of the Issuer are allocated as a matter of absolute priority to servicing liabilities of the Issuer which benefit from the *privilege* (priority right of payment) as they fall due, in preference to all other claims, whether or not secured or statutorily preferred and, until payment in full of the liabilities of the Issuer which benefit from the *privilege* (priority right of payment), no other creditors may take any action against the assets of the Issuer.

In the case of insolvency proceedings in respect of the Issuer, the ability of holders of Privileged Notes to enforce their rights under the Privileged Notes may be limited. In addition, the value of the Privileged Notes would be adversely affected.

### **Modification of the Conditions**

Holders of French law Privileged Notes will, in respect of all Tranches in any Series of French law Privileged Notes, be grouped automatically for the defence of their common interests in a *Masse*, as defined in Condition 11, and matters affecting their interests are generally adopted either through a general meeting of Noteholders (the "**General Meeting**") or by unanimous consent following a Written Unanimous Decision, as defined in Condition 11(d)(ii). The Terms and Conditions applicable to the French law Privileged Notes permit in certain cases defined majorities to bind all French law Noteholders including French law Noteholders who did not attend and vote at the relevant General Meeting and French law Noteholders who voted in a manner contrary to the majority. General Meetings or Written Unanimous Decisions may deal with any proposal relating to the modification of the Terms and Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, as more fully described in Condition 11.

Similarly, modifications of the Terms and Conditions of the German law Privileged Notes (such as a deferral or waiving of payment claims) may, by resolutions exceeding certain defined majority thresholds of the Noteholders which are binding for all Noteholders, be made.

#### **Withholding Taxes - No gross-up obligation**

Pursuant to Conditions 7(f) and 9 (*Taxation*), if French law should require that any payments in respect of any Privileged Notes be subject to withholding or deduction in respect of any taxes or duties whatsoever, the Issuer will not pay any additional amounts in respect of any such withholding or deduction. Therefore, the corresponding risk shall be borne by the Noteholders or, if applicable, the Receiptholders and the Couponholders.

In addition, if French law should require that payments of principal, interest and other revenues in respect of any French law Privileged Notes be subject to withholding or deduction in respect of any present or future taxes or duties whatsoever, such French law Privileged Notes may not be redeemed early.

#### **Bank Recovery and Resolution Directive**

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing an EU-wide framework for the recovery and resolution of credit institutions and investment firms, as amended (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"), entered into force on 2 July 2014, and Regulation (EU) No. 806/2014 of the European Parliament and of the Council of the European Union dated July 2014 as amended by Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 (the "**SRM Regulation**") provides for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the authority designated by each EU Member State (the "**Resolution Authority**") with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimizing the impact of an institution's failure on the economy and financial system (including taxpayers' exposure to losses). Under the SRM Regulation a centralized power of resolution is established and entrusted to the Single Resolution Board (the "**SRB**") and to the national resolution authorities.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments such as the Privileged Notes if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution under resolution in accordance with a set order of priority (the "**Bail-in Tool**"). They also include write-down/conversion powers with respect to institutions or groups which viability would otherwise be at threat or who require extraordinary financial support.

In addition to the Bail-in Tool, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution's business, the creation of a bridge institution, 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), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

With respect to the *obligations foncières* and other privileged notes, the BRRD provides that the Resolution Authority shall not exercise the write down or conversion powers in relation to secured liabilities including covered bonds and liabilities in the form of financial instruments used for hedging purposes which form an integral part of the cover pool and which according to national law are secured in a way similar to covered bonds, whether they are governed by the law of a Member State or of a third country. Nevertheless, relevant claims for the purposes of the Bail-in Tool would still include the claims of the holders in respect of any Privileged Notes issued under the Programme, only if and to the extent that the notes liability exceeded the value of the cover pool collateral against which it is secured. In such case, the write-down or conversion requirements could result in the full (i.e., to zero) or partial write-down or conversion into ordinary shares or other instruments of ownership of the notes, or the variation of the terms of notes (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered).

The application of any resolution measure under the French BRRD implementing provisions, or any suggestion of such application, with respect to the Issuer could materially adversely affect the rights of the Noteholders, the price or value of an investment in the Privileged Notes and/or the ability of the Issuer to satisfy its obligations under the Privileged Notes. Moreover, if the Issuer's financial condition deteriorates, the existence of the Bail-in Tool or the exercise of write-down/conversion powers by the Resolution Authority independently of a resolution measure with respect to capital instruments or in combination with a resolution measure when it determines that the institution or its group will no longer be viable could cause the market price or value of the Privileged Notes to decline more rapidly than would be the case in the absence of such powers.

Noteholders may have only very limited rights to challenge and/or seek a suspension of any decision of the Resolution Authority to exercise its resolution powers or to have that decision reviewed by a judicial or administrative process or otherwise.

### **Potential impact of the European legislation evolution on the covered bonds**

The impact of any measures could impact the legal and regulatory framework applicable to the Privileged Notes in force at the date of this Base Prospectus. In particular, on 12 March 2018, the European Commission has published a proposal for a Directive and for a Regulation on the issue of covered bonds and covered bond public supervision (COM(2018) 94 final), which has been subject to a European Parliament legislative resolution on 18 April 2019.

On 27 November 2019, Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 (the "**Covered Bond Directive**") and Regulation (EU) 2019/2160 of the European Parliament and of the Council of 27 November 2019 (the "**Covered Bond Regulation**") were adopted.

The Covered Bond Directive and Covered Bond Regulation aim for the establishment of a framework to enable a more harmonised covered bond market in the EU. The Covered Bond Directive covers in particular requirements for issuing covered bonds, requirements for marketing covered bonds as "European Covered Bonds", structural features of covered bonds (asset composition, derivatives, liquidity, etc.) and regulatory supervision. The Covered Bond Regulation mainly amend Article 129 of Regulation (EU) No 575/2013 (Capital Requirements Regulation) and add requirements on minimum overcollateralisation and substitution assets. A minimum 5% overcollateralisation is required, based on a nominal calculation method. Member states are allowed to reduce this level to a minimum of 2% under certain conditions.

Members States of the European Union will have to (i) implement the Covered Bond Directive into national legislation by 8 July 2021 and (ii) apply those measures at the latest from 8 July 2022. The Regulation will apply alter its entry into force.

In France, Law n° 2020-1508 dated 3 December 2020 containing various provisions for adaptation to European Union law in economic and financial matters (*portant diverses dispositions d'adaptation au droit de l'Union européenne en matière économique et financière*) has authorised the French Government to implement the Covered Bond Directive by way of ordinance (*ordonnance*) at the latest on 8 July 2021.

The potential impact of the new legal and regulatory framework applicable to the covered bonds (including the Privileged Notes) and to the Issuer cannot yet be fully estimated.

## **2. Risks related to the structure of a particular issue of Privileged Notes**

A wide range of Privileged Notes may be issued under the Programme. A number of these Privileged Notes may have features which present particular risks for potential investors. Set out below is a description of the most common such features:

### **Risks related to the redemption of the Privileged Notes**

#### *Privileged Notes subject to optional redemption by the Issuer*

Condition 6(c) allows for the issuance of Privileged Notes that are subject to an optional redemption by the Issuer. Such an optional redemption feature of Privileged Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Privileged Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The redeemed face amount of the Privileged Notes may be lower than the purchase price for the Privileged Notes paid by the Noteholders. As a consequence, part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested.

The Issuer may be expected to redeem Privileged Notes when its cost of borrowing is lower than the interest rate on the Privileged Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Privileged Notes being redeemed and may only be able to do so at a significantly lower rate. This may adversely and materially affect the Noteholders who could lose part of their investment in the Privileged Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

In addition, the exercise of a redemption option by the Issuer only for certain Privileged Notes may affect the liquidity for the other Privileged Notes of the same Series for which the option has not been exercised. On the basis of the number of Privileged Notes of the same Series for which the redemption option provided in the relevant Final Terms was exercised, the securities market for which such redemption right was not exercised could become illiquid.

*Privileged Notes with soft bullet maturity may be redeemed after their initial maturity date*

Condition 7(a) allows for the issuance of Privileged Notes with soft bullet maturity (the "**Soft Bullet Privileged Notes**"). The Final Maturity Date of such Soft Bullet Privileged Notes with soft bullet maturity may be extended automatically to the Extended Final Maturity Date if the Final Redemption Amount of the relevant Soft Bullet Privileged Notes is not paid by the Issuer on the Final Maturity Date. The payment of the Final Redemption Amount may be automatically deferred and shall become due and payable on the Extended Final Maturity Date if so specified in the relevant Final Terms, provided that all or part of the Final Redemption Amount unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to and including the relevant Extended Final Maturity Date. Interest will continue to accrue on any unpaid amount during such extended period at the relevant applicable Rate of Interest and will be payable on each Interest Payment Date and on the Extended Final Maturity Date, all as specified in the relevant Final Terms and in accordance with the applicable Conditions. The extension of the maturity of the Privileged Notes from the Maturity Date to the Extended Maturity Date will not result in any right of the Noteholders to accelerate payments or take action against the Issuer and will result in a delay of payments of principal on the relevant Privileged Notes.

The situation of the Issuer may change between the Final Maturity Date and the Extended Final Maturity Date. In addition, (i) the provisions relating to interest payable after the Final Maturity Date of any Soft Bullet Privileged Notes may differ from that those relating to interest payable before such Final Maturity Date and (ii) the extension of the maturity of the Privileged Notes is likely to limit their liquidity and market value.

### **Risks related to the interest payable in respect of the Privileged Notes**

#### *Fixed Rate Privileged Notes*

Condition 6(b) allows for the issuance of Notes that pay a fixed rate of interest to Noteholders. Investment in Privileged Notes which bear interest at a fixed rate (a "**Fixed Rate**") involves the risk that inflation or subsequent changes in market interest rates may materially and adversely affect the value, the liquidity and the yield of the relevant Fixed Rate Notes.

While the nominal interest rate of a Fixed Rate Privileged Note is determined during the term of such Privileged Note or within a given period of time, the market interest rate (the "**Market Interest Rate**") typically varies on a daily basis. As the Market Interest Rate changes, the price of the Privileged Note varies in the opposite direction. If the Market Interest Rate increases, the price of the Privileged Note typically decreases, until the yield of the Privileged Note equals approximately the Market Interest Rate. If the Market Interest Rate decreases, the price of a Fixed Rate Privileged Note typically increases, until the yield of the notes equals approximately the Market Interest Rate.

Movements of the Market Interest Rate can adversely affect the price of the Privileged Notes and can lead to losses for Noteholders if they sell Notes during the period in which the Market Interest Rate exceeds the Fixed Rate of the Privileged Notes.

In addition, the yield of Privileged Notes which bear interest at a Fixed Rate (which will be specified in the relevant Final Terms) shall be calculated at the issue date of such Notes on the basis of its issue price. It shall not be an indication of future yield.

#### *Floating Rate and CMS Rate Privileged Notes*

Condition 6(c) and Condition 6(d) allows for the issuance of Notes that pay a floating rate of interest (including a CMS rate of interest) to Noteholders. Investment in Floating Rate Privileged Notes and/or CMS Linked Privileged Notes comprises (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of such Privileged Notes but there will be a periodic adjustment (as specified in the relevant Final Terms) of the reference rate (e.g., every three (3) months or six (6) months) which itself will change in accordance with general market conditions. Accordingly, the market value of Floating Rate Privileged Notes and/or CMS Linked Privileged Notes may be volatile if changes, particularly short term changes, to Market Interest Rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Privileged Notes upon the next periodic adjustment of the relevant reference rate.

#### *Fixed/Floating Rate Privileged Notes, Fixed/CMS Rate Privileged Notes, Floating/Fixed Rate Privileged Notes, CMS/Fixed Rate Privileged Notes, Fixed/Fixed Rate Privileged Notes and Floating/Floating Rate Privileged Notes*

Condition 5(f) allows for the issuance of Privileged Notes that pay a fixed/floating rate, fixed/fixed rate and floating/floating rate of interest to Noteholders. Fixed/Floating Rate Privileged Notes and Floating/Fixed Rate Privileged Notes may bear interest at a rate that will automatically, or that the Issuer may elect to, convert from a Fixed Rate to a Floating Rate, or from a Floating Rate to a Fixed rate. Fixed/Fixed Rate Privileged Notes and

Floating/Floating Rate Privileged Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a different fixed rate or from a floating rate to a different floating rate. Fixed/CMS Rate Privileged Notes and CMS/Fixed Rate Privileged Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a CMS rate or from a CMS rate to a fixed rate. The conversion (whether automatic or optional) may materially and adversely affect the secondary market and the market value of such Privileged Notes since it may lead to a lower overall cost of borrowing. If a Fixed Rate is converted to a Floating Rate, the spread on the Fixed/Floating Rate Privileged Notes may be less favourable than then prevailing spreads on comparable Floating Rate Privileged Notes tied to the same reference rate. In addition, the new Floating Rate at any time may be lower than the rates on other Privileged Notes. If a Floating Rate is converted to a Fixed Rate, the Fixed Rate may be lower than then prevailing rates on its Privileged Notes.

Investors could lose a substantial part of all their investments in the Privileged Notes.

#### *Inverse Floating Rate Privileged Notes/Inverse CMS Rate Privileged Notes*

Condition 5(g) allows for the issuance of Privileged Notes that pay an inverse floating rate and inverse CMS rate of interest to Noteholders. Inverse Floating Rate Privileged Notes and Inverse CMS Rate Privileged Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate (EURIBOR, LIBOR, SONIA, SOFR, SARON or EUR CMS). The market values of such Privileged Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Privileged Notes and Inverse CMS Rate Privileged Notes are more volatile because an increase in the reference rate not only decreases the interest rate of such Privileged Notes but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Privileged Notes.

#### *Zero Coupon Privileged Notes*

Condition 5(h) allows for the issuance of Zero Coupon Privileged Notes. Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Privileged Notes than on the prices of ordinary Privileged Notes because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Privileged Notes can suffer higher price losses than other Privileged Notes having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Privileged Notes are a type of investment associated with a particularly high price risk.

#### *Reform and regulation of "benchmarks"*

Pursuant to Condition 6(c), Condition 6(d), Condition 6(f) or Condition 6(g) and where the relevant Final Terms for a Series of Floating Rate Privileged Notes and/or CMS Linked Privileged Notes identifies that the Rate of Interest on such Privileged Notes will be determined by reference to interest rates and indices which are deemed to be Benchmarks (such as EURIBOR, LIBOR, SONIA, SOFR, SARON or EUR CMS), such Benchmarks have been the subject of recent international, national and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently from the past or disappear entirely, to be subject to revised calculation methods, or have other consequences that cannot be predicted. Any such consequence could have a material adverse effect on any Floating Rate Privileged Notes and/or CMS Linked Privileged Notes to or referencing any such Benchmarks.

Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**") entered into force on 30 June 2016, with the majority of its provisions applying from 1 January 2018.

The Benchmark Regulation (i) requires administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of Benchmarks (or, if non EU based, to be subject to equivalent requirements) and (ii) prevents certain uses by EU supervised entities of Benchmarks of administrators that are not authorised/registered (or, if non EU based, deemed equivalent or recognised or endorsed). In the United Kingdom, the Benchmark Regulation as it forms part of domestic law by virtue of European Union (Withdrawal) Act 2018 ("**EUWA**") provides for equivalent sets of rules.

The Benchmark Regulation could have a material impact on any Floating Rate Privileged Notes and/or CMS Linked Privileged Notes traded on a trading venue or via a "systematic internaliser" linked to a Benchmark index. Notably, the methodology or other terms of the Benchmark could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level of the Benchmark. It could potentially lead to the Floating Rate Privileged Notes and/or CMS Linked Privileged Notes being de-listed, adjusted or redeemed early or otherwise impacted depending on the particular Benchmark and the applicable



terms of the Floating Rate Privileged Notes and/or CMS Linked Privileged Notes or have other material and adverse effects or unforeseen consequences.

More broadly, any of the international, national or regulatory reforms, or any enhanced regulatory scrutiny of Benchmarks, or any further uncertainty in relation to the timing and manner of implementation of such changes, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect on certain Benchmarks (such as EURIBOR, LIBOR, SONIA, SOFR, SARON or EUR CMS) of (i) discouraging market participants from continuing to administer or contribute to the relevant Benchmark, (ii) triggering changes in the rules or the methodologies used in the relevant Benchmark or (iii) leading to the disappearance of the relevant Benchmark.

In particular, on 5 March 2021, the United Kingdom Financial Conduct Authority (the "FCA") announced the future cessation or loss of representativeness of the 35 LIBOR benchmark settings published by ICE Benchmark Administration ("ICE"). In particular it announced that (i) the publication of 24 LIBOR settings (as detailed in the FCA announcement) will cease immediately after 31 December 2021, (ii) the publication of the overnight and 12-month U.S. dollar LIBOR settings will cease immediately after 30 June 2023, (iii) immediately after 31 December 2021, the 1-month, 3-month and 6-month sterling LIBOR settings will no longer be representative of the underlying market and economic reality that they are intended to measure and representativeness will not be restored (and the FCA will consult on requiring the ICE to continue to publish the three remaining sterling LIBOR settings for a further period after end-2021 on a synthetic basis) and (iv) immediately after 30 June 2023, the 1-month, 3-month and 6-month U.S. dollar LIBOR settings will no longer be representative of the underlying market and economic reality that they are intended to measure and representativeness will not be restored (and the FCA will consider the case for using its proposed powers to require ICE to continue publishing these settings on a synthetic basis, for a further period after end June 2023 taking into account views and evidence from the US authorities and other stakeholders).

Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a significant adverse effect on the market value of and return on any Privileged Notes linked to or referencing a Benchmark.

If a benchmark were discontinued or otherwise unavailable, the rate of interest on Privileged Notes linked to or referencing such benchmark will be determined for the relevant period by the fall-back provisions applicable to such Privileged Notes (it being specified that in case of discontinuation of the Relevant Rate or occurrence of an Administrator/Benchmark Event, a specific fall-back shall apply - please refer to the risk factor entitled "*The discontinuance of the Relevant Rate or occurrence of an Administrator/Benchmark Event could have a material adverse effect on the value of and return on any such Privileged Notes linked to or referencing such Benchmarks*" below). However, such fall-back provisions may be deviated from it deemed unsuitable by the Commission or the relevant national authority, as further explained below.

Depending on the manner in which a benchmark rate is to be determined under the Terms and Conditions, this may (i) if ISDA Determination or FBF Determination applies, be reliant upon the provision by reference banks of offered quotations for the benchmark rate which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when the benchmark was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Privileged Notes linked to or referencing a Benchmark.

Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 has amended the existing provisions of the Benchmark Regulation by extending the transitional provisions applicable to material benchmarks and third-country benchmarks until the end of 2021.

The Benchmarks Regulation was further amended by Regulation (EU) 2021/168 of the European Parliament and of the Council of 10 February 2021 which introduces a harmonised approach to deal with the cessation or wind-down of certain Benchmarks (such as EURIBOR or LIBOR) by conferring the power to designate a statutory replacement for said Benchmarks on the Commission or the relevant national authority, such replacement being limited to contracts and financial instruments (such as certain Privileged Notes issued under the Programme) which contain no fallback provision or no suitable fallback provisions before the date of cessation of the Benchmark concerned. For instance, if pursuant to a fallback provision included in the Condition 5(c)(iii) of the Terms and Conditions of the Privileged Notes a Benchmark is replaced by a Benchmark which no longer reflects or which significantly diverges from the underlying market or the economic reality that the Benchmark in cessation is intended to measure, a statutory replacement of such Benchmark may be designated. This replacement could have a negative impact on the value or liquidity of, and return on, certain Privileged Notes issued under the Programme linked to or referencing such Benchmark and may not operate as intended at the relevant time or may perform differently from the discontinued or otherwise unavailable Benchmark.

In addition, Regulation (EU) 2021/168 is subject to further development through delegated regulations, the transitional provisions applicable to third-country Benchmarks are extended until the end of 2023 and the Commission is empowered to further extend this period until the end of 2025, if necessary. Such developments may create uncertainty regarding any future legislative or regulatory requirements arising from the implementation of delegated regulations.

*Risks relating to Privileged Notes which are linked to SONIA, SOFR or SARON*

The market continues to develop in relation to adoption of risk-free rates (including overnight rates) as reference rates for Floating Rate Privileged Notes. These new overnight risk-free rates are still however in very early stages of development and they may not be widely adopted by market users.

The Final Terms for a Series of Floating Rate Privileged Notes may provide that the Rate of Interest for such Privileged Notes will be determined by reference to such overnight risk-free rates such as the Sterling Overnight Index Average ("**SONIA**"), the Secured Overnight Financing Rate ("**SOFR**") or the Swiss Average Rate Overnight ("**SARON**").

The market or a significant part thereof may adopt an application of SONIA, SOFR and SARON that differs significantly from that set out in the Terms and Conditions of the Privileged Notes and used in relation to Floating Rate Privileged Notes issued under this Base Prospectus that reference SONIA, SOFR or SARON.

The nascent development of these overnight risk-free rates as interest reference rates for the Eurobond markets, as well as continued development of such rates for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Floating Rate Privileged Notes. The return on and value Privileged Notes linked to or referencing SONIA, SOFR or SARON may fluctuate more than Privileged Notes that are linked to less volatile rates. Since overnight risk-free rates are relatively new market indexes, the Privileged Notes will likely have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Investors in the Privileged Notes may not be able to sell the Privileged Notes at all or may not be able to sell the Privileged Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Interest on Floating Rate Privileged Notes that reference SONIA, SOFR or SARON is only capable of being determined at the end of the relevant Interest Accrual Period and shortly prior to the relevant Interest Payment Date. It may be difficult for investors in Floating Rate Privileged Notes that reference SONIA, SOFR or SARON to reliably estimate the amount of interest that will be payable on such Floating Rate Privileged Notes.

The mismatch between the adoption of such reference rates across these markets may impact negatively any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Floating Rate Privileged Notes referencing SONIA, SOFR or SARON.

*The discontinuance of the Relevant Rate or occurrence of an Administrator/Benchmark Event could have a material adverse effect on the value of and return on any such Privileged Notes linked to or referencing such Benchmarks*

In respect of CMS Linked Privileged Notes or, in respect of Floating Rate Privileged Notes, where FBF Determination, ISDA Determination or Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, if the Relevant Rate has been discontinued or an Administrator/Benchmark Event (as further described in Condition 6(e) (except for SONIA, SOFR and SARON)) has occurred, the Rate of Interest on the affected Floating Rate Privileged Notes will be changed in ways that may be adverse to holders of such Privileged Notes, without any requirement that the consent of such holders be obtained.

Pursuant to the terms and conditions of any applicable Floating Rate Privileged Notes in relation to which Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and/or CMS Linked Privileged Notes, in the event that an Administrator/Benchmark Event occurs, fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Rate (both as defined in Condition 6(e)), and may include concomitant changes to the terms and conditions of the relevant affected Privileged Notes necessary to make the Replacement Relevant Rate (as defined in Condition 6(e)) as comparable as possible to the Original Reference Rate, all as determined by the Relevant Rate Determination Agent. Such Replacement Relevant Rate and any such other changes will (in the absence of manifest error) be final and binding on the Noteholders, the Issuer, the Calculation Agent, the Fiscal Agent and any other person and each Noteholder shall be deemed to have accepted the Replacement Relevant Rate and such related changes and adjustments which will thenceforth apply to the relevant affected Privileged Notes, unless they are deviated from by the Commission or the relevant national authority as mentioned below.

Given the uncertainty concerning the availability of Successor Rates or Alternative Rates, the involvement of a

Relevant Rate Determination Agent and potential for further regulatory developments, the relevant fallback provisions may not operate as intended at the relevant time and the Replacement Relevant Rate may perform differently from the discontinued Benchmark. In addition, pursuant to Regulation (EU) 2021/168 of the European Parliament and of the Council of 10 February 2021 they may be deviated from if deemed unsuitable by the Commission or the relevant national authority.

If the Relevant Rate Determination Agent is unable to determine an appropriate Replacement Relevant Rate for any Relevant Rate on or prior to the next following Interest Determination Date (as defined in Condition 6(a)), then the provisions for the determination of the Rate of Interest on the relevant affected Privileged Notes will not be changed. In such cases, the Terms and Conditions of the Privileged Notes provide that the Rate of Interest on such Privileged Notes shall be the Rate of Interest determined on the previous Interest Determination Date, as determined by the Calculation Agent (i.e. which may result in the effective application of a fixed rate). In such circumstances and a rising interest rate environment, holders of Privileged Notes will, consequently, not benefit from any increase in rates. The trading value of such Privileged Notes could therefore be adversely affected.

Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Privileged Notes and/or CMS Linked Privileged Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Privileged Notes and/or CMS Linked Privileged Notes. Investors should note that the Relevant Rate Determination Agent will have discretion to adjust the relevant Successor Rate or Alternative Rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and, due to the particular circumstances of each Noteholders, any such adjustment may not be favourable to each Noteholder.

*The Calculation Agent will or could have authority to make determinations and elections that could affect the return on, value of and market for the Floating Rate Notes and, in particular, Notes linked to or referencing SONIA, SOFR or SARON*

Under the Terms and Conditions of the Privileged Notes, the Calculation Agent may make certain determinations, decisions and elections with respect to the interest rate on Floating Rate Privileged Notes and, in particular, on Notes linked to or referencing SONIA, SOFR or SARON. The Calculation Agent will make any such determination, decision or election in its sole discretion, acting in good faith and in a commercially reasonable manner, and any such determination, decision or election that the Calculation Agent makes could affect the amount of interest payable on Floating Rate Privileged Notes and, in particular, on Privileged Notes linked to or referencing SONIA, SOFR or SARON. Any exercise of discretion by the Calculation Agent, under the Terms and Conditions of the Privileged Notes, including, without limitation, any discretion exercised by such Calculation Agent, could present a conflict of interest.

### **Privileged Notes issued at a substantial discount or premium**

The issue price of any specific Tranche of Privileged Notes will be determined in the relevant Final Terms. The Privileged Notes may be issued at a substantial discount or premium to their nominal amount. The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

It is difficult to anticipate future market volatility in interest rates, but any such volatility may have an adverse effect on the value of the Privileged Notes. Therefore, holders of Privileged Notes issued at a substantial discount or premium could be exposed to greater losses on their investment than holders of conventional interest-bearing securities.

Investors could lose a substantial part of their investments in the Privileged Notes.

### **3. Risks related to the market**

#### **Market value of the Privileged Notes may fluctuate and an active trading market for the Privileged Notes may not develop**

The Programme allows for Privileged Notes to be admitted to trading on Luxembourg Stock Exchange and/or, subject to the notification of a certificate of approval to any relevant competent authority as may be requested by the Issuer, on any other regulated market of the European Economic Area.

The market value of the Privileged Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including but not limited to, the volatility of market interest and yield rates and the time remaining to the maturity date. The value of the Privileged 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 Privileged Notes are traded. The price at which a Noteholder will be able to sell the Privileged 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.

French law Privileged Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. German law Privileged Notes will not be admitted to trading on any stock exchange or any other market and a secondary market will probably not develop through other means. Therefore, investors may not be able to sell their Privileged Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Privileged Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Privileged Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of Privileged Notes.

In addition, there is a general lack of liquidity in the secondary market for instruments similar to the Privileged Notes due to the prevailing and widely reported global credit market conditions (which continue at the date of this Base Prospectus). Such lack of liquidity may result in investors suffering losses on the Privileged Notes in secondary resales even if there is no decline in the credit strength of the Issuer or the performance of the Collateral Security assets. The Issuer cannot predict when these circumstances will change and if and when they do whether there will be a more liquid market for the Privileged Notes and instruments similar to the Privileged Notes at that time.

Furthermore, the secondary market for securities is currently experiencing significantly reduced liquidity, which could limit investors' ability to resell Privileged Notes and materially and adversely affect the market value of Privileged Notes.

Investors could lose a substantial part or all of their investments in the Privileged Notes.

#### **Exchange rate risks and exchange controls**

The Programme allows for Notes to be issued in a range of currencies (each, a "**Specified Currency**" as defined in Condition 2(b)). The Issuer will pay principal and interest on the Privileged Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls.

An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Privileged Note, (ii) the Investor's Currency equivalent value of the principal payable on the Privileged Note and (iii) the Investor's Currency-equivalent market value of the Privileged Note.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive in payment less interest or principal than expected, or no interest or principal. This may adversely and materially affect the Noteholders who could lose part of their investment in the Privileged Notes.

## IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS

Certain tranches of French law Privileged Notes with a specified denomination of less than €100,000 (or its equivalent in any other currency at the date of the issue of such tranches of French law Privileged Notes) may be offered in France in circumstances where there is no exemption from the requirement to publish a prospectus (a "**Non-Exempt Offer**") under Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the "**Prospectus Regulation**"), if the Issuer has given its consent in the relevant Final Terms.

The consent to the use of the Prospectus (as defined below) relates to the Offer Periods (if any and as defined below) beginning within twelve (12) months from the date of the approval of this Base Prospectus by the *Commission de surveillance du secteur financier*.

In the context of a Non-Exempt Offer, the Issuer may, if so specified in the relevant Final Terms, consent to the use of the Base Prospectus, together with any supplement with respect thereto that may be published from time to time and the relevant Final Terms (together, the "**Prospectus**") in connection with a Non-Exempt Offer of any French law Privileged Notes during the offer period specified in the relevant Final Terms (the "**Offer Period**") by:

- (i) any financial intermediary authorised to make such offers pursuant to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended ("**MiFID II**"), as specified and subject to conditions specified in the relevant Final Terms; or
- (ii) if so specified in the relevant Final Terms, any financial intermediary which satisfies the following conditions: (a) acts in accordance with all applicable laws, rules, regulations and recommendations of any applicable regulatory bodies (the "**Rules**"), from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the French law Privileged Notes by any person and disclosure to any potential investor; (b) complies with the restrictions set out under "*Subscription and Sale*" in this Base Prospectus which would apply as if it were a Dealer; (c) considers the relevant manufacturer's target market assessment and distribution channels identified under the "MiFID II Product Governance" legend set out in the applicable Final Terms; (d) ensures that any fee (and any commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the French law Privileged Notes is fully and clearly disclosed to investors or potential investors; (e) holds all licences, consents, approvals and permits required in connection with solicitation of interest in, or offers or sales of, the French law Privileged Notes under the Rules; (f) retains investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the relevant Dealer(s) and the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the relevant Dealer(s) in order to enable the Issuer and/or the relevant Dealer(s) to comply with the Rules relating to anti-money laundering, prevention of corruption and "know your client" rules applying to the Issuer and/or the relevant Dealer(s); (g) does not, directly or indirectly, cause the Issuer or the relevant Dealer(s) to breach any Rule or any requirement to obtain or make any filing, authorisation or consent in any jurisdiction; and (h) satisfies any further conditions specified in the relevant Final Terms,

(in each case an "**Authorised Offeror**"). For the avoidance of doubt, none of the Dealers or the Issuer shall have any obligation to ensure that an Authorised Offeror complies with applicable laws and regulations and shall therefore have no liability in this respect.

The Issuer accepts responsibility, in France, for the content of the Prospectus in relation to any person (an "**Investor**") in France to whom an offer of any French law Privileged Notes is made by any Authorised Offeror and where the offer is made during the period for which that consent is given and in compliance with all other conditions attached to the giving of the consent. However, neither the Issuer nor any Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

The consent referred to above relates to Offer Periods (if any) occurring in the periods beginning and ending on the dates specified for such purpose in the relevant Final Terms relating to France and provided that the relevant Final Terms have been duly published and specify that Non-Exempt Offers may be made to the public in France, all in accordance with the Prospectus Regulation.

In the event the Final Terms designate financial intermediary(ies) to whom the Issuer has given its consent to use the Prospectus during an Offer Period, the Issuer may also give consent to additional Authorised Offerors after the date of the relevant Final Terms and, if it does so, it will publish any new information in relation to such Authorised Offerors who are unknown at the time of the approval of this Base Prospectus or the filing of the relevant Final

Terms on the website of the Issuer ([www.arkea.com/banque/assurance/credit/mutuel/ecb\\_5040/fr/public-sector-scf](http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5040/fr/public-sector-scf)).

**If the Final Terms specify that any financial intermediary may use the Prospectus during the Offer Period, any such Authorised Offeror is required, for the duration of the Offer Period, to publish on its website a statement confirming that it is using the Prospectus for the relevant Non-Exempt Offer with the consent of the Issuer and in accordance with the conditions attached thereto.**

Other than as set out above, neither the Issuer nor any of the Dealers has authorised the making of any Non-Exempt Offer by any person in any circumstances and such person is not permitted to use the Prospectus in connection with its offer of any French law Privileged Notes. Any such offers are not made on behalf of the Issuer or by any of the Dealers or Authorised Offerors and none of the Issuer or any of the Dealers or Authorised Offerors has any responsibility or liability for the actions of any person making such offers.

**An Investor intending to acquire or acquiring any French law Privileged Notes from an Authorised Offeror will do so, and offers and sales of the French law Privileged Notes to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to the price, allotment, settlement/delivery arrangements and any costs or taxes to be invoiced to the Investor (the "Terms and Conditions of the Non-Exempt Offer"). The Issuer will not be a party to any such arrangements with Investors (other than Dealers) in connection with the offer or sale of the French law Privileged Notes and, accordingly, the Base Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Non-Exempt Offer shall be provided to Investors by that Authorised Offeror at the time of the Non-Exempt Offer. Neither the Issuer nor any of the Dealers or other Authorised Offerors has any responsibility or liability for such information or the consequences of its use by the relevant Investors.**

## SUPPLEMENT TO THE BASE PROSPECTUS

Unless the Issuer does not intend to issue French law Privileged Notes under the Programme for the time being, if at any time between the date on which this Base Prospectus has been approved and 2 July 2022 a significant new factor, material mistake or material inaccuracy relating to the information included in this base prospectus (the "**Base Prospectus**"), which may affect the assessment of the French law Privileged Notes arises or is noted, the Issuer shall prepare and make available a supplement to this Base Prospectus (each a "**Supplement**") as required by Article 23 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the "**Prospectus Regulation**") or publish a replacement Base Prospectus. The Issuer will submit such Supplement to the *Commission de surveillance du secteur financier* in Luxembourg for approval and supply each Dealer, the Luxembourg Stock Exchange and the *Commission de surveillance du secteur financier* in Luxembourg with such number of copies of such Supplement as may reasonably be requested.

In accordance with Article 23.2 (*bis*) of the Prospectus Regulation, where the relevant Final Terms relate to an offer of French law Privileged Notes to the public in France, investors who have already agreed to purchase or subscribe French law Privileged Notes before the publication of the Supplement benefit from a withdrawal right within a time limit of three (3) working days after the publication of such Supplement if the new factor, material mistake or material inaccuracy referred to in Article 23.1 of the Prospectus Regulation arose or was noted before the final closing of the offer or the delivery of the French law Privileged Notes, whichever occurs first. That period may be extended by the Issuer or, if any, the relevant Authorised Offeror(s). The date on which the withdrawal period ends will be stated in the relevant Supplement. On 2 July 2022, this Base Prospectus, as supplemented (as the case may be), will expire and the obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will no longer apply.

Any Supplement shall be (a) published on the websites of (i) the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and (ii) the Issuer ([www.arkea.com/banque/assurance/credit/mutuel/ecb\\_5040/fr/public-sector-scf](http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5040/fr/public-sector-scf)) and (b) available for inspection and obtainable, upon request and free of charge, during usual business hours, on any weekday at the registered office of the Issuer (1, rue Louis Lichou, 29480 Le Relecq-Kerhuon, France).

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus shall be read and construed in conjunction with the following documents which have been previously or simultaneously filed with the *Commission de surveillance du secteur financier* (the "CSSF") and which are incorporated by reference in, and shall be deemed to form part of, this Base Prospectus:

- the French language 2019 financial statements of the Issuer for the year ended 31 December 2019 (the "**2019 Financial Statements**", [https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2020-04/rapport\\_financier\\_annuel\\_2019\\_scf\\_signe.pdf](https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2020-04/rapport_financier_annuel_2019_scf_signe.pdf)) comprised of the statutory auditors' report thereon and the audited financial statements of the Issuer with respect thereto;
- the French language 2020 financial statements of the Issuer for the year ended 31 December 2020 (the "**2020 Financial Statements**", [https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-03/rfa\\_2020\\_scf\\_def\\_complet.pdf](https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-03/rfa_2020_scf_def_complet.pdf)) comprised of the statutory auditors' report thereon and the audited financial statements of the Issuer with respect thereto,

and, for the purposes only of further issues of French law Privileged Notes to be assimilated (*assimilées* for the purpose of French law) and form a single Series with French law Privileged Notes already issued under the relevant EMTN Previous Terms and Conditions (as defined below):

- the section "*Terms and Conditions of the French law Privileged Notes*" contained on pages 24 to 49 of the base prospectus of the Issuer dated 31 August 2011 (which was approved by the CSSF in Luxembourg) (the "**2011 Conditions**", <https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2014-06/prospectus-de-base-credit-mutuel-arkea-public-sector-scf-31082011.pdf>);
- the section "*Terms and Conditions of the French law Privileged Notes*" contained on pages 23 to 43 of the base prospectus of the Issuer dated 19 December 2012 (which was approved by the CSSF in Luxembourg) (the "**2012 Conditions**", <https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2014-06/base-prospectus-credit-mutuel-arkea-public-sector-scf-19122012.pdf>);
- the section "*Terms and Conditions of the French law Privileged Notes*" contained on pages 53 to 75 of the base prospectus of the Issuer dated 28 August 2015 (which was approved by the CSSF in Luxembourg) (the "**2015 Conditions**", <https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2016-11/base-prospectus-arkea-public-sector-scf-28082015.pdf>);
- the section "*Terms and Conditions of the French law Privileged Notes*" contained on pages 53 to 75 of the base prospectus of the Issuer dated 14 October 2016 (which was approved by the CSSF in Luxembourg) (the "**2016 Conditions**", <https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2016-11/base-prospectus-arkea-public-sector-scf-14102016.pdf>);
- the section "*Terms and Conditions of the French law Privileged Notes*" contained on pages 54 to 76 of the base prospectus of the Issuer dated 26 October 2017 (which was approved by the CSSF in Luxembourg) (the "**2017 Conditions**", <https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2017-10/base-prospectus-arkea-public-sector-scf-26102017.pdf>); and
- the section "*Terms and Conditions of the French law Privileged Notes*" contained on pages 78 to 103 of the base prospectus of the Issuer dated 26 November 2018 (which was approved by the CSSF in Luxembourg) (the "**2018 Conditions**", [https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2018-11/arkea\\_ps\\_scf\\_base\\_prospectus\\_final.pdf](https://www.arkea.com/banque/assurance/credit/upload/docs/application/pdf/2018-11/arkea_ps_scf_base_prospectus_final.pdf)), and together with the 2011 Conditions, the 2012 Conditions, the 2015 Conditions, the 2016 Conditions and the 2017 Conditions, the "**EMTN Previous Terms and Conditions**").

To the extent that only the EMTN Previous Terms and Conditions are specified to be incorporated by reference therein, the non-incorporated parts of the previous base prospectuses are either not relevant for investors or are covered elsewhere in the Base Prospectus.

So long as any of the Privileged Notes are outstanding, all documents incorporated by reference in this Base Prospectus will be (i) available for inspection and obtainable, upon request and free of charge, during usual



business hours, on any weekday at the registered office of the Issuer (1, rue Louis Lichou, 29480 Le Relecq-Kerhuon, France) and (ii) published (a) on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and/or (b) for at least ten (10) years from the date of their publication, on the website of the Issuer ([www.arkea.com/banque/assurance/credit/mutuel/ecb\\_5040/fr/public-sector-scf](http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5040/fr/public-sector-scf)).

Except for the EMTN Previous Terms and Conditions, the information incorporated by reference in this Base Prospectus shall be read in connection with the cross-reference list below.

**Cross-reference list relating to the 2019 Financial Statements and the 2020 Financial Statements**

<b>INFORMATION INCORPORATED BY REFERENCE</b> (Annex 6 of the Delegated Regulation (EU) 2019/980 dated 14 March 2019, as amended)	<b>REFERENCE</b>	
<b>11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>	<b>2019 Financial Statements</b>	<b>2020 Financial Statements</b>
<b><u>13.1 Historical financial information</u></b>		
- Balance sheet	Page 18	Page 21
- Income statement	Page 19	Page 22
- Notes	Pages 20 to 27	Pages 25 to 30
- Cash flow statement	Page 26	Page 29
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## TERMS AND CONDITIONS OF THE FRENCH LAW PRIVILEGED NOTES

The following is the text of the terms and conditions that, as completed in accordance with the provisions of the relevant Final Terms (as defined below, and together with the terms and conditions below, the "**Terms and Conditions**"), shall be applicable to the French law Privileged Notes. The terms and conditions applicable to the German law Privileged Notes are contained in the Agency Agreement (as defined below).

References below to "**Conditions**" are, unless the context requires otherwise, to the numbered paragraphs below.

In the case of Dematerialised Privileged Notes (as defined below), the text of the Terms and Conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed by the relevant Final Terms. In the case of Materialised Privileged Notes (as defined below), either (i) the full text of these Conditions together with the relevant provisions of the Final Terms (and subject to simplification by the deletion of non-applicable provisions) or (ii) these Conditions as so completed shall be endorsed on Definitive Materialised Privileged Notes.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms.

In this section, "**Privileged Notes**" refers only to (i) French law Privileged Notes (to the exclusion of German law Privileged Notes), except as otherwise provided and (ii) Privileged Notes of one (1) Series and not to all Privileged Notes that may be issued under the Programme.

The Privileged Notes will be issued by Arkéa Public Sector SCF (the "**Issuer**") under the terms and conditions of the French law Privileged Notes, as completed by the relevant final terms (the "**Final Terms**") of such Tranche (as defined in Condition 2), as determined by the Issuer and the relevant dealer(s) appointed from time to time in respect of one (1) or more Tranches (each a "**Dealer**") at the time of the issue.

The Privileged Notes will be issued with the benefit of an amended and restated agency agreement dated the date hereof, as amended or supplemented from time to time (the "**Agency Agreement**") entered into between the Issuer, CACEIS Corporate Trust (as fiscal agent, principal paying agent and Paris paying agent) and CACEIS Bank, Luxembourg Branch (as Luxembourg paying agent and calculation agent). The fiscal agent, the paying agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent) and the "**Calculation Agent(s)**". The holders of the interest coupons relating to interest bearing Materialised Privileged Notes (the "**Coupons**") and, where applicable in the case of such Privileged Notes, talons for further Coupons (the "**Talons**") and the holders of the receipts for the payment of instalments of principal relating to Materialised Privileged Notes of which the principal is redeemable in instalments (the "**Receipts**") are respectively referred to below as the "**Couponholders**" and the "**Receipholders**".

### 1. Definitions

"**EEA**" means the European Economic Area.

"**French Commercial Code**" means the *Code de commerce*.

"**French Monetary and Financial Code**" means *Code monétaire et financier*.

"**Noteholder**" or, as the case may be, "holder of any Privileged Notes" means

- (i) in the case of French law Privileged Notes, (a) in the case of Dematerialised Privileged Notes, the individual or entity whose name appears in the account of the relevant Account Holder, the Issuer or the Registration Agent (as the case may be) as being entitled to such Privileged Notes; (b) in the case of Definitive Materialised Privileged Notes, the bearer of any Definitive Materialised Privileged Notes and the Coupons, Talons or Receipts relating to it; and (c) in the case of Materialised Privileged Notes in respect of which a Temporary Global Certificate has been issued and is outstanding, each person (other than a clearing institution) who appears as the holder of such Privileged Notes or of a particular nominal amount of interests in such Privileged Notes, in accordance with the applicable laws and regulations and with the applicable rules and procedure of any relevant clearing institution including, without limitation, Euroclear France, Euroclear or Clearstream, as appropriate; and
- (ii) in the case of German law Privileged Notes, the registered holder of a German law Privileged Notes.

"**outstanding**" means, in relation to Privileged Notes of any Series (including German law Privileged Notes), all the Privileged Notes (including German law Privileged Notes) issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Privileged Notes to the date for such redemption and

any interest payable after such date) have been duly paid as provided in Condition 8 of the Terms and Conditions of the French law Privileged Notes, or, as applicable under the terms and conditions of the German law Privileged Notes, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in these Conditions, (e) in the case of Definitive Materialised Privileged Notes (i) those mutilated or defaced Definitive Materialised Privileged Notes that have been surrendered in exchange for replacement Definitive Materialised Privileged Notes, (ii) (for the purpose only of determining how many such Definitive Materialised Privileged Notes are outstanding and without prejudice to their status for any other purpose) those Definitive Materialised Privileged Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Definitive Materialised Privileged Notes have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one (1) or more Definitive Materialised Privileged Notes, pursuant to its provisions.

"**Programme Date**" means the date of this Base Prospectus.

"**Regulated Market**" means a regulated market located in a member state of the EEA within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended ("**MiFID II**") and appearing on the list of regulated markets of the European Securities and Markets Authority.

## 2. Form, Denomination and Title

### (a) Form

The Privileged Notes are *obligations foncières* within the meaning of Article L513-2 of the French Monetary and Financial Code.

Privileged Notes may be issued either in dematerialised form ("**Dematerialised Privileged Notes**") or in materialised form ("**Materialised Privileged Notes**"), as specified in the relevant Final Terms.

- (i) Title to Dematerialised Privileged Notes will be evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French Monetary and Financial Code by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French Monetary and Financial Code) will be delivered in respect of the Dematerialised Privileged Notes.

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

For the purpose of these Conditions, "**Account Holder**" means any authorised intermediary institution entitled to hold accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank SA/NV ("**Euroclear**") and the depository bank for Clearstream Banking, S.A. ("**Clearstream**").

- (ii) Materialised Privileged Notes are issued in bearer form (*au porteur*) only. Materialised Privileged Notes in definitive form ("**Definitive Materialised Privileged Notes**") are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Privileged Notes in which case references to interest (other than in relation to interest due after the Final Maturity Date (or the Extended Final Maturity Date, as the case may be)), Coupons and Talons in these Conditions are not applicable. Instalment Privileged Notes are issued with one (1) or more Receipts attached.

In accordance with Articles L.211-3 *et seq.* and R.211-1 of the French Monetary and Financial Code, securities (such as Privileged Notes constituting *obligations* under French law) in materialised form and governed by French law must be issued outside the French territory.

Materialised Privileged Notes and Dematerialised Privileged Notes may also be cleared through one (1) or more clearing system(s) other than or in addition to Euroclear France, Euroclear and/or Clearstream Luxembourg, as may be specified in the relevant Final Terms.

The Privileged Notes may be "**Fixed Rate Privileged Notes**", "**Floating Rate Privileged Notes**", "**CMS Linked Privileged Notes**", "**Fixed/Floating Rate Privileged Notes**", "**Fixed/CMS Rate Privileged Notes**", "**Floating/Fixed Rate Privileged Notes**", "**CMS/Fixed Rate Privileged Notes**", "**Fixed/Fixed Rate Privileged Notes**", "**Floating/Floating Rate Privileged Notes**", "**Inverse Floating Rate Privileged Notes**", "**Inverse CMS Rate Privileged Notes**", "**Zero Coupon Privileged Notes**" or a combination of

any of the foregoing, depending on the Interest Basis and the redemption method specified in this Base Prospectus as completed by the relevant Final Terms.

**(b) Denomination**

Privileged Notes shall be issued in the specified denomination(s) set out in the relevant Final Terms (the "**Specified Denomination(s)**"), save that the minimum denomination of all Privileged Notes admitted to trading on a Regulated Market and/or offered to the public pursuant to a non-exempt offer in France, will be of €1,000 (or its equivalent in any other currency at the date of the issue of such Privileged Notes) or such higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Unless permitted by then current laws and regulations, Privileged Notes (including Privileged Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000, as amended, must have a minimum redemption amount of £100,000 (or its equivalent in any other currency at the date of the issue of such Privileged Notes).

Dematerialised Privileged Notes shall be issued in one (1) Specified Denomination only.

**(c) Title**

- (i) Title to Dematerialised Privileged Notes in bearer form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Privileged Notes may only be effected through, registration of the transfer in the accounts of the Account Holders. Title to Dematerialised Privileged Notes in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Privileged Notes may only be effected through, registration of the transfer in the accounts maintained by the Issuer or by the Registration Agent.
- (ii) Title to Definitive Materialised Privileged Notes, including, where appropriate, Receipt(s), Coupons and/or a Talon attached, shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Privileged Note, Coupon, Receipt or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating such holder.

**(d) Method of Issue**

The Privileged Notes will be issued on a syndicated or non-syndicated basis. The Privileged Notes will be issued in series (each a "**Series**") having one (1) or more issue dates. The Privileged Notes of each Series will be interchangeable with all other Privileged Notes of that Series. Each Series of Privileged Notes may be issued in tranches (each a "**Tranche**") on the same or different issue dates and on terms identical to the terms of other Tranches of the same Series, save in respect of the issue date, issue price, first payment of interest and aggregate nominal amount of the Tranche.

**3. Conversions and Exchanges of Privileged Notes**

**(a) Dematerialised Privileged Notes**

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

## (b) Materialised Privileged Notes

Materialised Privileged Notes of one (1) Specified Denomination may not be exchanged for Materialised Privileged Notes of another Specified Denomination.

## 4. Status

The Privileged Notes, and where applicable, any related Coupons and Receipts constitute direct, unconditional, unsubordinated and, pursuant to the provisions of Condition 5, privileged obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and equally and rateably with all other present or future notes (including the Privileged Notes of all other Series) and other resources raised by the Issuer benefiting from the statutory priority right of payment (*privilège*) created by Article L.513-11 of the French Monetary and Financial Code and described in Condition 5 (including the German law Privileged Notes).

## 5. Privilège

- (a) The principal and interest of the Privileged Notes benefit from the statutory priority right of payment (*privilège*) created by Article L.513-11 of the French Monetary and Financial Code (the "**Privilège**") and the Noteholders shall benefit from all the rights set out in Article L.513-11 of the French Monetary and Financial Code.
- (b) Accordingly, notwithstanding any legal provisions to the contrary (including book VI (*Livre VI*) of the French Commercial Code (*difficultés des entreprises*)), pursuant to Article L.513-11 of the French Monetary and Financial Code:
  - (i) all amounts payable to the Issuer in respect of loans or assimilated receivables, exposures and securities referred to in Articles L.513-3 to L.513-7 of the French Monetary and Financial Code and forward financial instruments referred to in Article L.513-10 of the French Monetary and Financial Code (in each case after any applicable netting), together with the claims in respect of deposits made by the Issuer with credit institutions, are allocated in priority to the payment of any sums due in respect of the Privileged Notes, together with any other resources raised by the Issuer and benefiting from the *Privilège*; it should be noted that not only Privileged Notes benefit from the *Privilège*; other resources (such as loans) and forward financial instruments (i.e. derivative transactions) for hedging Privileged Notes, such other resources and eligible assets of the Issuer, as well as the sums, if any, due under the contract provided for in Article L.513-15 of the French Monetary and Financial Code may also benefit from the *Privilège*;
  - (ii) in the event of conciliation (*conciliation*), safeguard (*procédure de sauvegarde*), judicial reorganisation (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) of the Issuer, all amounts due regularly under the Privileged Notes, together with any other resources benefiting from the *Privilège*, are paid on their contractual due date, and in priority to all other debts, whether or not preferred, including interest resulting from agreements whatever their duration; and
  - (iii) until all Noteholders and, together with other creditors benefiting from the *Privilège*, have been fully paid, no other creditor of the Issuer may avail itself of any right over the assets and rights of the Issuer.
- (c) The judicial liquidation (*liquidation judiciaire*) of the Issuer will not result in the redemption of the Privileged Notes.

## 6. Interest and other Calculations

### (a) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below. Certain defined terms contained in the 2013 FBF Master Agreement relating to transactions on forward financial instruments as supplemented by the Technical Schedules, as published by the *Fédération Bancaire Française* (FBF), and as amended and updated as at the Issue Date of the first (1) Tranche of the Privileged Notes of the relevant Series (the "**FBF Definitions**") and in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. (ISDA) and as amended and updated as at the Issue Date of the first (1) Tranche of the Privileged Notes of the relevant Series (the "**ISDA Definitions**"), have either been used or reproduced in this Condition 6.

"**Benchmark**", "**Benchmark<sub>1</sub>**" and "**Benchmark<sub>2</sub>**" mean the respective reference rate(s) set out in the relevant Final Terms, which shall be either the Euro Interbank Offered Rate ("**EURIBOR**"), the London Interbank Offered Rate ("**LIBOR**"), the Sterling Overnight Index Average ("**SONIA**"), the Secured Overnight Financing Rate

("SOFR") or the Swiss Average Rate Overnight ("SARON"), the CMS Reference Rate or any other reference rate.

"Business Day" means, in the case of:

- (i) Euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer payment system (known as TARGET2) (the "TARGET System") or any successor thereto is operating (a "TARGET Business Day"), and/or
- (ii) a Specified Currency other than Euro, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency, and/or
- (iii) a Specified Currency and/or one (1) or more additional business centre(s) is specified in the relevant Final Terms (the "Business Centre(s)"), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres so specified.

"CMS Rate", "CMS Rate<sub>1</sub>" and "CMS Rate<sub>2</sub>" mean the relevant CMS Reference Rate(s) as specified in the applicable Final Terms.

"CMS Reference Rate" means the EUR CMS specified in the Final Terms relating to the relevant maturity (the relevant maturity year mid swap rate in EUR (annual 30/360)), which appears on the Page, as at the Relevant Time on the relevant Interest Determination Date or on any other relevant date.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Privileged Note for any period of time (from and including the first (1) day of such period to but excluding the last) (whether or not constituting an Interest Period, the "Calculation Period"):

- (i) if "Actual/365-FBF" is specified in the relevant Final Terms, the fraction whose numerator is the actual number of days elapsed during the Calculation Period and whose denominator is 365. If part of that Calculation Period falls in a leap year, "Actual/365-FBF" shall mean the sum of (A) the fraction whose numerator is the actual number of days elapsed during the non-leap year and whose denominator is three hundred and sixty-five (365) and (B) the fraction whose numerator is the actual number of days elapsed during the leap year and whose denominator is three hundred and sixty-six (366);
- (ii) if "Actual/365", "Actual/Actual", "Actual/Actual-ISDA", "Act/Act" or "Act/Act-ISDA" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by three hundred and sixty-five (365) (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by three hundred and sixty-six (366) and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by three hundred and sixty-five (365));
- (iii) if "Actual/Actual-FBF" is specified in the relevant Final Terms, the fraction whose numerator is the actual number of days elapsed during such period and whose denominator is three hundred and sixty-five (365) (or three hundred and sixty-six (366) if 29 February falls within the Calculation Period). If the Calculation Period is of a duration of more than one (1) year, the basis shall be calculated as follows:
  - (x) the number of complete years shall be counted back from the last day of the Calculation Period;
  - (y) this number shall be increased by the fraction for the relevant period calculated as set out in the first paragraph of this definition;
- (iv) if "Actual/Actual-ICMA" or "Act/Act-ICMA" is specified in the relevant Final Terms:
  - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (B) if the Calculation Period is longer than one (1) Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

in each case, where:

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

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

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

**"Y1"** is the year, expressed as a number, in which the first (1) day of the Calculation Period falls;

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

**"M1"** is the calendar month, expressed as a number, in which the first (1) day of the Calculation Period falls;

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

**"D1"** is the first (1) calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

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

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

**"Y1"** is the year, expressed as a number, in which the first (1) day of the Calculation Period falls;

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

**"M1"** is the calendar month, expressed as a number, in which the first (1) day of the Calculation Period falls;

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

**"D1"** is the first (1) calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

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

**"Effective Date"** means, with respect to any Floating Rate Privileged Notes to be determined on an Interest Determination Date, the date specified as such in the relevant Final Terms or, if none is so specified, the first (1) day of the Interest Accrual Period to which such Interest Determination Date relates.

**"Euro Zone"** means the region comprised of member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

**"Interest Accrual Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first (1) Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

**"Interest Amount"** means the amount of interest payable, and in the case of Fixed Rate Privileged Notes, means the Fixed Coupon Amount or Broken Amount as specified in the relevant Final Terms, as the case may be.

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

**"Interest Determination Date"** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the day falling two (2) TARGET Business Days prior to the first (1) day of such Interest Accrual Period if the Specified Currency is Euro or (ii) the first (1) day of such Interest Accrual Period if the Specified Currency is Sterling or (iii) the day falling two (2) Business Days in the city specified in the Final Terms for the Specified Currency prior to the first (1) day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Euro.

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

**"Interest Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first (1) Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

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

**"Margin"** means for an Interest Accrual Period, the percentage or base points for the applicable Interest Accrual Period, as indicated in the relevant Final Terms, it being specified that such margin may have a positive value, a negative value or equal zero.

**"Page"** means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

**"Primary Source"** means, with respect to any Floating Rate Privileged Notes to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the primary source specified as such in the relevant Final Terms;

**"Rate of Interest"** means the rate of interest payable from time to time in respect of the Privileged Notes and that is either specified or calculated in accordance with the provisions of these Terms and Conditions, as completed by the relevant Final Terms.

**"Reference Banks"** means the institutions specified as such in the relevant Final Terms or, if none, four (4) major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money or swap market) that is most closely connected with the Benchmark (which, if EURIBOR or CMS Rate, CMS Rate<sub>1</sub> and CMS Rate<sub>2</sub> is the relevant Benchmark, shall be the Euro-zone, and if LIBOR or SONIA is the relevant Benchmark, shall be London).

**"Relevant Date"** means, in respect of any Privileged Note or Coupon, the date on which payment in respect of it first (1) became due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (in the case of Materialised Privileged Notes if earlier) the date seven (7) days after that on which notice is duly given to the holders of such Materialised Privileged Notes that, upon further presentation of the Materialised Privileged Note or Coupon being made in accordance with the Terms and Conditions of the French law Privileged Notes, such payment will be made, provided that payment is in fact made upon such presentation.

**"Relevant Financial Centre"** means, with respect to any Benchmark to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, if EURIBOR or CMS Rate, CMS Rate<sub>1</sub> and CMS Rate<sub>2</sub> is the relevant Benchmark, shall be the Euro-zone, and if LIBOR or SONIA is the relevant Benchmark, shall be London) or, if none is so connected, Paris.



**"Relevant Rate"**, **"Relevant Rate<sub>1</sub>"** and **"Relevant Rate<sub>2</sub>"** mean the Benchmark(s) for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the relevant Benchmark) equal to the Specified Duration commencing on the Effective Date.

**"Relevant Time"** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose **"local time"** means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, 11:00 a.m. (Brussels time).

**"Representative Amount"** means, with respect to any Floating Rate Privileged Notes to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the relevant Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

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

**"Specified Duration"** means, with respect to any Floating Rate Privileged Notes to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the relevant Final Terms or, if none is specified, a period of time equal to the relevant Interest Accrual Period, ignoring any adjustment pursuant to Condition 6(c)(ii).

#### **(b) Interest on Fixed Rate Privileged Notes**

Each Fixed Rate Privileged Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate *per annum* (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date.

If a fixed amount of interest ("**Fixed Coupon Amount**") or a broken amount of interest ("**Broken Amount**") is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

#### **(c) Interest on Floating Rate Privileged Notes**

- (i) *Interest Payment Dates*: Each Floating Rate Privileged Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate *per annum* (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or any other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first (1) Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the "**Floating Rate Business Day Convention**", such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the "**Following Business Day Convention**", such date shall be postponed to the next day that is a Business Day, (C) the "**Modified Following Business Day Convention**", such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the "**Preceding Business Day Convention**", such date shall be brought forward to the immediately preceding Business Day. Notwithstanding the foregoing, where the relevant Final Terms specify that the relevant Business Day Convention is to be applied on an "unadjusted" basis, the Interest Amount payable on any date shall not be affected by the application of that Business Day Convention.
- (iii) *Rate of Interest for Floating Rate Privileged Notes*: The Rate of Interest in respect of Floating Rate Privileged Notes for each Interest Accrual Period shall be determined in accordance with the provisions below relating to either ISDA Determination, FBF Determination or Screen Rate Determination, depending upon which is specified in the relevant Final Terms.

(A) FBF Determination for Floating Rate Privileged Notes

Where FBF Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent by applying one of the following formulae, as indicated in the relevant Final Terms:

- (1) Rate of Interest = FBF Rate + Margin;
- (2) Rate of Interest = Margin + [Rate Multiplier x (FBF Rate1 – FBF Rate2)];

For the purposes of this sub-paragraph (A), "**FBF Rate**", "**FBF Rate<sub>1</sub>**" and "**FBF Rate<sub>2</sub>**" for an Interest Accrual Period means (a) rate(s) (that) equal(s) to the Floating Rate that would be determined by the Calculation Agent under a Transaction under the terms of an agreement incorporating the FBF Definitions and under which:

- (a) the Floating Rate, Floating Rate<sub>1</sub> and Floating Rate<sub>2</sub> is/are as specified in the relevant Final Terms; and
- (b) the relevant Floating Rate Determination Date (*Date de Determination du Taux Variable*) is the first (1) day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms,

and "**Rate Multiplier**" means the number specified in the relevant Final Terms.

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

In the relevant Final Terms, when the paragraph "Floating Rate (*Taux Variable*)" specifies that the rate is determined by linear interpolation, in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two (2) rates based on the relevant Floating Rate, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available of next shorter length before the length of the relevant Interest Accrual Period, and the other of which shall be determined as if the maturity were the period of time for which rates are available of next longer length after the length of the relevant Interest Accrual Period.

Where FBF Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, unless a higher Minimum Rate of Interest is specified in the relevant Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(B) ISDA Determination for Floating Rate Privileged Notes

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent by applying one of the following formulae, as indicated in the relevant Final Terms:

- (1) Rate of Interest = ISDA Rate + Margin;
- (2) Rate of Interest = Margin + [Rate Multiplier x (ISDA Rate1 – ISDA Rate2)];

For the purposes of this sub-paragraph (B), "**ISDA Rate**", "**ISDA Rate<sub>1</sub>**" and "**ISDA Rate<sub>2</sub>**" for an Interest Accrual Period means rate(s) equal(s) to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option, Floating Rate Option<sub>1</sub> and Floating Rate Option<sub>2</sub> is/are as specified in the relevant Final Terms;
- (b) the Designated Maturity is a period specified in the relevant Final Terms; and
- (c) the relevant Reset Date is the first (1) day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

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

and "**Rate Multiplier**" means the number specified in the relevant Final Terms.

In the relevant Final Terms, when the paragraph "Floating Rate Option" specifies that the rate is determined by linear interpolation, in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two (2) rates based on the relevant Floating Rate Option, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available of next shorter length before the length of the relevant Interest Accrual Period, and the other of which shall be determined as if the maturity were the period of time for which rates are available of next longer length after the length of the relevant Interest Accrual Period.

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, unless a higher Minimum Rate of Interest is specified in the relevant Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(C) Screen Rate Determination for Floating Rate Privileged Notes

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall, subject as provided below or to Condition 6(e) below, be determined by the Calculation Agent by applying one of the following formulae, as specified in the relevant Final Terms:

- (1) Rate of Interest = Relevant Rate + Margin;
- (2) Rate of Interest = Margin + [Rate Multiplier x (Relevant Rate<sub>1</sub> – Relevant Rate<sub>2</sub>)];

at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (a) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be determined on the basis of:
  - (1) the Relevant Rate(s) (where such Relevant Rate(s) on such Page is/are a composite quotation or is/are customarily supplied by one (1) entity); or
  - (2) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date specified in the relevant Final Terms plus or minus the Margin, if any (as indicated in the relevant Final Terms); and

- (b) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (a)(1) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (a)(2) applies and fewer than two (2) Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be determined on the basis of the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent, plus or minus the Margin, if any (as indicated in the relevant Final Terms); and
- (c) if paragraph (b) above applies and the Calculation Agent determines that fewer than two (2) Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be determined on the basis of the arithmetic mean of the rates *per annum* (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two (2) out of five (5) leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is Euro, in the Euro-zone as selected by the Calculation Agent (the "**Principal Financial Centre**")

are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (y) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two (2) of such banks are so quoting to leading banks in Europe) (z) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two (2) of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

- (d) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and the Benchmark in respect of the Floating Rate Privileged Notes is specified as being SONIA, the Rate of Interest for each Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any) will, subject as provided below, be the rate of return of a daily compounded interest investment (it being understood that reference rate for the calculation of interest is the Sterling daily overnight reference rate) and will be calculated by the Calculation Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the nearest one ten-thousandth of a percentage point, with 0.00005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

"d" is the number of calendar days in the relevant SONIA Observation Period;

"d<sub>0</sub>" is the number of London Banking Days in the relevant SONIA Observation Period;

"i" is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant SONIA Observation Period;

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"n<sub>i</sub>" for any London Banking Day "i" in the relevant SONIA Observation Period, means the number of calendar days from and including such London Banking Day "i" up to but excluding the following London Banking Day ("i+1");

"**SONIA Observation Period**" means the period from and including the date falling "p" London Banking Days prior to the first day of the relevant Interest Accrual Period (and the first Interest Accrual Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling "p" London Banking Days prior to the Interest Payment Date of such Interest Accrual Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Privileged Notes become due and payable);

"p" means in relation to any Interest Accrual Period, the number of London Banking Days as specified in the Final Terms under SONIA Observation Shift Days;

"**SONIA**", in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the relevant Page or, if the relevant Page is unavailable, as otherwise published by such authorised distributors, on the London Banking Day immediately following such London Banking Day; and

"**SONIA<sub>i</sub>**", means in respect of any London Banking Day "i" falling in the relevant SONIA Observation Period, the SONIA for such London Banking Day "i".

If, in respect of that London Banking Day in the relevant SONIA Observation Period, the Calculation Agent determines that the SONIA is not available on the relevant Page or has not otherwise been published by the relevant authorised distributors, such SONIA shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA to the Bank Rate over the previous five days on which a SONIA has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

Notwithstanding the paragraph above, in the event the Bank of England publishes guidance as to (i) how the SONIA is to be determined or (ii) any rate that is to replace the SONIA, the Calculation Agent shall, to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA for the purpose of the Privileged Notes for so long as the SONIA is not available or has not been published by the authorised distributors.

Any substitution of the SONIA, as specified above, will remain effective for the remaining term to maturity of the Privileged Notes and shall be published by the Issuer in accordance with Condition 15.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Privileged Notes for the first Interest Accrual Period, had the Privileged Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period).

If the Privileged Notes become due and payable in accordance with the Conditions, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the Final Terms, be deemed to be the date on which such Privileged Notes became due and payable and the Rate of Interest on such Privileged Notes shall, for so long as any such Privileged Notes remains outstanding, be that determined on such date.

- (e) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and the Benchmark in respect of the Floating Rate Privileged Notes is specified as being SOFR, the Rate of Interest for each Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any) will, subject as provided below, be calculated by the Calculation Agent on the SOFR Interest Determination Date as follows, with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.00005 being rounded upwards:
- (1) if SOFR Arithmetic Mean is specified as applicable in the relevant Final Terms, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be the arithmetic mean of the SOFR rates for each day during such Interest Accrual Period; or
  - (2) if SOFR Lockout Compound is specified as applicable in the relevant Final Terms, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be USD-SOFR-LOCKOUT-COMPOUND; or
  - (3) if SOFR Lookback Compound is specified as applicable in the relevant Final Terms, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be USD-SOFR-LOOKBACK-COMPOUND; or

- (4) if SOFR Shift Compound is specified as applicable in the relevant Final Terms, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be USD-SOFR-SHIFT-COMPOUND;

where:

**"USD-SOFR-LOCKOUT-COMPOUND"** means the rate of return of a daily compound interest investment (with the SOFR as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the U.S. Government Securities Business Day following each SOFR Rate Cut-Off Date, as follows:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{SOFR}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

**"d"** means the number of calendar days in the relevant Interest Accrual Period;

**"d<sub>0</sub>"**, for any Interest Accrual Period, means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

**"i"** means a series of whole numbers from one to d<sub>0</sub>, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Interest Accrual Period;

**"n<sub>i</sub>"** for any U.S. Government Securities Business Day "i" in the relevant Interest Accrual Period, means the number of calendar days from, and including, such U.S. Government Securities Business Day "i" up to, but excluding, the following U.S. Government Securities Business Day ("i+1");

**"SOFR<sub>i</sub>"** means for any U.S. Government Securities Business Day "i" that is a SOFR Interest Reset Date, the SOFR in respect of this SOFR Interest Reset Date;

**"SOFR Rate Cut-Off Date"** means the date that is the second U.S. Government Securities Business Day prior to the Interest Payment Date in respect of the relevant Interest Accrual Period or such other date specified in the Final Terms; and

**"SOFR Interest Reset Date"** means each U.S. Government Securities Business Day in the relevant Interest Accrual Period; provided, however, that the SOFR with respect to each SOFR Interest Reset Date in the period from and including, the SOFR Rate Cut-Off Date to, but excluding, the corresponding Interest Payment Date of an Interest Accrual Period, will be the SOFR with respect to the SOFR Interest Reset Date coinciding with the SOFR Rate Cut-Off Date for such Interest Accrual Period;

**"USD-SOFR-LOOKBACK-COMPOUND"** means the rate of return of a daily compound interest investment (with the SOFR as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the U.S. Government Securities Business Day following each SOFR Interest Determination Date, as follows:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{SOFR}_{i-p\text{USGSBD}} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

**"d"** means the number of calendar days in the relevant Interest Accrual Period;

**"d<sub>0</sub>"**, for any Interest Accrual Period, means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

**"i"** means a series of whole numbers from one to d<sub>0</sub>, each representing the relevant U.S. Government Securities Business Day in chronological order

from, and including, the first U.S. Government Securities Business Day in the relevant Interest Accrual Period;

**"SOFR Interest Determination Date"** means, in respect of each Interest Accrual Period, the date "p" U.S. Government Securities Business Days before each Interest Payment Date;

**"n<sub>i</sub>"** for any U.S. Government Securities Business Day "i" in the relevant Interest Accrual Period, means the number of calendar days from, and including, such U.S. Government Securities Business Day "i" up to, but excluding, the following U.S. Government Securities Business Day ("i+1");

**"p"** means in relation to any Interest Accrual Period, the number of U.S. Government Securities Business Days as specified in the Final Terms under SOFR Observation Look-Back Period; and

**"SOFR<sub>i-pUSGSBD</sub>"** means, for any U.S. Government Securities Business Day "i" in the relevant Interest Accrual Period, the SOFR in respect of the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to that day "i"; and

**"USD-SOFR-SHIFT-COMPOUND"** means the rate of return of a daily compound interest investment (with the SOFR as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the U.S. Government Securities Business Day following each SOFR Interest Determination Date, as follows:

$$\left[ \prod_{r=1}^{d_0} \left( 1 + \frac{\text{SOFR}_r \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

**"d"** means the number of calendar days in the relevant SOFR Observation Period;

**"d<sub>0</sub>"**, for any SOFR Observation Period, means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

**"i"** means a series of whole numbers from one to d<sub>0</sub>, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant SOFR Observation Period;

**"SOFR Interest Determination Date"** means, in respect of each Interest Accrual Period, the date "p" U.S. Government Securities Business Days before each Interest Payment Date;

**"n<sub>i</sub>"** for any U.S. Government Securities Business Day "i" in the relevant SOFR Observation Period, means the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the following U.S. Government Securities Business Day ("i+1");

**"SOFR Observation Period"** in respect of each Interest Accrual Period, means the period from, and including, the date "p" U.S. Government Securities Business Days preceding the first date in such Interest Accrual Period to, but excluding, the date "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Accrual Period (or the date falling

"p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Privileged Notes become due and payable);

"p" means in relation to any Interest Accrual Period, the number of U.S. Government Securities Business Days as specified in the Final Terms under SOFR Observation Shift Days;

"SOFR<sub>i</sub>" for any U.S. Government Securities Business Day "i" in the relevant SOFR Observation Period, is equal to SOFR in respect of that day "i".

If the Calculation Agent or another entity appointed by the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Privileged Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

In connection with the implementation of a Benchmark Replacement, the Calculation Agent or another entity appointed by the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time.

For the purpose of this Condition 6(c)(iii)(C)(d):

"**Benchmark**" means, initially, SOFR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the SOFR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement;

"**Benchmark Replacement**" means the first alternative set forth in the order presented in clause (3) of the definition of "SOFR" that can be determined by the Calculation Agent or another entity appointed by the Issuer as of the Benchmark Replacement Date;

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Calculation Agent or another entity appointed by the Issuer as of the Benchmark Replacement Date:

- (1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Calculation Agent or another entity appointed by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate privileged notes at such time;

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Calculation Agent or another entity appointed by the Issuer decide may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Calculation Agent or another entity appointed by the Issuer decide that adoption of any portion of such market practice is not administratively feasible or if the Calculation Agent or another entity appointed by the Issuer determine that no market practice for use of the Benchmark



Replacement exists, in such other manner as the Calculation Agent or another entity appointed by the Issuer determine is reasonably necessary);

**"Benchmark Replacement Date"** means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (1) in the case of paragraph (1) or (2) of the definition of "Benchmark Transition Event", the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (2) in the case of paragraph (3) of the definition of "Benchmark Transition Event", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

**"Benchmark Transition Event"** means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (1) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component);
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark (or such component), which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

**"ISDA Fallback Adjustment"** means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor;

**"ISDA Fallback Rate"** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

**"Reference Time"** with respect to any determination of the Benchmark means (i) if the Benchmark is SOFR, the SOFR Determination Time and (ii) if the Benchmark is not SOFR, the time determined by the Calculation Agent or another entity appointed by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

**"Relevant Governmental Body"** means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened

by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto;

"**SOFR**" means, with respect to any U.S. Government Securities Business Day:

- (1) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the "**SOFR Determination Time**");
- (2) if the rate specified in (1) above does not so appear, and unless both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;
- (3) if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred:
  - (X) the sum of (a) the alternate rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable corresponding tenor and (b) the Benchmark Replacement Adjustment;
  - (Y) the sum of (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
  - (Z) the sum of (a) the alternate rate of interest that has been selected by the Calculation Agent or another entity appointed by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate privileged notes at such time and (b) the Benchmark Replacement Adjustment;

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York or the website of any successor administrator of SOFR;

"**U.S. Government Securities Business Day or USGSBD**" means any day except for a Saturday, Sunday or a day on which Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities; and

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

Any substitution of the SOFR, as specified above, will remain effective for the remaining term to maturity of the Privileged Notes and shall be published by the Issuer in accordance with Condition 15.

- (f) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and the Benchmark in respect of the Floating Rate Privileged Notes is specified as being SARON, the Rate of Interest for each Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any) will, subject as provided below, be the rate of return of a daily compound interest investment (with the overnight interest rate of the secured funding market for Swiss franc as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the nearest one ten-thousandth of a percentage point, with 0.00005 being rounded upwards:

$$\left( \prod_{i=1}^{d_0} \left( 1 + \frac{\text{SARON}_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

Where:

"**d**" is the number of calendar days in the relevant SARON Observation Period;

"**d<sub>0</sub>**" is the number of Zurich Banking Days in the relevant SARON Observation Period;

"**i**" is a series of whole numbers from one to  $d_0$ , each representing the relevant Zurich Banking Day in chronological order from, and including, the first Zurich Banking Day in the relevant SARON Observation Period;

"**n<sub>i</sub>**" for any Zurich Banking Day "i" in the relevant SARON Observation Period, means the number of calendar days from, and including, such day "i" up to, but excluding, the following Zurich Banking Day ("i+1");

"**SARON**" means, in respect of any Zurich Banking Day, the Swiss Average Rate Overnight for such Zurich Banking Day published by the SARON Administrator on the SARON Screen Page (as defined below) at the SARON Relevant Time on such Zurich Banking Day;

"**SARON<sub>i</sub>**" for any Zurich Banking Day "i" in the relevant SARON Observation Period, is equal to SARON in respect of that day "i";

"**SARON Observation Period**" means the period from, and including, the date falling "p" Zurich Banking Days prior to the first day of the relevant Interest Accrual Period (and the first Interest Accrual Period shall begin on and include the Interest Commencement Date) to, but excluding, the date falling "p" Zurich Banking Days prior to the Interest Payment Date for such Interest Accrual Period (or the date falling "p" Zurich Banking Days prior to such earlier date, if any, on which the Privileged Notes become due and payable);

"**p**" means in relation to any Interest Accrual Period, the number of Zurich Banking Days as specified in the Final Terms under SARON Observation Shift Days;

"**SARON Relevant Time**" means, in respect of any Zurich Banking Day, close of trading on SIX Swiss Exchange on such Zurich Banking Day, which is expected to be on or around 6 p.m. (Zurich time); and

"**Zurich Banking Day**" means a day on which banks are open in the City of Zurich for the settlement of payments and of foreign exchange transactions.

If the SARON is not published on the Relevant Screen Page (the "**SARON Screen Page**") at the SARON Relevant Time on the relevant Zurich Banking Day and neither a SARON Index Cessation Event nor a SARON Index Cessation Effective Date have occurred on or prior to the SARON Relevant Time on the relevant Zurich Banking Day, the SARON for such Zurich Banking Day shall be the rate equal to the SARON published by the SARON Administrator on the SARON Administrator Website for the last preceding Zurich Banking Day on which the SARON was published by the SARON Administrator on the SARON Administrator Website.

If the SARON is not published on the SARON Screen Page at the SARON Relevant Time on the relevant Zurich Banking Day and both a SARON Index Cessation Event and a SARON Index Cessation Effective Date have occurred on or prior to the SARON Relevant Time on the relevant Zurich Banking Day:

- (i) if there is a SARON Recommended Replacement Rate within one (1) Zurich Banking Day of the SARON Index Cessation Effective Date, then the rate of SARON for each Zurich Banking Day in the relevant SARON Observation Period occurring on or after that SARON Index Cessation Effective Date will be determined as if references to SARON were references to the SARON Recommended Replacement Rate, giving effect to the SARON Recommended Adjustment Spread, if any, published on such Zurich Banking Day; or
- (ii) if there is no SARON Recommended Replacement Rate within one (1) Zurich Banking Day of the SARON Index Cessation Effective Date, then the rate of SARON for each Zurich Banking Day in the relevant SARON Observation Period occurring on or after that SARON Index Cessation Effective Date will be determined as if references to SARON were references to the policy rate of the Swiss National Bank (the "**SNB Policy Rate**") for such Zurich Banking Day, giving effect to the SNB Adjustment Spread, if any.

Any substitution of the SARON by the SARON Recommended Replacement Rate or the SNB Policy Rate as specified above (the "**SARON Replacement Rate**") will remain effective for the remaining term to maturity of the Privileged Notes and shall be published by the Issuer in accordance with Condition 15.

In the event that the Rate of Interest cannot be determined in accordance with the provisions of this sub-paragraph (e) by the Calculation Agent, (i) the Rate of Interest shall be the last SARON available on the SARON Screen Page as determined by the Calculation Agent determined as at the last preceding Interest Determination Date relating to such Rate of Interest calculation (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if there is no such preceding Interest Determination Date, the Rate of Interest shall be determined as if the rate of SARON for each Zurich Banking Day in the SARON Observation Period on or after such SARON Index Cessation Effective Date were references to the latest published SARON (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period).

For the purpose of this Condition 6(c)(iii)(C)(e):

**"SARON Administrator"** means SIX Swiss Exchange or any successor administrator of the SARON;

**"SARON Administrator Website"** means the website of the SARON Administrator;

**"SARON Index Cessation Effective Date"** means the earliest of (as determined by the Calculation Agent and notified by the Calculation Agent to the Issuer):

- (1) in the case of the occurrence of a SARON Index Cessation Event described in paragraph (i) of the definition thereof, the date on which the SARON Administrator ceases to provide the SARON;
- (2) in the case of the occurrence of a SARON Index Cessation Event described in subparagraph (ii)(x) of the definition thereof, the latest of: (i) the date of such statement or publication or (ii) the date, if any, specified in such statement or publication as the date on which the SARON will no longer be representative; or
- (3) in the case of the occurrence of a SARON Index Cessation Event described in subparagraph (ii)(y) of the definition thereof, the date as of which the SARON may no longer be used;

**"SARON Index Cessation Event"** means the occurrence of one or more of the following events (as determined by the Calculation Agent and notified by the Calculation Agent to the Issuer):

- (i) a public statement or publication of information by or on behalf of the SARON Administrator, or by any competent authority, announcing or confirming that the SARON Administrator has ceased or will cease to provide the SARON permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SARON; or
- (ii) a public statement or publication of information by the SARON Administrator or any competent authority announcing that (x) the SARON is no longer representative or will as of a certain date no longer be representative, or (y) the SARON may no longer be used after a certain date, which statement, in the case of subclause (y), is applicable to (but not necessarily limited to) fixed income securities and derivatives;

**"SARON Recommended Adjustment Spread"** means, with respect to any SARON Recommended Replacement Rate, the spread (which may be positive, negative or zero), or formula or methodology for calculating such a spread,

- (i) that the SARON Recommending Body has recommended be applied to such SARON Recommended Replacement Rate in the case of fixed income securities with respect to which such SARON Recommended Replacement Rate has replaced the SARON as the reference rate for purposes of determining the applicable rate of interest thereon; or
- (ii) if the SARON Recommending Body has not recommended such a spread, formula or methodology as described in clause (i) above, to be applied to such SARON Recommended Replacement Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the SARON with such SARON Recommended Replacement Rate for purposes of determining SARON, such spread will be determined by the Calculation Agent, acting in good faith and a commercially reasonable manner, and be consistent with industry-accepted practices for fixed income securities with respect to which such SARON Recommended Replacement Rate has replaced the SARON as the reference rate for purposes of determining the applicable rate of interest thereon;

**"SARON Recommended Replacement Rate"** means the rate that has been recommended as the replacement for the SARON by any working group or committee in Switzerland organized in the same or a similar manner as the National Working Group on Swiss Franc Reference Rates that was founded in 2013 for purposes of, among other things, considering proposals to reform reference interest rates in Switzerland (any such working group or committee, the **"SARON Recommending Body"**);

**"SIX Swiss Exchange"** means SIX Swiss Exchange AG and any successor thereto; and

**"SNB Adjustment Spread"** means, with respect to the SNB Policy Rate, the spread to be applied to the SNB Policy Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the SARON with the SNB Policy Rate for purposes of determining SARON, which spread will be determined by the Calculation Agent, acting in good faith and a commercially reasonable manner, taking into account the historical median between the SARON and the SNB Policy Rate during the two year period ending on the date on which the SARON Index Cessation Event occurred (or, if more than one SARON Index Cessation Event has occurred, the date on which the first of such events occurred).

In the relevant Final Terms, if the paragraph "Benchmark" specifies that the rate is determined by linear interpolation, in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two (2) rates based on the relevant Floating Rate, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available of next shorter length before the length of the relevant Interest Accrual Period, and the other of which shall be determined as if the maturity were the period of time for which rates are available of next longer length after the length of the relevant Interest Accrual Period.

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, unless a higher Minimum Rate of Interest is specified in the relevant Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

**(d) Rate of Interest on CMS Linked Privileged Notes**

*(i) Interest Payment Dates*

Each CMS Linked Privileged Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 6(1). Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest

Payment Date shall mean each date which falls the number of months, or other period shown in the relevant Final Terms as the Interest Period, after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *CMS Rate*

The Rate of Interest in respect of CMS Linked Privileged Notes for each Interest Accrual Period shall, subject as provided below or to Condition 6(e) below, be determined by the Calculation Agent by applying one of the following formulae, as specified in the relevant Final Terms:

- (A) Rate of Interest = CMS Rate + Margin;
- (B) Rate of Interest = CMS Rate – Margin;
- (C) Rate of Interest = Rate Multiplier x (CMS Rate + Margin);
- (D) Rate of Interest = Rate Multiplier x (CMS Rate – Margin);
- (E) Rate of Interest = Rate Multiplier x (CMS Rate<sub>1</sub> – CMS Rate<sub>2</sub>);
- (F) Rate of Interest = Margin + [Rate Multiplier x (CMS Rate<sub>1</sub> – CMS Rate<sub>2</sub>)];
- (G) Rate of Interest = Margin + [Rate Multiplier x (Applicable Rate – CMS Rate)];
- (H) Rate of Interest = Margin + [Rate Multiplier x (CMS Rate – Applicable Rate)];
- (I) Rate of Interest = Rate Multiplier x (Applicable Rate – CMS Rate);

where:

"**Applicable Rate**" means the rate (expressed as a percentage) specified in the relevant Final Terms.

"**Rate Multiplier**" means the number specified in the relevant Final Terms.

In the event that the CMS Reference Rate does not appear on the Page on any relevant date, the Calculation Agent shall determine on such relevant date the applicable rate based on quotations of five (5) Reference Banks (to be selected by the Calculation Agent and the Issuer) for such CMS Reference Rate (in each case the relevant mid-market annual swap rate commencing two (2) TARGET Business Days following such relevant date). The highest and lowest (or, in the event of equality, one of the highest and/or lowest) quotations so determined shall be disregarded by the Calculation Agent for the purpose of determining the Reference Rate which will be the arithmetic mean (rounded if necessary to five significant figures with halves being rounded up) of such provided quotations.

If, for any reason, the CMS Reference Rate is no longer published or if fewer than three (3) quotations are provided to the Calculation Agent in accordance with the above paragraph, it will be determined by the Calculation Agent in its sole discretion, acting in good faith and in a commercial and reasonable manner.

For the avoidance of doubt, unless a higher Minimum Rate of Interest is specified in the relevant Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(e) **Rate of Interest in case of discontinuation of the Relevant Rate or Administrator /Benchmark Event**

In respect of CMS Linked Privileged Notes or, in respect of Floating Rate Privileged Notes, where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, if an Administrator/Benchmark Event occurs in relation to an Original Reference Rate (other than SONIA, SOFR and SARON) at any time when the Conditions of any Privileged Notes provide for any remaining rate of interest (or any component part thereof) to be determined by reference to such Original Reference Rate, then the following provisions shall apply and prevail over the other fallback provisions set out in Condition 6(c) and Condition 6(d). For the avoidance of doubt, the following provisions shall not apply and shall not prevail over the fallback provisions relating to SONIA, SOFR and SARON provided in Condition 6(c)(iii)(C)(d), Condition 6(c)(iii)(C)(e) and Condition 6(c)(iii)(C)(f).

If at any time prior to or on any Interest Determination Date, the Issuer in consultation with the Calculation Agent determines, acting in good faith and in a commercially reasonable manner, that the Relevant Rate has been discontinued or that an Administrator/Benchmark Event has occurred:

- (i) the Issuer will as soon as reasonably practicable (and in any event prior to the next following Interest Determination Date (up until which time paragraph ((c)(iii)(C)(b)) above will continue to apply)) appoint an agent (the "**Relevant Rate Determination Agent**") that shall determine, acting in good faith and in a commercially reasonable manner whether, for the purposes of determining the Relevant Rate on each following Interest Determination Date, a Successor Rate, failing which, an Alternative Rate is available. If the Relevant Rate Determination Agent determines that there is an industry-accepted Successor Rate or Alternative Rate, the Relevant Rate Determination Agent will use such Successor Rate or Alternative Rate to determine the Relevant Rate (such rate, the "**Replacement Relevant Rate**"). The Relevant Rate Determination Agent may be (i) a leading bank or a broker-dealer in the Principal Financial Centre of the Specified Currency (which may include one of the Dealers involved in the issue of the Floating Rate Privileged Notes and/or CMS Linked Privileged Notes), (ii) an independent financial adviser, (iii) an affiliate of the Issuer and/or (iv) the Calculation Agent;
- (ii) if the Relevant Rate Determination Agent has determined a Replacement Relevant Rate in accordance with the foregoing, the Relevant Rate Determination Agent will also determine concomitant changes (if any) to the Business Day Convention, the definition of Business Day, the Interest Determination Date, the Day Count Fraction, the Adjustment Spread, and any method for obtaining the Replacement Relevant Rate, and such other changes or adjustments necessary to make such Replacement Relevant Rate as comparable as possible to the Relevant Rate, in each case in a manner that is consistent with industry-accepted practices for such Replacement Relevant Rate and such guidance promulgated by associations involved in the establishment of market standards and/or protocols in the international financial and/or debt capital markets as the Relevant Rate Determination Agent may consider relevant for such Replacement Relevant Rate;
- (iii) references to the "Relevant Rate" in these Terms and Conditions will thenceforth be deemed to be references to the Replacement Relevant Rate, including any concomitant changes and adjustments determined in accordance with paragraph (ii) above. The determination of the Replacement Relevant Rate and such concomitant changes and adjustments by the Relevant Rate Determination Agent will (in the absence of manifest error) be final and binding on the Issuer, the Calculation Agent, the Fiscal Agent, the Noteholders and any other person and each Noteholder shall be deemed to have accepted the Replacement Relevant Rate and such related changes and adjustments pursuant to this paragraph (e); and
- (iv) as soon as reasonably practicable, the Relevant Rate Determination Agent will notify the Issuer of the foregoing and the Issuer will give notice to the Noteholders (in accordance with Condition 15) and the Fiscal Agent specifying the Replacement Relevant Rate, as well as the concomitant changes and adjustments determined in accordance with paragraph (ii) above.

If the Relevant Rate Determination Agent has determined that the relevant Relevant Rate has been discontinued and/or an Administrator/Benchmark Event has occurred, and for any reason a Replacement Relevant Rate has not been or cannot be determined on or prior to the next following Interest Determination Date, then no Replacement Relevant Rate will be adopted, and in such case, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum Rate of Interest or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period);

where:

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Relevant Rate Determination Agent determines and which is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders, Receiptholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended or formally provided as an option for parties to adopt in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) if no recommendation required under the sub-paragraph (a) above has been made or in the case of an Alternative Rate, the Relevant Rate Determination Agent determines and which is recognised or acknowledged as being a customary market usage in the international debt

capital market for transactions or, if not, the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be; or

- (c) if no such recommendation or option has been made (or made available), or the Relevant Rate Determination Agent determines there is no such spread, formula or methodology in customary market usage, the Relevant Rate Determination Agent, acting in good faith, determines to be appropriate.

**"Administrator/Benchmark Event"** means, in relation to any Floating Rate Privileged Notes and/or CMS Linked Privileged Notes and a Benchmark, the occurrence of a Benchmark Modification or Cessation Event, a Non-Approval Event, a Rejection Event or a Suspension/Withdrawal Event.

**"Alternative Rate"** means an alternative benchmark or screen rate which the Relevant Rate Determination Agent determines in accordance with this paragraph (e) and which is customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Floating Rate Privileged Notes and/or CMS Linked Privileged Notes.

**"Benchmark Modification or Cessation Event"** means, in respect of any Floating Rate Privileged Notes and/or CMS Linked Privileged Notes and a Benchmark:

- (a) any material changes in such Benchmark;
- (b) the permanent or indefinite cancellation or cessation in the provision of such Benchmark;
- (c) a relevant regulator or other official sector entity prohibits the use of such Benchmark.

**"Benchmark Regulation"** means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as amended.

**"Non-Approval Event"** means, in respect of the Benchmark:

- (a) any authorisation, registration, recognition, endorsement, equivalence or approval in respect of the Benchmark or the administrator or sponsor of the Benchmark has not been or will not be obtained;
- (b) the Benchmark or the administrator or sponsor of the Benchmark has not been or will not be included in an official register; or
- (c) the Benchmark or the administrator or sponsor of the Benchmark does not or will not fulfil any legal or regulatory requirement applicable to the Floating Rate Privileged Notes and/or CMS Linked Privileged Notes, the Issuer, the Calculation Agent or the Benchmark,

in each case, as required under any applicable law or regulation for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Floating Rate Privileged Notes and/or CMS Linked Privileged Notes. For the avoidance of doubt, a Non-Approval Event shall not occur if, notwithstanding that the Benchmark or the administrator or sponsor of the Benchmark is not or will not be included in an official register because its authorisation, registration, recognition, endorsement, equivalence or approval is suspended, at the time of such suspension the continued provision and use of the Benchmark is nevertheless permitted in respect of the Floating Rate Privileged Notes and/or CMS Linked Privileged Notes under applicable law or regulation during the period of such suspension.

**"Original Reference Rate"** means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) on the Floating Rate Privileged Notes and/or CMS Linked Privileged Notes.

**"Rejection Event"** means, in respect of the Benchmark, the relevant competent authority or other relevant official body rejects or refuses or will reject or refuse any application for authorisation, registration, recognition, endorsement, equivalence, approval or inclusion in any official register which, in each case, is required in relation to the Floating Rate Privileged Notes and/or CMS Linked Privileged Notes, the Benchmark or the administrator or sponsor of the Benchmark under any applicable law or regulation for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Floating Rate Privileged Notes and/or CMS Linked Privileged Notes.



**"Relevant Nominating Body"** means, in respect of a benchmark or screen rate (as applicable):

- (a) the central bank, reserve bank, monetary authority or any other similar institution (as applicable) for the currency to which the benchmark or screen rate (as applicable) relates; or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank, reserve bank, monetary authority or any other similar institution (as applicable) for the currency to which the benchmark or screen rate (as applicable) relates, (ii) a group of the aforementioned institutions or (iii) the Financial Stability Board or any part thereof.

**"Successor Rate"** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body. If, following an Administrator/Benchmark Event, more than one successor or replacement rates are recommended by any Relevant Nominating Body, the Relevant Rate Determination Agent will determine, among those successor or replacement rates, that one which is the most appropriate, taking into consideration, without limitation, the particular features of the relevant Floating Rate Privileged Notes and/or CMS Linked Privileged Notes and the nature of the Issuer.

**"Suspension/Withdrawal Event"** means, in respect of the Benchmark:

- (a) the relevant competent authority or other relevant official body suspends or withdraws or will suspend or withdraw any authorisation, registration, recognition, endorsement, equivalence decision or approval in relation to the Benchmark or the administrator or sponsor of the Benchmark which is required under any applicable law or regulation for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Floating Rate Privileged Notes and/or CMS Linked Privileged Notes; or
- (b) the Benchmark or the administrator or sponsor of the Benchmark is or will be removed from any official register where inclusion in such register is or will be required under any applicable law in order for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Floating Rate Privileged Notes and/or CMS Linked Privileged Notes.

For the avoidance of doubt, a Suspension/Withdrawal Event shall not occur if such authorisation, registration, recognition, endorsement, equivalence decision or approval is or will be suspended or where inclusion in any official register is or will be withdrawn if, at the time of such suspension or withdrawal, the continued provision and use of the Benchmark is permitted in respect of the Floating Rate Privileged Notes and/or CMS Linked Privileged Notes under applicable law or regulation during the period of such suspension or withdrawal.

**(f) Interest on Fixed/Floating Rate Privileged Notes, Fixed/CMS Rate Privileged Notes, Floating/Fixed Rate Privileged Notes, CMS/Fixed Rate Privileged Notes, Fixed/Fixed Rate Privileged Notes and Floating/Floating Rate Privileged Notes**

Where Change of Interest Basis is specified to be Applicable in the relevant Final Terms each Fixed/Floating Rate Privileged Notes shall bear interest on its outstanding nominal amount at a rate that:

- (i) at the Issuer's option, the Issuer may elect to convert (the **"Issuer Change of Interest Basis"**) on the date specified in the relevant Final Terms (the **"Switch Date"**):
  - from Fixed Rate (as defined in Condition 6 (b) and specified in the relevant Final Terms) to Floating Rate (as defined in Condition 6 (c) and specified in the relevant Final Terms) or from Floating Rate to Fixed Rate with respect to Fixed/Floating Rate Privileged Notes and Floating/Fixed Rate Privileged Notes;
  - from Fixed Rate to a different Fixed Rate with respect to Fixed/Fixed Rate Privileged Notes;
  - from Floating Rate to a different Floating Rate with respect to Floating/Floating Rate Privileged Notes; and
  - from Fixed Rate to CMS Rate or from CMS Rate to Fixed Rate with respect to Fixed/CMS Rate Privileged Notes and CMS/Fixed Rate Privileged Notes,

it being specified that any Issuer Change of Interest Basis shall be notified by the Issuer to the relevant Noteholders in accordance with Condition 15 within the period specified in the relevant Final Terms; or

- (ii) automatically changes from Fixed Rate to Floating Rate or from Floating Rate to Fixed Rate, from Fixed Rate to a different Fixed Rate or from Floating Rate to a different Floating Rate on the Switch Date and

from Fixed Rate to CMS Rate or from CMS Rate to Fixed Rate on the Switch Date (the "**Automatic Change of Interest Basis**"),

provided that, in any case, if the Switch Date does not fall on an Interest Payment Date, the Issuer Change of Interest Basis will apply either from (i) the Interest Period including the Switch Date or (ii) the Interest Period following the Switch Date, as specified in the relevant Final Terms.

**(g) Inverse Floating Rate Privileged Notes / Inverse CMS Rate Privileged Notes**

The Rate of Interest in respect of Inverse Floating Rate Privileged Notes or Inverse CMS Rate Privileged Notes, for each Interest Accrual Period, shall be equal to the Fixed Rate specified in the relevant Final Terms minus the Floating Rate or the CMS Rate, as the case may be, specified in the relevant Final Terms. The Fixed Rate, Floating Rate or CMS Rate, as applicable, and the respective amounts of interest payable shall be determined in accordance with the provisions applying to Fixed Rate Privileged Notes, Floating Rate Privileged Notes or CMS Rate Privileged Notes, as applicable.

**(h) Zero Coupon Privileged Notes**

Where a Privileged Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Final Maturity Date (or the Extended Final Maturity Date, as the case may be) pursuant to an Issuer's optional redemption or, if so specified in the relevant Final Terms, pursuant to Condition 7(e) or otherwise and is not paid when due, the amount due and payable prior to the Final Maturity Date (or the Extended Final Maturity Date, as the case may be) shall be the Optional Redemption Amount or the Early Redemption Amount, as the case may be. As from the Final Maturity Date (or the Extended Final Maturity Date, as the case may be), the Rate of Interest for any overdue principal of such a Privileged Note shall be a rate *per annum* (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7(e)(i)(B)).

**(i) Accrual of Interest**

Interest shall cease to accrue on each Privileged Note on the due date for redemption unless (i) in the case of Dematerialised Privileged Notes, on such due date or (ii) in the case of Materialised Privileged Notes, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 6 to the Relevant Date.

**(j) Margin, Maximum Rate of Interest, Minimum Rate of Interest, Maximum Instalment Amounts, Minimum Instalment Amounts, Maximum Redemption Amounts, Minimum Redemption Amounts and Rounding:**

- (i) If any Margin is specified in the relevant Final Terms (either (y) generally, or (z) in relation to one (1) or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (y), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (z), calculated in accordance with Condition 6(c), 6(d), 6(f) and 6(g) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.
- (ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Maximum Instalment Amount or Minimum Instalment Amount or Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions, (w) if FBF Determination is specified in the relevant Final Terms, all percentages resulting from such calculations shall be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with halves being rounded up), (x) otherwise, all percentages resulting from such calculations shall be rounded, if necessary, to the nearest fifth decimal (with halves being rounded up), (y) all figures shall be rounded to seven (7) decimals (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For the purpose of this Condition "**unit**" means the lowest amount of such currency that is available as legal tender in the country of such currency.

**(k) Calculations**

The amount of interest payable in respect of any Privileged Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Privileged Note by the Day Count Fraction, unless an Interest Amount is specified in respect of such period, in which case the amount of interest payable in respect of such Privileged Note for such period shall equal such Interest Amount. Where any Interest Period comprises two (2) or more Interest Accrual Periods, the amount of interest payable in respect of such

Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

**(l) Determination and publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts**

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Privileged Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the holders of Privileged Notes, any other Calculation Agent appointed in respect of the Privileged Notes that is to make a further calculation upon receipt of such information and, if the Privileged Notes are admitted to trading on a Regulated Market and the rules of such Regulated Market so require, such Regulated Market as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such Regulated Market of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth (4<sup>th</sup>) Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 6(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**(m) Calculation Agent and Reference Banks**

The Issuer shall procure that there shall at all times be four (4) Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one (1) or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Privileged Note is outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one (1) Calculation Agent is appointed in respect of the Privileged Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Terms and Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris or Luxembourg office, as appropriate, or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid. So long as the Privileged Notes are admitted to trading on a Regulated Market and the rules of, or applicable to, that Regulated Market so require, notice of any change of Calculation Agent shall be given in accordance with Condition 15.

**7. Redemption, Purchase and Options**

**(a) Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, each Privileged Note shall be finally redeemed on the final maturity date (the "**Final Maturity Date**") (or the Extended Final Maturity Date, as the case may be) specified in the relevant Final Terms at its final redemption amount (the "**Final Redemption Amount**") (which is at least one hundred per cent. (100%) of its nominal amount) or, in the case of a Privileged Note falling within Condition 7(b) below, its final Instalment Amount.

Privileged Notes may have hard bullet maturities (not allowing the Final Maturity Date of the relevant Series to be extended) or soft bullet maturities (allowing the Final Maturity Date of the relevant Series to be extended), as specified in the Final Terms of the relevant Series. With respect to Series of Privileged Notes having a soft bullet maturity, an extended Final Maturity Date (the "**Extended Final Maturity Date**") shall be specified as applying in relation to such Series in the applicable Final Terms. If the Final Redemption Amount of such Series is not paid by the Issuer on the Final Maturity Date, then payment of the unpaid amount shall be automatically deferred and shall become due and payable one (1) or several year(s) later on the Extended Final Maturity Date. However, any

amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date. Interest will continue to accrue on any unpaid amount during such extended period at the Rate of Interest specified in the relevant Final Terms and be payable on each Interest Payment Date and on the Extended Final Maturity Date all as specified in the relevant Final Terms and in accordance with the Terms and Conditions of the French law Privileged Notes.

**(b) Redemption by Instalments**

Unless previously redeemed or purchased and cancelled as provided in this Condition 7, each Privileged Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Privileged Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Privileged Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised Privileged Note, on the due date for such payment or (ii) in the case of Materialised Privileged Note, on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

**(c) Redemption at the Option of the Issuer, exercise of Issuer's Options and Partial Redemption**

If a Call Option is specified in the relevant Final Terms, the Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not less than fifteen (15) nor more than thirty (30) days' prior irrevocable notice in accordance with Condition 15 to the holders of Privileged Notes (or such other notice period as may be specified in the relevant Final Terms) redeem, or exercise any other option in relation to all or, if so provided, some, of the Privileged Notes on any Optional Redemption Date (as defined in the Final Terms) or Option Exercise Date (as defined in the Final Terms), as the case may be. Any such redemption of Privileged Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption, if any. Any such redemption must relate to Privileged Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed as specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed as specified in the relevant Final Terms.

All Privileged Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option in respect of Materialised Privileged Notes, the notice to holders of such Materialised Privileged Notes shall also contain the numbers of the Definitive Materialised Privileged Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and Regulated Market requirements.

In the case of a partial redemption or a partial exercise of an Issuer's option in respect of Dematerialised Privileged Notes, the redemption shall be effected by reducing the nominal amount of all such Dematerialised Privileged Notes in a Series in proportion to the aggregate nominal amount redeemed.

So long as the Privileged Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and the rules thereof so require, the Issuer shall, once in each year in which there has been a partial redemption of the Privileged Notes, cause to be published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading financial newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Privileged Notes outstanding and, in the case of Materialised Privileged Notes a list of any Materialised Privileged Notes, drawn for redemption but not surrendered.

**(d) Redemption at the option of Noteholders and exercise of Noteholders' Options**

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

To exercise such option (which must be exercised on an option exercise date) the Noteholder must deposit with a Paying Agent at its specified office a duly completed option exercise notice (the "**Exercise Notice**") in the form obtained during normal business hours from any Paying Agent or the Registration Agent, as the case may be, within the notice period. In the case of Materialised Privileged Notes, the Exercise Notice shall have attached to it the relevant Privileged Notes (together with all unmatured Coupons and Receipts and unexchanged Talons). In the case of Dematerialised Privileged Notes, the Noteholder shall transfer, or cause to be transferred, the

Dematerialised Privileged Notes to be redeemed to the account of the Paying Agent with a specified office in Paris, as specified in the Exercise Notice. No option so exercised and, where applicable, no Privileged Note so deposited or transferred, may be withdrawn without the prior consent of the Issuer.

**(e) Early Redemption**

*(i) Zero Coupon Privileged Notes*

- (A) The Early Redemption Amount or the Optional Redemption Amount payable in respect of any Zero Coupon Privileged Note, upon redemption of such Privileged Note pursuant to Condition 7(c), 7(d) or 7(g), as the case may be, shall be the Amortised Nominal Amount (calculated as provided below) of such Privileged Note.
- (B) Subject to the provisions of sub-paragraph (C) below, the amortised nominal amount of any such Privileged Note (the "**Amortised Nominal Amount**") shall be the scheduled Final Redemption Amount of such Privileged Note on the Final Maturity Date (or the Extended Final Maturity Date, as the case may be) discounted at a rate *per annum* (expressed as a percentage) equal to the amortisation yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Privileged Notes if they were discounted back to their issue price on the Issue Date) (the "**Amortisation Yield**") compounded annually.
- (C) If the Early Redemption Amount or the Optional Redemption Amount payable in respect of any such Zero Coupon Privileged Note upon its redemption pursuant to Condition 7(c), 7(d) or 7(g) is not paid when due, the Early Redemption Amount due and payable in respect of such Privileged Note shall be the Amortised Nominal Amount of such Privileged Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Zero Coupon Privileged Note becomes due and payable was the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgement) until the Relevant Date, unless the Relevant Date falls on or after the Final Maturity Date (or the Extended Final Maturity Date, as the case may be), in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Privileged Note on the Final Maturity Date (or the Extended Final Maturity Date, as the case may be) together with any interest that may accrue in accordance with Condition 6(h).

Where such calculation is to be made for a period of less than one (1) year, it shall be made on the basis of the Day Count Fraction as provided in the relevant Final Terms.

*(ii) Other Privileged Notes*

- (A) The Early Redemption Amount payable in respect of any Privileged Note (other than Privileged Notes described in (i) above), upon redemption of such Privileged Note pursuant to Condition 7(g) shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption.
- (B) The Optional Redemption Amount payable in respect of any Privileged Note (other than Privileged Notes described in (i) above), upon redemption of such Privileged Note pursuant to Condition 7(c) or 7(d) will be determined by the Calculation Agent on the following basis:

**Optional Redemption Amount** =  $Y \times \text{Specified Denomination}$

where:

"Y" means the ratio expressed as a percentage specified in the relevant Final Terms.

**(f) No Redemption for Taxation Reasons**

If French law should require that payments of principal, interest or other revenues in respect of any present or future Privileged Note be subject to withholding or deduction in respect of any present or future taxes or duties whatsoever, such Privileged Notes may not be redeemed early.

**(g) Redemption due to illegality**

If, by reason of any change in French law, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, it would become unlawful for the Issuer to perform or comply with one (1) or more of its obligations under the Privileged Notes, the Issuer will, subject to having given not more than forty-five (45) nor less than thirty (30) days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Privileged Notes at their Early Redemption

Amount together with any interest accrued to the date set for redemption (including, where applicable, any arrears of interest).

**(h) Subscriptions and purchases**

The Issuer shall have the right at all times to subscribe and purchase Privileged Notes (provided that, in the case of Materialised Privileged Notes, all unmatured Coupons and Receipts and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise (including by tender offer) at any price, subject to any applicable laws and regulations and in particular to Article L.513-26 of the French Monetary and Financial Code. All Privileged Notes so subscribed or purchased by the Issuer may be held and resold in accordance with and within the limits set out by Articles L.213-0-1 and D.213-0-1 of the French Monetary and Financial Code, as amended from time to time.

**(i) Cancellation**

All Privileged Notes which have been subscribed or purchased by or on behalf of the Issuer may at its sole option be held or cancelled in accordance with applicable laws and regulations.

Privileged Notes will be cancelled, in the case of Dematerialised Privileged Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Privileged Notes, by surrendering the relevant Temporary Global Certificate or the Definitive Materialised Privileged Notes in question, together with all unmatured Coupons and Receipts and all unexchanged Talons, if applicable, to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together with all Privileged Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Privileged Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Privileged Notes and, in the case of Definitive Materialised Privileged Notes, all unmatured Coupons and Receipts and unexchanged Talons attached thereto or surrendered therewith). Any Privileged Note so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Privileged Notes shall be discharged.

**8. Payments and Talons**

**(a) Dematerialised Privileged Notes**

Payments of principal and interest in respect of Dematerialised Privileged Notes shall (i) in the case of Dematerialised Privileged Notes in bearer dematerialised form (*au porteur*) or administered registered form (*au nominatif administré*), be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the holders of Privileged Notes and, (ii) in the case of Dematerialised Privileged Notes in fully registered form (*au nominatif pur*), to an account denominated in the relevant currency with a Bank (as defined below) designated by the relevant holder of Privileged Notes. All payments validly made to such Account Holders or Bank will be an effective discharge of the Issuer in respect of such payments.

**(b) Definitive Materialised Privileged Notes**

**(i) Method of payment**

Subject as provided below, payments in a Specified Currency will be made by credit or transfer to an account denominated in the relevant Specified Currency, or to which the Specified Currency may be credited or transferred (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Euro, shall be any country in the Euro-zone).

**(ii) Presentation and surrender of Definitive Materialised Privileged Notes, Coupons and Receipts**

Payments of principal in respect of Definitive Materialised Privileged Notes will (subject as provided below) be made in the manner provided in paragraph (i) above only against presentation and surrender (or, in the case of partial payment of any sum due, annotation) of such Privileged Notes, and payments of interest in respect of Definitive Materialised Privileged Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of Definitive Materialised Privileged Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (i) above only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be

made in the manner provided in paragraph (i) above only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the relevant Privileged Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Materialised Privileged Note to which it appertains. Receipts presented without the Definitive Materialised Privileged Note to which they appertain do not constitute valid obligations of the Issuer.

Upon the date upon which any Definitive Materialised Privileged Note becomes due and payable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment will be made in respect thereof.

Fixed Rate Privileged Notes in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten (10) years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five (5) years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Privileged Note in definitive form becoming due and repayable prior to its Final Maturity Date (or Extended Final Maturity Date, as the case may be), all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Privileged Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any Definitive Materialised Privileged Note is not an Interest Payment Date, interest (if any) accrued in respect of such Privileged Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender (if appropriate) of the relevant Definitive Materialised Privileged Note.

**(c) Payments in the United States**

Notwithstanding the foregoing, if any Materialised Privileged Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States of America with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Privileged Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

**(d) Payments subject to Fiscal Laws**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer or its Agents) and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements.

No commission or expenses shall be charged to the holders of Privileged Notes, Receiptholders or Couponholders in respect of such payments.

**(e) Appointment of Agents**

The Fiscal Agent, the Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed at the end of the Base Prospectus relating to the Programme of the Privileged Notes of the Issuer. The Fiscal Agent, the Paying Agents and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case such, do not assume any obligation or relationship of agency for any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, Registration Agent or Calculation Agent and to appoint other Fiscal Agent, Paying Agent(s), Registration Agent(s) or Calculation Agent(s) or additional Paying Agent(s), Registration Agent(s) or Calculation Agent(s), provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one (1) or more Calculation Agent(s) where the Conditions so require and provision is made for them in the relevant Final Terms, (iii) a Paying Agent having a specified office in at least one (1) major European city (including, so long as the Privileged Notes are admitted to trading on a

Regulated Market of the EEA and so long as the rules thereof so require, such city where the Privileged Notes are listed and/or admitted to trading), (iv) in the case of Dematerialised Privileged Notes in fully registered form, a Registration Agent and (v) such other agents as may be required by the rules of any other Regulated Market on which the Privileged Notes may be listed and/or admitted to trading.

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

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

**(f) Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Privileged Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).

**(g) Business Days for Payment**

If any date for payment in respect of any Privileged Note, Receipt or Coupon is not a business day, the Noteholder (i) shall not be entitled to payment until the next following Business Day, or (ii) shall not be entitled to payment until the next following Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day, or (iii) shall be entitled to payment on the immediately preceding Business Day (the "**Adjusted Payment Date**"), as specified in the relevant Final Terms. In case of Adjusted Payment Date, the Noteholder shall not be entitled to any interest or other sum in respect of such postponed or prepared payment. In this paragraph, "**Business Day**" means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Privileged Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Privileged Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) on which banks and foreign exchange markets are open for general business in the city of the Paying Agent's specified office, (C) in such jurisdictions as shall be specified as "**Financial Centre(s)**" in the relevant Final Terms and (D) (i) in the case of a payment in a currency other than Euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in Euro, which is a TARGET Business Day.

**(h) Bank**

For the purpose of this Condition 8, "**Bank**" means a bank in the principal financial centre of the relevant currency or, in the case of Euro, in a city in which banks have access to the TARGET System or any successor thereto.

**9. Taxation**

**(a) Tax Exemption**

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

**(b) No Additional Amounts**

If any law would require that payments of principal, interest or other revenues in respect of any present or future Privileged Note or any present or future Receipt or Coupon relating thereto, be subject to withholding or deduction in respect of any present or future taxes or duties whatsoever, the Issuer will not be required to pay any additional amounts in respect of any such withholding or deduction.

**10. Prescription**

Claims against the Issuer for payment in respect of any amount due under the Privileged Notes, Coupons and Receipts (which for this purpose shall not include Talons) shall be prescribed and become void unless made within ten (10) years (in the case of principal) or five (5) years (in the case of interest) from the appropriate Relevant Date in respect of them.

**11. Representation of Noteholders**

Subject to the provisions of the Condition 11(i) below with respect to Privileged Notes issued with a denomination of less than €100,000 (or its equivalent in any other currency at the date of issue), the Noteholders will, in respect



of all Tranches of the relevant Series, be grouped automatically for the defence of their common interests in a *masse* (the "**Masse**"), which will be governed by the provisions of Articles L.228-46 *et seq.* of the French Commercial Code as supplemented by this Condition 11.

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which may accrue with respect to the Privileged Notes, without prejudice to the rights that Noteholders may exercise individually in accordance with, and subject to, the provisions of the terms and conditions of the Privileged Notes.

**(a) Legal Personality**

The *Masse* will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through collective decisions of the Noteholders (the "**Collective Decisions**").

**(b) Representative**

Unless otherwise specified in the relevant Final Terms, the Representative appointed in respect of all Tranches of all Series of Privileged Notes (including all subsequent Tranches in such Series) will be:

DIIS GROUP  
rmo@diisgroup.com  
12, rue Vivienne  
75002 Paris  
France

Unless otherwise specified in the relevant Final Terms, the Issuer shall pay to the Representative an amount of three hundred euros (€300) per year and per Series of Privileged Notes so long as any of the Privileged Notes of such Series is outstanding. No additional remuneration is payable in relation to any subsequent Tranche of any given Series.

In the event of liquidation, resignation, dissolution or revocation of appointment of the Representative, a substitute representative may be appointed.

**(c) Powers of the Representative**

The Representative shall (in the absence of any Collective Decision to the contrary and except as provided by paragraph 1 of Article L.513-24 under the French Monetary and Financial Code) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders, with the capacity to delegate its powers.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative, except that, should safeguard proceedings (*procédure de sauvegarde*), judicial reorganisation (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) be commenced against the Issuer, the specific controller (*contrôleur spécifique*) would file the evidence of debt of all creditors (including the holders of the Privileged Notes) of the Issuer benefiting from the *Privilège* pursuant to Article L.513-24 of the French Monetary and Financial Code.

**(d) Collective Decisions**

Collective Decisions are adopted either (i) in a general meeting (the "**General Meeting**") or (ii) by unanimous consent of the Noteholders following a written consultation (the "**Written Unanimous Decision**").

In accordance with Article R.228-71 of the French Commercial Code, the rights of each Noteholder to participate in Collective Decisions will be evidenced by the entries in the books of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) of the name of such Noteholder as of 0:00 Paris time, on the second (2<sup>nd</sup>) business day in Paris preceding the date set for the Collective Decision.

Collective Decisions must be published in accordance with Condition 11(h).

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any subsequent holder of any of the Privileged Notes of such Series.

**(i) General Meetings**

A General Meeting may be called at any time, either by the Issuer or by the Representative. One (1) or more Noteholders, holding together at least one-thirtieth (1/30) of the principal amount of the Privileged Notes outstanding, may address to the Issuer and the Representative a demand for a General Meeting to be called. If such General Meeting has not been called within two (2) months after such demand, the Noteholders may commission one (1) of them to petition the competent court to appoint an agent (*mandataire*) who will call the General Meeting.

Each Privileged Note carries the right to one (1) vote or, in the case of Privileged Notes issued with more than one (1) Specified Denomination, one (1) vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Privileged Note

General Meetings may deliberate validly on first convocation only if the Noteholders present or represented hold at least one-fifth (1/5) of the principal amount of the Privileged Notes then outstanding. On second convocation, no quorum shall be required. The decisions of the General Meeting shall be taken by a two-third (2/3) majority of votes held by the Noteholders attending such General Meeting or represented thereat.

Notice of the date, time, place and agenda of any General Meeting will be published in accordance with Condition 11(h) not less than fifteen (15) calendar days prior to the date of the General Meeting on first convocation and not less than five (5) calendar days prior to the date of the General Meeting on second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by proxy or by correspondence.

Each Noteholder or representative thereof will have the right to consult or make a copy of the text of the resolutions which will be proposed and of the reports, if any, which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer and at any other place specified in the notice of the General Meeting, during the fifteen (15) calendar day period preceding the holding of the General Meeting on first convocation, or during the five (5) calendar day period preceding the holding of the General Meeting on second convocation.

The General Meeting is chaired by the Representative. In the event of the absence of a representative at the start of a General Meeting and if no Noteholder is present or represented at the General Meeting, the Issuer may, notwithstanding the provisions of Article L.228-64 of the French Commercial Code, designate a provisional chairman until a new Representative has been appointed.

**(ii) Written Unanimous Decisions**

At the initiative of the Issuer or the Representative, Collective Decisions may also be taken by Written Unanimous Decisions.

Such Written Unanimous Decisions shall be signed by or on behalf of all the Noteholders without having to comply with formalities and time limits referred to in Condition 11(d)(i). Approval of a Written Unanimous Decision may also be given by way of electronic communication allowing the identification of Noteholders in accordance with Article L.228-46-1 of the French Commercial Code ("**Electronic Consent**"). Any such decision shall, for all purposes, have the same effect as a resolution passed at a General Meeting of such Noteholders. Such Written Unanimous Decision may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such Noteholders and shall be published in accordance with Condition 11(h).

**(iii) Exclusion of certain provisions of the French Commercial Code**

The provisions of Article L.228-65 I. 1° of the French Commercial Code and the related provisions of the French Commercial Code shall not apply to the Privileged Notes.

**(e) Expenses**

The Issuer shall pay all expenses relating to the operations of the *Masse*, including all expenses relating to the calling and holding of Collective Decisions and, more generally, all administrative expenses resolved upon by Collective Decisions, it being expressly stipulated that no expenses may be imputed against interest payable under the Privileged Notes.

**(f) Single Masse**

The holders of Privileged Notes of the same Tranche, and the holders of Privileged Notes of any other Tranche which have been assimilated (*assimilables* for the purpose of French law) with the Privileged Notes of such first mentioned Tranche in accordance with Condition 14, shall, for the defence of their respective common interests, be grouped in a single *Masse*.

**(g) Sole Noteholder**

If and for so long as the Privileged Notes of any Series are held by a sole Noteholder and unless a Representative has been appointed in relation to such Series, such Noteholder shall exercise all powers, rights and obligations

entrusted to the Representative and to the Noteholders acting through Collective Decisions by the provisions of the French Commercial Code.

From the date of appointment of the Representative in relation to any Series, if and for so long as the Privileged Notes of such Series are held by a sole Noteholder, such Noteholder shall exercise all powers, rights and obligations entrusted to the Noteholders acting through Collective Decisions by the provisions of the French Commercial Code.

The Issuer shall hold a register of the decisions taken by the sole Noteholder in this capacity and shall make it available, upon request, to any subsequent holder of any of the Privileged Notes of such Series.

#### **(h) Notices to Noteholders**

Any notice to be given to Noteholders in accordance with this Condition 11 shall be given in accordance with Condition 15.

#### **(i) Full Masse**

For Privileged Notes issued with a denomination of less than €100,000 (or its equivalent in any other currency at the date of the issue of such Privileged Notes), Condition 11 shall apply to the Privileged Notes subject to the following modifications:

- (i) the last paragraph of Condition 11(d)(i) shall not apply to the Privileged Notes;
- (ii) Condition 11(d)(iii) shall not apply to the Privileged Notes; and
- (iii) except if the Final Terms specify "Issue outside France" as applicable, Condition 11(e) shall be deleted and replaced by the following:

#### **"(e) Expenses**

*The Issuer shall pay all expenses relating to the operations of the Masse, including all expenses relating to the calling and holding of Collective Decisions and, more generally, all administrative expenses resolved upon by Collective Decisions.*

### **12. Replacement of Definitive Materialised Privileged Notes, Coupons, Talons and Receipts**

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

### **13. Limited recourse, Non-petition**

#### **(a) Limited recourse**

By subscribing or acquiring any Privileged Note, each Noteholder will be automatically deemed to have:

- (i) expressly and irrevocably waived any contractual claim or action (*action en responsabilité contractuelle*) it may have against the Issuer or against any of its assets and any action for payment of any sum which is not expressed as being payable to it by the Issuer under the Privileged Notes and these Conditions;
- (ii) expressly and irrevocably agreed not to seek recourse under any obligation, covenant or agreement of the Issuer under the Privileged Notes and these Conditions against any shareholder, member of the board of directors (*conseil d'administration*), chief executive officer (*directeur général*), vice chief executive officer (*directeur général délégué*) or agent of the Issuer, by the enforcement of any assessment or by any proceedings, by virtue of any statute or otherwise; it being expressly agreed and understood that any obligation of the Issuer under the Privileged Notes and these Conditions is a corporate obligation of the Issuer, and that no personal liability shall attach to or be incurred by the shareholders, members of the board of directors (*conseil d'administration*), chief executive officers (*directeurs généraux*), vice chief executive officers (*directeurs généraux délégués*) or agents of the Issuer, as such, or any of them under or by reason of any of the obligations, covenants or agreements of the Issuer contained in the Privileged Notes and these

Conditions or implied therefrom and, to waive any and all personal liability of every such shareholder, member of the board of directors (*conseil d'administration*), chief executive officer (*directeur général*), vice chief executive officer (*directeur général délégué*) or agent of the Issuer for breaches by the Issuer of any of its obligations, covenants or agreements under the Privileged Notes and these Conditions;

- (iii) without prejudice to Condition 13(c), expressly and irrevocably waived any claim it may have (a) against the Issuer or against any of its assets for sums in excess of the amount of the assets of the Issuer which are available for making payment on such date subject to the rights of any creditor benefiting from the *Privilège* and (b) against any asset of the Issuer which are subject to the *Privilège*.

**(b) Non-petition**

By subscribing to any Privileged Note, each Noteholder will be automatically deemed to have expressly agreed that prior to the date which is eighteen (18) months and one (1) day after the latter of (i) the Final Maturity Date (or the Extended Final Maturity Date, as the case may be) of the last series of Privileged Notes (including German law Privileged Notes) issued by the Issuer under the Programme, or (ii) the date of payment of any sums outstanding and owing under the latest outstanding Privileged Note:

- (i) it will not take any corporate action or other steps or legal proceedings for the winding-up, dissolution, organisation, for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, examiner, sequestrator or similar officer, or the opening of receivership proceedings or insolvency or bankruptcy proceedings (*sauvegarde, redressement or liquidation judiciaires*) or any other similar proceedings in any relevant jurisdiction, for the Issuer or for any or all of the Issuer's revenues and assets; and
- (ii) it will not have any right to take steps for the purpose of obtaining payment of any amounts payable to it under the Privileged Notes and these Conditions by the Issuer and shall not until such time take any step to recover any debts whatsoever owing to it by the Issuer otherwise than in accordance with, and subject to, these Conditions.

**(c) Privilège**

Conditions 13(a) and 13 (b)(ii) shall not prejudice the rights of the holders of Privileged Notes with respect to the payment of any claim benefiting from the *Privilège*.

**14. Further Issues**

The Issuer may from time to time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further Privileged Notes to be assimilated (*assimilées* for the purpose of French law) with the Privileged Notes provided such Privileged Notes and the further Privileged Notes carry rights identical in all respects (or identical in all respects save as to the principal amount thereof and the first (1) payment of interest specified in the relevant Final Terms) and that the terms of such Privileged Notes provide for such assimilation, and references in these Conditions to "**Privileged Notes**" shall be construed accordingly.

**15. Notices**

- (a) Notices to the holders of Dematerialised Privileged Notes in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth (4<sup>th</sup>) weekday (being a day other than a Saturday or a Sunday) after the date of mailing, or (ii) at the option of the Issuer, they are published in a leading daily financial newspaper of general circulation in Europe or, so long as such Privileged Notes are admitted to trading on any Regulated Market(s), in a leading daily financial newspaper with general circulation in the city/ies where the Regulated Market(s) on which such Privileged Notes is/are admitted to trading, which in the case of the Luxembourg Stock Exchange's Regulated Market is expected to be the *Luxemburger Wort*, or (iii) so long as such Privileged Notes are admitted to trading on any Regulated Market and the rules of such Regulated Market so permit, on the website of the Regulated Market where the admission is sought, which in the case of the Luxembourg Stock Exchange is expected to be the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).
- (b) Notices to the holders of Materialised Privileged Notes and Dematerialised Privileged Notes in bearer form (*au porteur*) shall be valid if published in a leading daily financial newspaper of general circulation in Europe or, so long as such Privileged Notes are admitted to trading on any Regulated Market(s), in a leading daily financial newspaper with general circulation in the city/ies where the Regulated Market(s) on which such Privileged Notes is/are admitted to trading, which in the case of the Luxembourg Stock Exchange's Regulated Market is expected to be the *Luxemburger Wort* or, so long as such Privileged Notes are admitted to trading on any Regulated Market and the rules of such Regulated Market so permit, on the website of

the Regulated Market where the admission is sought, which in the case of the Luxembourg Stock Exchange is expected to be the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

- (c) Notices required to be given to the holders of Dematerialised Privileged Notes (whether in registered or in bearer form (*au nominatif* or *au porteur*)) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Privileged Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 15(a) and (b), above; provided that (i) so long as such Privileged Notes are admitted to trading on any Regulated Market(s) and the rules of that Regulated Market so require, notices shall also be published in a leading daily financial newspaper with general circulation in the city/ies where the Regulated Market(s) on which such Privileged Notes is/are admitted to trading, which in the case of the Luxembourg Stock Exchange's Regulated Market is expected to be the *Luxemburger Wort*, or (ii) so long as such Privileged Notes are admitted to trading on any Regulated Market and the rules of such Regulated Market so permit, on the website of the Regulated Market where the admission is sought, which in the case of the Luxembourg Stock Exchange is expected to be the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).
- (d) If any such publication is not practicable, notice shall be validly given if published in another leading daily financial English language newspaper of general circulation in Europe. Any notice given by publication shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first (1) publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Privileged Notes in accordance with this Condition.

## **16. Governing Law and Jurisdiction**

### **(a) Governing Law**

The Privileged Notes, Coupons, Talons and Receipts are governed by, and shall be construed in accordance with, French law.

### **(b) Jurisdiction**

Any claim against the Issuer in connection with any Privileged Notes, Coupons, Talons or Receipts may be brought before the competent courts of the Issuer's head office.

## TEMPORARY GLOBAL CERTIFICATES IN RESPECT OF MATERIALISED PRIVILEGED NOTES

### Temporary Global Certificates

A temporary global certificate without interest coupons (a "**Temporary Global Certificate**") will initially be issued in connection with each Tranche of Materialised Privileged Notes, which will be delivered on or prior to the issue date of the Tranche with a common depository (the "**Common Depository**") for Euroclear Bank SA/NV ("**Euroclear**") and for Clearstream Banking, S.A. ("**Clearstream**"). Upon the delivery of such Temporary Global Certificate with a Common Depository, Euroclear and Clearstream will credit each subscriber with a nominal amount of French law Privileged Notes equal to the nominal amount thereof for which it has subscribed and paid.

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

### Exchange

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

- (i) if the relevant Final Terms indicates that such Temporary Global Certificate is issued in compliance with the U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) and any successor regulation issued under the Hiring Incentives to Restore Employment Act of 2010 (the "**Hire Act**") (the "**TEFRA C Rules**") or in a transaction to which "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982, is not applicable, in whole, but not in part, for Definitive Materialised Privileged Notes; and
- (ii) otherwise, in whole but not in part, upon certification if required under U.S. Treasury Regulation section 1.163-5(c)(2)(i)(D)(3) and any successor regulation issued under the Hire Act as to non-U.S. beneficial ownership for Definitive Materialised Privileged Notes.

### Delivery of Definitive Materialised Privileged Notes

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

### Exchange Date

"**Exchange Date**" means, in relation to a Temporary Global Certificate in respect of any Materialised Privileged Notes, the day falling after the expiry of forty (40) calendar days after its issue date, provided that in the event any further Materialised Privileged Notes which are to be assimilated (*assimilées* for the purpose of French law) with such first (1) mentioned Materialised Privileged Notes are issued prior to such day pursuant to Condition 14, the Exchange Date may, at the option of the Issuer, be postponed to the day falling after the expiry of forty (40) calendar days after the issue date of such further Materialised Privileged Notes.

In the case of Materialised Privileged Notes with an initial maturity of more than three hundred and sixty-five (365) calendar days (and that are not relying on the TEFRA C Rules), the Temporary Global Certificate shall bear the following legend:

ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES FEDERAL INCOME TAX LAWS INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287 (a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

## **USE OF PROCEEDS**

Unless otherwise specified in the relevant Final Terms, the net proceeds of the issue of the Privileged Notes will be used for financing assets referred to in Article L.513-4 of the French Monetary and Financial Code.

## MAIN FEATURES OF THE LEGISLATION AND REGULATIONS RELATING TO *SOCIÉTÉS DE CRÉDIT FONCIER*

Please note that this section should be read in conjunction with, as the case may be, any relevant instruction from the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*, formerly *Autorité de contrôle prudentiel*) or ministerial order published in respect of *sociétés de crédit foncier*.

### Entities entitled to issue *obligations foncières*

The legal and regulatory regime applicable to *sociétés de crédit foncier* results from the following provisions:

- Articles L.513-2 to L.513-27 of the French Monetary and Financial Code;
- Articles R.513-1 to R.513-18 of the French Monetary and Financial Code;
- regulation (*règlement*) no. 99-10 dated 9 July 1999, as amended, issued by the Banking and Financial Regulatory Committee (*Comité de la Réglementation Bancaire et Financière*, CRBF) (the "**CRBF Regulation**"); and
- regulation (*instruction*) no. 2016-I-09 dated 11 March 2016, as amended issued by the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*, formerly *Autorité de contrôle prudentiel*).

Pursuant to Article L.513-2 of the French Monetary and Financial Code, the exclusive legal purpose of *sociétés de crédit foncier* is to grant or acquire either secured loans or exposures to public entities or other eligible securities and issue *obligations foncières* (or incur other forms of borrowings) in order to finance these assets. However, Article L.513-2 of the French Monetary and Financial Code allows *sociétés de crédit foncier* to issue ordinary notes or raise funds which do not benefit from the *Privilège* as described below.

### Eligible assets

The eligible assets of *sociétés de crédit foncier* comprise, *inter alia*:

- (i) secured loans which, in accordance with Article L.513-3 of the French Monetary and Financial Code, include loans which are secured by a first-ranking mortgage or other real estate security interests that are equivalent to a first-ranking mortgage or loans that are guaranteed by a credit institution, a financing company (*société de financement*) or an insurance company that does not belong to the same group as the relevant *société de crédit foncier*. The property must be located in France or in any other member state of the European Union ("EU") or European Economic Area ("EEA") or in a State benefiting from the highest level of credit quality (*meilleur échelon de qualité de crédit*) assigned by an external rating agency recognised by the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*) as provided in Article L.511-44 of the French Monetary and Financial Code. Article R.513-1 of the French Monetary and Financial Code provides that the mortgage-backed loans cannot exceed a threshold of sixty per cent (60%) of the property's value, except under certain conditions;
- (ii) exposures to, or guaranteed by, public sector entities which comply with the provisions of Article L.513-4 of the French Monetary and Financial Code, i.e. without limitation, exposures to public entities such as states, central banks, local authorities or state-owned entities of a member state of the European Union ("EU"), or the EEA, the United States of America, Switzerland, Japan, Canada, Australia or New Zealand or exposures to public entities such as states or central banks of states not member of the EEA, nor the EU, nor of the United States of America, Switzerland, Japan, Canada, Australia nor New Zealand, but located in a State benefiting from the highest level of credit assessment (*meilleur échelon de qualité de crédit*) given by an external rating agency recognised by the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*) as provided in Article L.511-44 of the French Monetary and Financial Code, and
- (iii) within the limits of Article R.513-3 of the French Monetary and Financial Code, units or notes (other than subordinated units or subordinated notes) issued by *organismes de titrisation*, which are French securitisation vehicles, or other similar vehicles governed by the laws of a member state of the EU or EEA, the United States of America, Switzerland, Japan, Canada, Australia or New Zealand, the assets of which shall comprise at least ninety per cent. (90%) of secured loans or exposures to public entities complying with the criteria defined in Articles L.513-3 and L.513-4 of the French Monetary and Financial Code or other receivables benefiting from equivalent security interests; such units or notes must benefit from the highest level of credit assessment (*meilleur échelon de qualité de crédit*) assigned by an external rating agency recognised by the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*) pursuant to Article L.511-44 of the French Monetary and Financial Code; the similar vehicles shall be



governed by the laws of a member state of the EU or EEA if the assets are composed of loans or exposures referred to in Article L.513-3 of the French Monetary and Financial Code; and

- (iv) promissory notes (*billets à ordre*) governed by Articles L.313-42 *et seq.* of the French Monetary and Financial Code, under the conditions set out in Article L.513-6 of the French Monetary and Financial Code.

*Sociétés de crédit foncier* are not allowed to make any other investments, except investments in securities which are sufficiently secure and liquid to be held as so-called substitution assets (*valeurs de remplacement*), as defined in Article R.513-6 of the French Monetary and Financial Code.

The total amount of such substitution assets must not exceed fifteen per cent (15%) of the nominal amount of the *obligations foncières* issued by a *société de crédit foncier* and other resources benefiting from the *Privilège*.

Pursuant to Article 13 of the CRBF Regulation, *sociétés de crédit foncier* must send to the French Banking Authority information relating to the quality of its eligible assets. This report is published within forty-five (45) calendar days of the general meeting approving the financial statements of the last ended year. In addition, according to Article L.513-9 of the French Monetary and Financial Code, *sociétés de crédit foncier* must also publish every quarter a report containing the same information relating to the quality of its assets, together with information relating to the duration of the loans, securities and instruments to be financed.

In addition, pursuant to Article 5 of the CRBF Regulation, the Issuer will make available to the specific controller (*contrôleur spécifique*) and publish on the website of the Issuer ([www.arkea.com/banque/assurance/credit/mutuel/ecb\\_5040/fr/public-sector-scf](http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5040/fr/public-sector-scf)) a report (which is attached to its annual report) on the valuation and the methods for the periodic review of real properties values financed by loans which are eligible assets of a *société de crédit foncier* or used as collateral on such loans.

Pursuant to Article L.513-26 of the French Monetary and Financial Code, a *société de crédit foncier* may subscribe for *obligations foncières* issued by such *société de crédit foncier* itself, for the sole purpose of securing credit operations made with the *Banque de France* under its monetary policy and intraday credit operations, in case such *société de crédit foncier* is not in a position to face its treasury needs by any other available means *obligations foncières* issued pursuant to Article L.513-26 of the French Monetary and Financial Code shall not represent more than ten per cent. (10%) of the resources benefiting from the *Privilège*, as calculated at the time such *obligations foncières* are acquired by the relevant *société de crédit foncier*.

### **Cover ratio**

A *société de crédit foncier* must at all times maintain a cover ratio between its assets and its liabilities benefiting from the *Privilège*. In particular, pursuant to Articles L.513-12 and R.513-8 of the French Monetary and Financial Code, *sociétés de crédit foncier* must at all times maintain a ratio of at least one hundred and five per cent. (105%) as between its assets and the total amount of its liabilities benefiting from the *Privilège*, as calculated pursuant to Articles 6 to 11 of the CRBF Regulation.

The ratio's denominator (Article 8 of the CRBF Regulation) is comprised of *obligations foncières* and other resources benefiting from the *Privilège*.

The ratio's numerator (Article 9 of the CRBF Regulation) is made up of all the assets, weighted to reflect their category. In the case of exposures to public entities (*expositions sur des personnes publiques*), they are accounted for at their accounting value (one hundred per cent. (100%) weighting).

Pursuant to Article 10 of the CRBF Regulation, the cover ratio of *sociétés de crédit foncier* is published quarterly (on 31 March, 30 June, 30 September and 31 December) on the website of the Issuer ([www.arkea.com/banque/assurance/credit/mutuel/ecb\\_5040/fr/public-sector-scf](http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5040/fr/public-sector-scf)).

In addition, Crédit Mutuel Arkéa and the Issuer have entered into agreements in order to ensure, by providing to the Issuer liquidity support or transferring to the Issuer additional eligible assets or otherwise, that the Issuer will, at all times, maintain an overcollateralisation ratio (also referred to as the asset cover ratio) between its eligible assets and its Privileged Notes equal to or greater than one hundred and five per cent. (105%) (see section "*Description of the Issuer – Business Overview – OC Test*"). As of 31 December 2020, the asset cover ratio was equal to 126.03 %.

A *société de crédit foncier* must appoint a specific controller (*contrôleur spécifique*) with the prior approval of the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*) whose task is to ensure that the required cover ratio is at all times complied with. In particular, the specific controller (*contrôleur spécifique*) must certify that the cover ratio is satisfied in connection with (i) the *société de crédit foncier* quarterly programme of issues benefiting from the *Privilège* and (ii) any specific issue also benefiting from the *Privilège* which amount is greater than or equal to five hundred million euros (€500,000,000). The specific controller (*contrôleur spécifique*)

must verify the quality of the assets, the process of yearly revaluation and the quality of the asset liability management.

### **Liquidity Ratio**

Pursuant to Articles L.513-8 and R.513-7 of the French Monetary and Financial Code, the Issuer must, at all time, cover its treasury needs over a period of one hundred and eighty (180) days, taking into account the forecasted flows of principal and interest on its assets and net flows related to derivative financial instruments referred to in Article L.513-10 of the French Monetary and Financial Code. The treasury needs are covered by substitution assets, eligible assets to the credit operations of the *Banque de France*.

In addition, pursuant to the CRBF Regulation, a *société de crédit foncier* must ensure that the average life of the eligible assets held by it, up to the minimum amount required to comply with the overcollateralisation ratio referred to in Article R. 513-8 of the French Monetary and Financial Code, does not exceed more than eighteen (18) months the average life of its liabilities benefiting from the *Privilège*.

To that purpose, when the assets of the *société de crédit foncier* comprise receivables secured by collateral assets pursuant to Articles L.211-36 to L.211-40, L.313-23 to L.313-35 and L.313-42 to L.313-49 of the French Monetary and Financial Code, which are not replacement values (*valeurs de remplacement*), such as the Issuer, the *société de crédit foncier* must take into account the average life of the assets received as collateral rather than the average life of the secured receivables.

### **Privilège relating to the Privileged Notes and certain other obligations of the Issuer**

Pursuant to Article L.513-11 of the French Monetary and Financial Code, notwithstanding any legal provisions to the contrary and in particular the provisions of book VI (*Livre VI*) of the French Commercial Code relating to the difficulties of companies (*difficultés des entreprises*):

- the sums resulting from loans or assimilated receivables, exposures, titles and securities referred to in Articles L.513-3 to L.513-7 of French Monetary and Financial Code and from the financial instruments used for hedging as referred to in Article L.513-10 of the French Monetary and Financial Code (in each case after any applicable set-off), together with the claims in respect of deposits made by a *société de crédit foncier* with credit institutions, are allocated by way of priority to the payment of any sums due in relation to the Privileged Notes, to other resources benefiting from the *Privilège*, as mentioned in Article L.513-2 of the French Monetary and Financial Code, to derivatives transactions used for hedging, under the condition of Article L.513-10 of the French Monetary and Financial Code and to ancillary expenses relating to the transactions referred to in Article L.513-11 of the French Monetary and Financial Code;
- when a *société de crédit foncier* (such as the Issuer) is subject to conciliation proceedings (*procédure de conciliation*), safeguard proceedings (*procédure de sauvegarde*), judicial reorganisation (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*), the amounts regularly originated from the operations referred to in Article L.513-2 of the French Monetary and Financial Code are paid on their respective contractual due date, and by way of priority to all other debts, whether or not preferred or secured, including interests resulting from agreements whatever their duration is. No other creditor of a *société de crédit foncier* (such as the Issuer) may avail itself of any right over the assets and rights of such *société de crédit foncier* until creditors benefiting from the *Privilège* defined in Article L.513-11 of the French Monetary and Financial Code have been fully paid off; and
- the judicial liquidation of a *société de crédit foncier* (such as the Issuer) will not result in the acceleration of payment of Privileged Notes and other debts benefiting from the *Privilège* defined in Article L.513-11 of the French Monetary and Financial Code.

### **Insolvency remoteness**

Article L.513-20 of the French Monetary and Financial Code precludes the extension of insolvency proceedings in respect of the *société de crédit foncier* parent company to the *société de crédit foncier*.

The French Monetary and Financial Code provides a regime of *sociétés de crédit foncier*, which derogates in many ways from the French legal provisions relating to insolvency proceedings. In particular, pursuant to Article L.513-11 of the French Monetary and Financial Code, in the event of safeguard proceedings (*procédure de sauvegarde*), judicial reorganisation (*redressement judiciaire*) or liquidation (*liquidation judiciaire*) of a *société de crédit foncier*, all claims benefiting from the *Privilège*, including interest thereon, must be paid on their due dates and in preference to all other claims, whether or not secured or statutorily preferred and, until payment in full of all such preferred claims, no other creditors may avail itself of any right over the assets of the *société de crédit foncier*.

Pursuant to Article L.513-18 of the French Monetary and Financial Code, the provisions of Article L.632-2 of the French Commercial Code, allowing an administrative receiver to render certain transactions entered into during the hardening period (*période suspecte*) null and void are not applicable for transactions entered into by a *société de crédit foncier* provided that such transactions are made in accordance with their exclusive legal purpose as defined by Article L.513-2 of the French Monetary and Financial Code and without fraud. Pursuant to Article L.513-21 of the French Monetary and Financial Code, in case of the opening of any safeguard proceedings (*procédure de sauvegarde*), judicial reorganisation (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) against the credit institution which is acting as manager and servicer of the assets and liabilities of the *société de crédit foncier*, the recovery, management and servicing contract may be immediately terminated by the *société de crédit foncier* notwithstanding any legal provisions to the contrary.

As a specialised credit institution (*établissement de crédit spécialisé*), the Issuer is subject to 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 as implemented in France.

## DESCRIPTION OF THE ISSUER

For the avoidance of doubt, it is specified that the expression "Privileged Notes" will include German law and French law Privileged Notes and the expression "Noteholders" includes any holder of such Privileged Notes, in the following section.

### Incorporation, duration and registered office

#### *The Issuer*

The Issuer was incorporated on 18 December 2001, under the name "Eurobretagne IX", as a French limited liability company with a board of directors (*société anonyme à conseil d'administration*). Its term of existence is ninety-nine (99) years from the date of its incorporation. From the date of its incorporation and until 15 November 2010, the Issuer was a dormant entity owned by Crédit Mutuel Arkéa and did not engage in any business activity. At the Programme Date, the legal and commercial name of the Issuer is "Arkéa Public Sector SCF". The Issuer is registered with the French *Registre du commerce et des sociétés* of Brest under number 440 180 842.

The Issuer is governed by:

- (a) the French Commercial Code; and
- (b) the French Monetary and Financial Code, and in particular, Articles L.513-2 *et seq.* of the French Monetary and Financial Code applicable to *sociétés de crédit foncier*.

(for further description, see section "*Main features of the legislation and regulations relating to sociétés de crédit foncier*").

As from 15 November 2010, the Issuer is a *société de crédit foncier* duly licensed as a French credit institution (*établissement de crédit*) by the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*). As a result of the entry into force on 1 January 2014 of the Ordinance no. 2013-544 dated 27 June 2013 relating to credit institutions and financing companies, the Issuer became a specialised credit institution (*établissement de crédit spécialisé*) as from 1 January 2014.

The Issuer's registered office and principal place of business is located at 1, rue Louis Lichou, 29480 Le Relecq-Kerhuon, France. The telephone number of the Issuer's registered office is: + 33 2 98 00 22 22. The website of the Issuer is [www.arkea.com/banque/assurance/credit/mutuel/ecb\\_5040/fr/public-sector-scf](http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5040/fr/public-sector-scf).

#### *The Crédit Mutuel Arkéa group*

The Issuer is the *société de crédit foncier* of the Crédit Mutuel Arkéa group (the "**Group**"). The Group carries out business in the areas of banking credit and savings, finance and insurance. With 9,000 employees and 3,900,000 customers, it experienced further commercial expansion and built up its presence throughout France by entering into distribution agreements with external operators.

The Group's basic unit is the local savings bank ("**Caisse locale**"). Each *Caisse locale* covers a limited geographic area, and its capital is held by customer shareholders in the form of shares. Crédit Mutuel Arkéa's capital is held by the *Caisse locales* of the *fédération* of Crédit Mutuel de Bretagne and the *fédération* of Crédit Mutuel du Sud-Ouest. Crédit Mutuel Arkéa's *fédération* are members of *Confédération Nationale du Crédit Mutuel* (CNCM), which represents Crédit Mutuel's various regional groups.

From a regulatory standpoint, Crédit Mutuel Arkéa is the Group's consolidating parent company. It is licensed as such by the banking authorities. Crédit Mutuel Arkéa ensures that the Group's main financial ratios comply with the regulatory limits set by the banking authorities. It has received a general license for the *Caisse locales* of the two (2) *fédérations*. The *Caisse locales* do not receive individual licenses.

As a regulated bank, Crédit Mutuel Arkéa is subject to various controls by the French financial regulators (*Autorité de contrôle prudentiel et de résolution, Autorité des marchés financiers, etc.*).

In this organisation, Crédit Mutuel Arkéa is the Group's lead company. Crédit Mutuel Arkéa also acts as the Group's capital markets and investment bank and as the holding company for the non-credit union and non-mutual savings bank businesses.

Crédit Mutuel Arkéa is managed by its board of directors (*Conseil d'administration*). Its by-laws (*statuts*) provide for a board of directors who are appointed by the general meeting of the shareholders for a period of three (3) years, but may serve any number of consecutive terms. The board of directors is chaired by a chairman (*président*) who ensures its efficient functioning and the provision of constant and complete information to it. The board of directors has also appointed a managing director (*directeur général*) who is responsible for the general management of Crédit Mutuel Arkéa and represents it in relation to third parties.

The risks related to the disaffiliation of the Group from Crédit Mutuel are described under "*Risks related to the disaffiliation of Group from Crédit Mutuel*" in Section Risk Factors.

### **Share capital and Shareholder's undertakings**

#### *Share Capital*

The Issuer's authorised and issued share capital is one hundred million euros (€100,000,000) consisting of ten million (10,000,000) ordinary shares with a par value of ten euros (€10) each which has been fully paid up.

On the Programme Date, 99.9 per cent. of the Issuer's share capital is held by Crédit Mutuel Arkéa.

There is no authorised and unissued share capital. There are no securities which grant rights to shares in the capital of the Issuer. All shares have equal voting rights.

### **Issuer's corporate purpose**

In accordance with Article L.513-2 of the French Monetary and Financial Code, which defines the exclusive purpose of the *sociétés de crédit foncier* and with Article 2 of the by-laws (*statuts*) of the Issuer, the Issuer's general purposes both in France and abroad is:

- with respect to its assets:
  - o to grant or acquire exposures over public entities (*expositions sur des personnes publiques*), in particular, grant loans provided that such loans are secured, in accordance with Articles L.211-38 *et seq.* of the French Monetary and Financial Code, by the receivables against public entities or fully guaranteed by such public entities transferred by way of security (*remises en pleine propriété à titre de garantie*),
  - o to subscribe for, acquire (by all possible means) and/or hold (i) units and debt instruments issued by French securitisation organisms (*organismes de titrisation*) or by similar entities, provided that the underlying assets of such units and debt instruments are exclusively composed of exposures to public entities, and/or (ii) securities, instruments and deposits sufficiently secure and liquid (within the meaning of the regulation applicable to *sociétés de crédit foncier*),
  - o within the limits of laws and regulations then applicable, to subscribe for, acquire (by any means) and/or hold, Privileged Notes issued by the Issuer itself,
  - o more generally, acquire (by all possible means) and/or hold any assets representing exposures over public entities (*expositions sur des personnes publiques*) that can be lawfully held by a *société de crédit foncier* in accordance with laws and regulations applicable thereto,
- with respect to its liabilities:
  - o obtain all the resources to which a *société de crédit foncier* is entitled, which include (i) the issuance of French law *obligations foncières* benefiting from the *Privilège* mentioned in Article L.513-11 of the French Monetary and Financial Code and (ii) the issuance of German law notes in registered form (*Namensschuldverschreibung*) benefiting from the *Privilège* mentioned in Article L.513-11 of the French Monetary and Financial Code;
- as general matter:
  - o to acquire (by all possible means) and hold any movable and immovable property which is necessary for the accomplishment of its corporate purpose or which derives from the recovery of its debts,
  - o conduct all financial and banking transactions and conclude the necessary contracts, to achieve its corporate purpose: in particular, the Issuer may enter into financial forwards instruments to hedge its interests and currency on the loans and exposures set out in Articles L.513-3 to L.513-7 of the French Monetary and Financial Code, the Privileged Notes and other resources benefiting from the *Privilège*;
  - o and more generally, conduct all operations related to its business or contributing directly or indirectly to achieve its corporate purpose, provided that such operations comply with laws and regulations then applicable to *sociétés de crédit foncier*.

Notwithstanding the generality of the Issuer's corporate purpose, Arkéa Public Sector SCF has willingly agreed to restrict its activities only to granting or acquiring exposures to public entities as defined in Articles L.513-4 to L.513-5 of the French Monetary and Financial Code, as further described in section "*Business Overview*" hereunder.

## Business overview

The establishment of the Issuer takes place as part of the Group refinancing and is intended to lower the overall cost of funding for the Group by refinancing public exposures at a competitive cost.

The assets of the Issuer will therefore mainly comprise advances to be made available by the Issuer to Crédit Mutuel Arkéa.

### *Collateral security*

All advances made available by the Issuer to Crédit Mutuel Arkéa will be fully secured (*totement garanties*) by a pool of exposures to French public sector entities or guaranteed by such entities, so that each advance qualifies as exposure to public legal persons (*exposition sur des personnes publiques*) within the meaning of Article L.513-4 of the French Monetary and Financial Code. Such collateral security shall be a transfer by collateral providers (the "**Collateral Providers**") of eligible assets by way of security (*remises en pleine propriété à titre de garantie*) for the benefit of the Lender in accordance with Articles L.211-38 *et seq.* of the French Monetary and Financial Code and the provisions of a collateral security agreement (the "**Collateral Security Agreement**").

For the purposes of the Collateral Security Agreement, an "**Eligible Asset**" to be transferred as collateral security shall be any Eligible Public Sector Receivable (as further described below) or any Additional Public Exposure (as further described below).

Each Eligible Public Sector Receivable shall, on the date on which it has been selected to be transferred as Collateral Security (the "**Selection Date**") or on any other date specified below or (in the absence of mention of any such specific date) at any time, complies with the following cumulative criteria:

- (a) it is a receivable (i) owed or guaranteed in full by one or more public entities as defined in Article L.513-4 of the French Monetary and Financial Code, such as central administration (*administration centrale*), a central bank (*banque centrale*), a public institution (*établissement public*), a local authority (*collectivité territoriale*) or a group thereof, of a member state of the European Union or party to the European Economic Area, of the United States of America, Switzerland, Japan, Canada, Australia or New Zealand (a "**Public Entity**") or (ii) secured in full by a guarantee over a receivable owed by one or more Public Entities pursuant to Articles L. 313-23 *et seq.* of the French Monetary and Financial Code (a "**Public Sector Receivable**");
- (b) the Public Sector Receivable:
  - if it has arisen under a loan agreement, (i) it has been granted by the relevant Collateral Provider to any third party in the normal course of its business activities or (ii) it has been acquired by the Collateral Provider provided that, in this latter case, (x) the relevant debtor has had prior borrowing relationship with some Collateral Provider's affiliate and (y) the transfer of such Public Sector Receivable as collateral security will not result in the aggregate outstanding principal balance of all Public Sector Receivables acquired by any of the Collateral Providers and transferred as collateral security to exceed 20% of the aggregate outstanding principal balance of all the collateral security assets on the Selection Date on which such Public Sector Receivable is transferred as collateral security. For the avoidance of doubt, a Public Sector Receivable shall not be a receivable against a special purpose entity or equivalent arisen under any securitisation transaction as contemplated by Article L. 513-5 of the French Monetary and Financial Code;
  - constitutes monetary claims, including those resulting from any successive performance contract, against one or more Public Entities provided that such Public Entity(ies) has(have) expressly and unconditionally waived, with respect to such Public Sector Receivable, any right to raise any objection which might result from its(their) relationship(s) ("*exceptions fondées sur ses rapports personnels*") with the originator of such Public Sector Receivable, in accordance with Articles L. 313-29 or L. 313-29-1 of the French Monetary and Financial Code or any equivalent provisions; or
  - constitutes debt stemming from leasing contracts or equivalent contracts to which a Public Entity is party as lessee or tenant ("*crédit-preneur ou locataire*"), or debt stemming from leasing contracts or equivalent contracts fully guaranteed by one or more Public Entities;
- (c) prior to the date upon which the relevant loan was made available to the borrower thereof or the relevant receivable was acquired by the relevant Collateral Provider, all lending / underwriting criteria and conditions precedent as applied by such Collateral Provider pursuant to its customary lending / underwriting procedures were satisfied;
- (d) the Public Sector Receivable is governed by French law;
- (e) the Public Sector Receivable is denominated in Euro;
- (f) the Public Sector Receivable is not more than ninety (90) days past due;

- (g) the relevant debtor (or guarantor) under the Public Sector Receivable does not benefit from a contractual right of set off;
- (h) as applicable, the opening by the borrower (or the guarantor) of a bank account dedicated to payments due under the Public Sector Receivable is not provided for in the relevant contractual arrangements as a condition precedent to the originator making the loan corresponding to the relevant Public Sector Receivable available to the said borrower;
- (i) as applicable, the loan related to the Public Sector Receivable does not provide for the ability for the borrower to re-draw thereunder, or if it does, such loan has a set contractual amortisation schedule; and
- (j) as at the end of the current calendar month, the Collateral Provider transferring the Public Sector Receivable as collateral security complies with any and all eligibility criteria applicable to the Collateral Providers under the Collateral Security Agreement.

If any Public Sector Receivable transferred as collateral security ceases to comply with one (1) or several of the above criteria (each, an "**Ineligible Public Sector Receivable**"), such Public Sector Receivable shall account for zero (0) for the purpose of the calculation of the OC Test (as further described below). The above criteria may be amended from time to time provided it is not likely to result in a downgrading, or withdrawal, of the ratings then assigned to the Privileged Notes.

Under the Collateral Security Agreement, "**Additional Public Exposure**" shall refer to any debt instrument complying with the following criteria:

- the obligor of the Additional Public Exposure (or the guarantor thereof, if any) is a public entity as defined in Article L.513-4 of the French Monetary and Financial Code, such as central administration (*administration centrale*), a central bank (*banque centrale*), a public institution (*établissement public*), a local authority (*collectivité territoriale*) or a group thereof, of a member state of the European Union or party to the European Economic Area, of the United States of America, Switzerland, Japan, Canada, Australia or New Zealand;
- it is governed by French law;
- it is denominated in Euro;
- it benefits from the most favourable category of credit assessment (*meilleur échelon de qualité de crédit*) assigned by an external rating agency recognised by the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*) pursuant to Article L.511-44 of the French Monetary and Financial Code;

it being provided that, if any debt instrument previously qualifying as Additional Public Exposure ceases to comply with one or several of the above criteria (as such, an "**Ineligible Additional Public Exposure**") and, where it is part of the collateral security assets, it shall account for zero for the purpose of calculation of the OC Test.

#### *OC Test*

Without prejudice to compliance with cover test provided by laws and regulations applicable to *sociétés de crédit foncier* (see Section "*Main features of the legislation and regulations relating to sociétés de crédit foncier*"), Crédit Mutuel Arkéa, as collateral security agent, shall monitor the collateral security so as to at all times it complies with a contractual cover test (the "**OC Test**").

The OC Test shall be made according to the terms, definitions and calculation formula set out in the Collateral Security Agreement. Compliance with the OC Test requires that the OC Ratio (as defined below) shall be at least equal to 105% (as of 31 December 2020, the asset cover ratio was equal to 126,03%),

whereby:

"**OC Ratio**" means the ratio calculated as:

- the Aggregate Asset Amount,
- divided by Aggregate Privileged Notes Outstanding Principal Amount.

"**Aggregate Privileged Notes Outstanding Principal Amount**" means, on any relevant calculation date, the aggregate amount of principal (in euro or euro equivalent with respect to Privileged Notes denominated in a foreign currency) outstanding at such date under all Privileged Notes;

"**Aggregate Asset Amount**" means, on any relevant calculation date, the sum of:

- the aggregate outstanding principal amount of all Public Sector Receivables transferred as collateral security which are not Ineligible Public Sector Receivables,

- the aggregate outstanding principal amount of the Additional Public Exposures transferred as collateral security and which are not an Ineligible Additional Public Exposures;
- the aggregate outstanding principal amount of the other assets held by the Issuer and which are eligible for the calculation of the regulatory test in accordance with the laws and regulations applicable to *sociétés de crédit foncier*; and
- the aggregate amount of cash deposited as cash collateral by Crédit Mutuel Arkéa which is still standing to the credit of the relevant cash collateral account.

#### *Other assets*

In order to comply with the regulatory cover test described in Section "Main features of the legislation and regulations relating to sociétés de crédit foncier", the Issuer may also purchase substitution assets (the "**Substitution Assets**") which comply with its by-laws (*statuts*) and the provisions of Article L.513-2 to L.513-7 of the French Monetary and Financial Code. In accordance with L.513-2 II of the French Monetary and Financial Code, such purchase shall be financed by any authorised resources which shall not benefit from the *Privilège* defined in Article L.513-11 of the French Monetary and Financial Code.

#### *Funding of the advances*

Advances made by the Issuer will be financed by debt benefiting from the *Privilège* described in Section "Main features of the legislation and regulations relating to sociétés de crédit foncier", which includes Privileged Notes or other resources, expressly providing for in the relevant agreement that they benefit from the *Privilège*. These other resources benefiting from the *Privilège* include registered notes governed by German law, which are designed for German institutional investors and subject to private placement.

As of 31 December 2020, the Issuer's subordinated debt ("*dettes subordonnées*") amounted to €0 and the nominal amount of all outstanding Notes issued by the Issuer amounted to €2,077,600,000.00 of principal and €12,025,000.00 of interests. Such Notes are scheduled to mature no later than 19 October 2046.

As of the date of this Base Prospectus, the Issuer's debt securities ("*dettes représentées par un titre*") amounted to €2,103,825,947.70.

The Privileged Notes are expected to be rated Aaa by Moody's France SAS ("**Moody's**") and to be listed on the Official List of the Luxembourg stock exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange. By offering to the market such Aaa rated Privileged Notes, which are a reflection, among other factors, of the intrinsic quality of the assets of the Issuer, the Issuer aims to increase the competitiveness of the Group. By providing the market with an additional counterparty (in addition to Crédit Mutuel Arkéa), the Issuer should increase the Group's investor base.

The credit ratings address, in respect of Moody's, the expected loss which the investors are exposed to in respect of the Privileged Notes.

#### **Trends**

The Issuer, as issuer of *obligations foncières*, operates in the covered bond market.

Since the closing of the 2020 financial year, developments in the COVID-19 situation remain a significant source of uncertainty. Its undoubted impact on the economy is currently not measurable and could likely affect the origination of eligible loans consisting mainly of loans granted to public sector entities or guaranteed by them.

It should be noted that the evolutions and prospects of the issuance programmes do not take into account the future economic impacts linked to the current situation with COVID-19, due to the difficulty to assess today the effects of this crisis.

Furthermore, laws and regulations applicable to financial institutions and that have an impact on the Issuer have significantly evolved since 2008 and the beginning of the financial crisis.

#### **Subsidiaries**

According to Article L.513-2 of the French Monetary and Financial Code, the Issuer, as a *société de crédit foncier*, is not allowed to hold shares in other companies.

#### **Management of the Issuer**

The Issuer is administrated by a board of directors (*Conseil d'administration*).

*The chairman, the chief executive officer and the vice chief executive officer*

Mr. Marc PARADIS, chairman of the board of directors (*président du conseil d'administration*), Mr. Philippe BAUDA, chief executive officer (*directeur général*) and Mr. Julien LE CALVEZ, vice chief executive officer



(*directeur général délégué*) are responsible for the conduct of the Issuer's activities vis-à-vis the French financial regulator in accordance with Article L.511-13 of the French Monetary and Financial Code.

In accordance with French applicable corporate laws, each of the chief executive officer (*directeur général*) and the vice chief executive officer (*directeur général délégué*) represents the Issuer vis-à-vis third parties. The chairman of the board of directors (*président du conseil d'administration*) ensures the efficient functioning of the board of directors (*conseil d'administration*).

*Board of directors (conseil d'administration)*

The board of directors (*conseil d'administration*) consists of a minimum of three (3) members and a maximum of eighteen (18) members. The term of office is three (3) years.

*Members of the board of directors (conseil d'administration)*

On the Programme Date, the board of directors (*conseil d'administration*) consists of eight (8) members.

<u>Name and Position</u>	<u>Date of appointment</u>
Mr. Marc PARADIS Chairman of the board of directors	10 December 2020
Crédit Mutuel Arkéa Represented by Mr. Philippe BAUDA Chief executive officer and effective manager	4 March 2021
Mr. Julien LE CALVEZ Deputy chief executive officer and effective manager	4 March 2021
Arkéa Banque Entreprises et Institutionnels Represented by Mr. Bertrand BLANPAIN	22 October 2010
Mr. Jérôme BEZARD	13 April 2018
Mr. Pierrick LE DRO	13 April 2018

Mr. Marc PARADIS, chairman of the board of directors, is also chairman of the management board of directors of Financo, which is a subsidiary of Crédit Mutuel Arkéa.

Mr. Philippe BAUDA, chief executive officer and effective manager of the Issuer and representative of Crédit Mutuel Arkéa at the board of directors (*conseil d'administration*) of the Issuer, is also chief executive officer (*directeur général*) of Arkéa Home Loans SFH and head of financial management control (*directeur de la direction du pilotage financier*) of Crédit Mutuel Arkéa.

Mr. Julien LE CALVEZ, deputy chief executive officer and effective manager of the Issuer, is also vice chief executive officer (*directeur général délégué*) of Arkéa Home Loans SFH.

Mr. Bertrand BLANPAIN is also Head of the companies and institutions division (*directeur chargé du pôle Entreprises et institutionnels*) and chairman of the management board (*président du directoire*) of Arkéa Banque Entreprises et Institutionnels.

Mr. Jérôme BEZARD is also chairman of the board of directors (*président du conseil d'administration*) of a *Caisse locale* (the *Caisse locale de Broons-Jugon*).

Mr. Pierrick LE DRO is also member of the supervisory board (*membre du conseil de surveillance*) of Arkéa Foncière, member of the board of directors (*membre du conseil d'administration*) of the *fédération* of *Crédit Mutuel de Bretagne* and chairman of the board of directors (*président du conseil d'administration*) of a *Caisse locale* (the *Caisse locale de Caudan*).

*Rights and duties of the board of directors (conseil d'administration)*

In accordance with French applicable corporate laws and the articles of association of the Issuer, the board of directors (*conseil d'administration*) determines the scope of the Issuer's business activities. Without prejudice to the powers expressly granted to meetings of the shareholders, and in so far as the articles of association permit, the board of directors (*conseil d'administration*) deals with all matters relating to the conduct of the Issuer's business, within the limit of the corporate purpose (*objet social*) of the Issuer.

The board of directors (*conseil d'administration*) shall carry out the inspections and verifications which it considers appropriate. The chairman of board of directors (*conseil d'administration*) or the chief executive officer (*directeur général*) is required to send all the documents and information necessary to perform this task to each director (*administrateur*).

The chairman of the board of directors (*président du conseil d'administration*) organises and oversees the work of the board of directors (*conseil d'administration*) and reports to the shareholders' general meeting.

*Rights and duties of the chief executive officer (directeur général)*

The general management of the Issuer shall be performed by the chief executive officer (*directeur général*). The chief executive officer (*directeur général*) shall have the most extensive powers to act on behalf of the Issuer in all circumstances, but will exercise its powers subject to those that the law allocates explicitly to shareholders' meetings and to the board of directors (*conseil d'administration*).

With regard to the shareholders, the by-laws (*statuts*) of the Issuer provides that some actions shall not be able to be taken by the chairman (*président*), nor by any chief executive officer (*directeur général*) whatsoever, without the prior consent of the board of directors (*conseil d'administration*). Such provisions of the by-laws (*statuts*) of the Issuer restricting the actions of the chairman (*président*) or the chief executive officer (*directeur général*) may take are not enforceable against third parties.

The Issuer identified no potential conflicts of interests between the duties to it by the members of the board of directors, their private interests and any other duties.

### **Compliance with the corporate governance regulations**

The Issuer complies with the corporate governance regulations applicable to French companies.

### **Staff**

The Issuer has no employees. Its technical administration has been subcontracted to its parent, Crédit Mutuel Arkéa, which acts in accordance with the instructions of the Issuer's board of directors.

### **Membership of professional organisation**

The Issuer is member of *Association Française des Sociétés Financières*, 24, avenue de la Grande Armée, 75584 Paris cedex 17.

### **Independent Auditors**

The Issuer has appointed two (2) statutory auditors (*Commissaires aux comptes*) and two (2) vice statutory auditors (*Commissaires aux comptes suppléants*) in compliance with applicable laws and regulations.

The statutory auditors of the Issuer are:

- (a) Deloitte & Associés, 185 avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, France; and
- (b) Mazars, 61 rue Henri Regnault, 92075 Paris La Défense Cedex, France.

They are regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux comptes*.

### **Specific controller (*Contrôleur spécifique*)**

The Issuer has appointed, in accordance with Articles L.513-23 to L.513-24 of the French Monetary and Financial Code a specific controller (*Contrôleur spécifique*), and a substitute specific controller (*Contrôleur spécifique suppléant*), who are selected from the official list of auditors and are appointed by the board of directors of the Issuer with the approval of the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*).

The specific controller (*Contrôleur spécifique*) ensures that the Issuer complies with the French Monetary and Financial Code (in particular, verifying the quality and the eligibility of the assets and the cover ratios). He also monitors the balance between the Issuer's assets and liabilities in terms of rates and maturity (cash flow adequacy) and notifies the board of directors of the Issuer and the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*) if he considers such balance to be unsatisfactory. The specific controller (*Contrôleur spécifique*) attends all shareholders' meetings and, on his request, may be heard by the board of directors (Article L.513-23 of the French Monetary and Financial Code).

The specific controller (*Contrôleur spécifique titulaire*) of the Issuer is Cailliau Dedouit et Associés, 19 rue Clément Marot, 75008 Paris, France, represented by Mr. Laurent Brun. The substitute specific controller (*Contrôleur spécifique suppléant*) is Mr. Rémi Savournin.

## MATERIAL CONTRACTS AND RELATIONSHIP BETWEEN ARKÉA PUBLIC SECTOR SCF AND CRÉDIT MUTUEL ARKÉA

For the avoidance of doubt, it is specified that the expression "Privileged Notes" will include German law and French law Privileged Notes and the expression "Noteholders" includes any holder of such Privileged Notes, in the following section.

As mentioned and/or further described in sections "Description of the Issuer – Business overview" and "Risk factors", the Issuer has entered into several contracts with Crédit Mutuel Arkéa, its parent company. The main contracts entered into between the Issuer and Crédit Mutuel Arkéa are further described below:

- the Issuer having no employees and own resources, it has entered into outsourcing services contracts with Crédit Mutuel Arkéa:
  - (i) a *contrat d'externalisation et de mise à disposition de moyens* and an administrative agreement, setting out the conditions under which Crédit Mutuel Arkéa shall provide services for the fulfilment of the regulatory obligations of the Issuer in its capacity as financial company subject to the legislative and regulatory provisions governing *sociétés de crédit foncier*, including in particular the accounting supervision (and in particular regulatory reporting), the legal and tax secretariat and the legal and tax assistance, the control of the risks, the permanent control, (including the compliance and the fight against money laundering) and the periodic control, and
  - (ii) a *convention de gestion et de recouvrement* (in accordance with Article L.513-15 of the French Monetary and Financial Code) setting out the conditions under which Crédit Mutuel Arkéa shall provide services in connection with the management and the recovery of the assets of the Issuer;
- the Issuer has entered into an accounts agreement with Crédit Mutuel Arkéa, which sets forth the terms and conditions under which Crédit Mutuel Arkéa opens and operates the bank accounts of the Issuer;
- the Issuer has entered into a calculation services agreement with Crédit Mutuel Arkéa, which sets forth the terms and conditions under which Crédit Mutuel Arkéa shall make certain calculations and determinations (but excluding all calculation and determinations to be made with respect to the series of Privileged Notes);
- the Issuer has entered into a €10,000,000,000 multicurrency term facility agreement (the "**Facility Agreement**") with Crédit Mutuel Arkéa, which sets forth the terms and conditions upon which the Issuer funds advances to be made available to Crédit Mutuel Arkéa (as borrower);
- the Issuer has entered into a collateral security agreement made between (i) the Issuer, in its capacity as Lender, (ii) collateral providers (the "**Collateral Providers**") and (iii) Crédit Mutuel Arkéa, as borrower, Collateral Provider, collateral security agent and other technical capacities (the "**Collateral Security Agreement**"), which sets forth the terms and conditions under which the Collateral Providers will transfer title to eligible assets (as further described in section "Description of the Issuer – Business Overview") by way of security (*remises en pleine propriété à titre de garantie*) for the benefit of the Lender in order to secure, as they become due and payable, the payments of all and any amounts owed by the borrower under the Facility Agreement, in accordance with Articles L.211-38 *et seq.* of the French Monetary and Financial Code;
- the Issuer has entered into a cash collateral agreement with Crédit Mutuel Arkéa, as cash collateral provider (the "**Cash Collateral Provider**"), which sets forth the terms and conditions upon which the Cash Collateral Provider shall fund certain amounts as cash collateral (*gage espèces*) so as to secure as they become due and payable the payments of all and any amounts owed by the borrower under the Facility Agreement;
- the Issuer may enter into intra-group loan agreements with Crédit Mutuel Arkéa. Such intra-group loans will not benefit from the *Privilège* set out in Article L.513-11 of the French Monetary and Financial Code; and
- the Issuer may enter into certain hedging agreements (and related hedging transactions) and/or other contractual arrangements with Crédit Mutuel Arkéa in order to mitigate the potential mismatch of the interest rates applicable to the Privileged Notes and to the Collateral Security and the potential mismatch of currencies of denomination of the Privileged Notes and the Collateral Security.

## FORM OF FINAL TERMS

*(This form of Final Terms will only apply to the French law Privileged Notes. The form of Final Terms applicable to the German law Privileged Notes is included in the Agency Agreement)*

**[PRIIPs Regulation / prohibition of sales to EEA retail investors** – The French law Privileged Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended ("**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution, as amended (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**") for offering or selling the French law Privileged Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the French law Privileged Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation]<sup>1</sup>

**UK PRIIPs Regulation / prohibition of sales to UK investors** – The French law Privileged Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing MiFID II as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement [Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution, as amended / the Insurance Distribution Directive], where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA [(the "**UK MiFIR**")]; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the French law Privileged Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the French law Privileged Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**[<sup>2</sup>MiFID II product governance / professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the French law Privileged Notes taking into account the five categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority on 5 February 2018 has led to the conclusion that: (i) the target market for the French law Privileged Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended ("**MiFID II**") / MiFID II]; and (ii) all channels for distribution of the French law Privileged Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]<sup>3</sup>. Any person subsequently offering, selling or recommending the French law Privileged Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the French law Privileged Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

<sup>1</sup> Legend to be included if (i) the French law Privileged Notes potentially constitute "packaged" products and no key information document will be prepared or (ii) the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the "Prohibition of sales to EEA retail investors" in Part A, item 30 should also be specified to be "Applicable".

<sup>2</sup> Legend to be included following completion of the target market assessment in respect of the French law Privileged Notes taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018.

<sup>3</sup> ICMA 1 and ICMA 2 approaches envisage that a negative target market will be unlikely. Note that a programme which only envisages vanilla issuance is unlikely to require a negative target market placeholder. If a negative target market is deemed necessary, wording along the following lines could be included: "The target market assessment indicates that French law Privileged Notes are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested]."

**[UK MiFIR product governance / professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment, taking into account the five (5) categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018 (in accordance with the FCA's policy statement entitled "Brexit our approach to EU non-legislative materials"), in respect of the French law Privileged Notes has led to the conclusion that: (i) the target market for the French law Privileged Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in [UK MiFIR / Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments] as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the French law Privileged Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]<sup>4</sup>. Any person subsequently offering, selling or recommending the French law Privileged Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the French law Privileged Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]<sup>5</sup><sup>6</sup>

**OR**

**[<sup>7</sup>MiFID II product governance / retail investors, professional investors and ECPs target market** – Solely for the purposes of [the/each] manufacturer['s/s'] product approval process, the target market assessment in respect of the French law Privileged Notes taking into account the five categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority on 5 February 2018 has led to the conclusion that: (i) the target market for the French law Privileged Notes is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended ("**MiFID II**") / MiFID II]; **EITHER** <sup>8</sup>[and (ii) all channels for distribution of the French law Privileged Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]<sup>9</sup>] **OR** <sup>10</sup>[(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the French law Privileged Notes to retail clients are appropriate - investment advice[, / and] portfolio management[, / and][ non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*]<sup>11</sup>. Any person subsequently offering, selling or recommending the French law Privileged Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the French law Privileged Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.]

[*The following language applies only where a Non-Exempt Offer is contemplated.*]

[Any person making or intending to make an offer of the French law Privileged Notes may only do so:

- (i) in the Non-Exempt Offer Jurisdiction (as mentioned in Part B – paragraph 13), provided that such person is an Authorised Offeror (as mentioned in Part B – paragraph 13) and that such offer is made during the

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<sup>4</sup> ICMA 1 and ICMA 2 approaches envisage that a negative target market will be unlikely. Note that a programme which only envisages vanilla issuance is unlikely to require a negative target market placeholder. If a negative target market is deemed necessary, wording along the following lines could be included: "The target market assessment indicates that French law Privileged Notes are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested]."

<sup>5</sup> The legend may not be necessary if the managers in relation to the French law Privileged Notes are not subject to UK MiFIR and therefore there are no UK MiFIR manufacturers. Depending on the location of the manufacturers, there may be situations where either the MiFID II product governance legend or the UK MiFIR product governance legend or where both are included.

<sup>6</sup> Legends to be included if the French law Privileged Notes are not intended to be sold to retail clients.

<sup>7</sup> Legend to be included following completion of the target market assessment in respect of the French law Privileged Notes taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018.

<sup>8</sup> Include for French Privileged Notes that are not ESMA complex.

<sup>9</sup> This list may not be necessary, especially for French Privileged Notes that are not ESMA complex where all channels of distribution may be appropriate. It reflects the list used in the examples in the ESMA Guidelines.

<sup>10</sup> Include for certain ESMA complex French Privileged Notes. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability will be necessary. In addition, if the French law Privileged Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.

<sup>11</sup> ICMA 1 and ICMA 2 approaches envisage that a negative target market will be unlikely. Note that a programme which only envisages vanilla issuance is unlikely to require a negative target market placeholder. If a negative target market is deemed necessary, wording along the following lines could be included: "The target market assessment indicates that French law Privileged Notes are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested]."

Offer Period (as mentioned in Part B – paragraph 13) and that any conditions relevant to the use of the Base Prospectus are complied with; or

- (ii) otherwise in circumstances in which the Issuer or any Dealer does not have to publish a prospectus pursuant to Article 3 of the Prospectus Regulation (as defined below) or a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of French law Privileged Notes in any other circumstances.]

Final Terms dated [●]



Arkéa Public Sector SCF

Legal Entity Identifier (LEI): 9695002BGH4R9KJFC936

Issue of [Aggregate Nominal Amount of Tranche] *obligations foncières*  
(the "French law Privileged Notes")

under the €10,000,000,000 Euro Medium Term Note Programme  
for the issue of *obligations foncières* and other privileged notes

Series no.: [●]

Tranche no.: [●]

Issue Price: [●] per cent.

[Name(s) of Dealer(s)]

## PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the base prospectus dated 2 July 2021 which was approved by the *Commission de surveillance du secteur financier* in Luxembourg (the "**CSSF**") on 2 July 2021 [, as supplemented by the supplement(s) to the base prospectus dated [●] which [was / were] approved by the CSSF on [●]] ([together] the "**Base Prospectus**") which [together] constitute[s] a base prospectus for the purposes of [the Prospectus Regulation / Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the "**Prospectus Regulation**")].

This document constitutes the final terms of the French law Privileged Notes (the "**Final Terms**") described herein for the purposes of Article 8.4 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus in order to obtain all the relevant information. A summary of the issue of the French law Privileged Notes is annexed to these Final Terms]<sup>12</sup>. The Base Prospectus [and these Final Terms]<sup>13</sup> [is] [are] available for viewing on the websites of (i) the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and (ii) the Issuer ([www.arkea.com/banque/assurance/credit/mutuel/ecb\\_5040/fr/public-sector-scf](http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5040/fr/public-sector-scf)) and copies may be obtained, upon request and free of charge, during normal business hours at the registered office of the Issuer. [In addition]<sup>14</sup>, the Base Prospectus and these Final Terms are available for viewing [on / at] [●].]

*(The following alternative language applies if the first (1) tranche of an issue which is being increased was issued under a base prospectus with an earlier date.)*

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the French law Privileged Notes (the "**Conditions**") set forth in the base prospectus dated [31 August 2011/19 December 2012/28 August 2015/14 October 2016/26 October 2017/26 November 2018] which was approved by the *Commission de surveillance du secteur financier* in Luxembourg (the "**CSSF**") on [31 August 2011/19 December 2012/28 August 2015/14 October 2016/26 October 2017/26 November 2018] [(the "**2011/2012/2015/2016/2017/2018 Conditions**")]. The [2011/2012/2015/2016/2017/2018 Conditions] are incorporated by reference in the base prospectus dated 2 July 2021 which was approved by the CSSF in Luxembourg on 2 July 2021 [, as supplemented by the supplement(s) dated [●] which [was / were] approved by the CSSF on [●]] ([together] the "**Base Prospectus**"), which [together] constitute[s] a base prospectus for the purposes of [the Prospectus Regulation / Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the "**Prospectus Regulation**")].

This document constitutes the final terms of the French law Privileged Notes (the "**Final Terms**") described herein for the purposes of Article 8.4 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information, save in respect of section "Terms and Conditions of the French law Privileged Notes" which is replaced by the [2011/2012/2015/2016/2017/2018 Conditions]. [A summary of the issue of the French law Privileged Notes is annexed to these Final Terms]<sup>15</sup>. The Base Prospectus [and these Final Terms]<sup>16</sup> [is] [are] available for viewing on the websites of (i) the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and (ii) the Issuer ([www.arkea.com/banque/assurance/credit/mutuel/ecb\\_5040/fr/public-sector-scf](http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5040/fr/public-sector-scf)) and copies may be obtained, upon request and free of charge, during normal business hours at the registered office of the Issuer and on the website of. [In addition]<sup>17</sup>, the Base Prospectus and these Final Terms are available for viewing [on / at] [●].]

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

<sup>12</sup> Only applicable with respect to French law Privileged Notes with a specified denomination of less than €100,000.

<sup>13</sup> If the Notes are admitted to trading on a Regulated Market.

<sup>14</sup> If the French law Privileged Notes are admitted to trading on a Regulated Market other than the Luxembourg Stock Exchange.

<sup>15</sup> Only applicable with respect to French law Privileged Notes with a specified denomination of less than €100,000.

<sup>16</sup> If the Notes are admitted to trading on a Regulated Market.

<sup>17</sup> If the French law Privileged Notes are admitted to trading on a Regulated Market other than the Luxembourg Stock Exchange.



1. (i) Series Number: [●]
- (ii) Tranche Number: [●]
- (iii) Date on which French law Privileged Notes become fungible: [Not Applicable / The French law Privileged Notes will, upon listing, be assimilated (*assimilées*), form a single series and be interchangeable for trading purposes with the [[Currency] [Aggregate Nominal Amount of Tranche] [Title of French law Privileged Notes]] (the "**Existing Notes**") on [●]]
2. **Specified Currency:** [●]
3. **Aggregate Nominal Amount of French law Privileged Notes:** [●] (*Insert amount or, in the case of a public offer, manner in which and date and time in which such amount is to be made public*)
- (i) Series: [●]
- (ii) Tranche: [●]
4. **Issue Price:** [●] per cent. of the Aggregate Nominal Amount of the Tranche [plus an amount corresponding to accrued interest at a rate of [●] per cent. of such Aggregate Nominal Amount for the period from, and including, the Interest Commencement Date to, but excluding, the Issue Date (*if applicable*)]
5. **Specified Denominations:** [●] (*one (1) denomination only for Dematerialised Privileged Notes*)
- (*The rules and procedures of the Relevant Regulated Market(s) and clearing system(s) shall be taken into account where choosing a Specified Denomination*)<sup>18</sup>
6. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [[●] (*specify*) / Issue Date / Not Applicable]
7. **Final Maturity Date:** [●]
- (*specify date or (for Floating Rate Privileged Notes, CMS Linked Privileged Notes, Inverse Floating Rate Privileged Notes and Inverse CMS Rate Privileged Notes) Interest Payment Date falling in or nearest to the relevant month and year*)
8. **Extended Final Maturity Date:** [[●] (*if applicable, specify date or (for Floating Rate Privileged Notes) Interest Payment Date falling in or nearest to the relevant month and year*) / Not Applicable]
9. **Interest Basis / Rate of Interest:** [[●] per cent. Fixed Rate]

<sup>18</sup>Unless permitted by then current laws and regulations, Privileged Notes (including Privileged Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000, as amended, must have a minimum redemption amount of £100,000 (or its equivalent in other currencies at the date of the issue of such Privileged Notes).

[[●] +/- [●] per cent. Floating Rate]

[Fixed/Floating Rate]

[Fixed/CMS Rate]

[Floating/Fixed Rate]

[CMS/Fixed Rate]

[Fixed/Fixed Rate]

[Floating/Floating Rate]

[Inverse Floating Rate]

[CMS Rate]

[Inverse CMS Rate]

[Zero Coupon]

*(further particulars specified in paragraphs [14/15/16/17/18/19])*

**10. Redemption / Payment Basis:**

[Subject to any purchase and cancellation or early redemption, the French law Privileged Notes will be redeemed on the Final Maturity Date [or the Extended Final Maturity Date, as the case may be] at [100 per cent. / [●] per cent.] of the Aggregate Nominal Amount]

[Instalment]

*(further particulars specified in paragraphs [20/21/22/23/24])*

**11. Change of Interest Basis:**

[Applicable – Fixed/Floating Rate / Fixed/CMS Rate / Floating/Fixed Rate / CMS/Fixed Rate / Fixed/Fixed Rate / Floating/Floating Rate / Not Applicable]

*(further particulars specified in paragraph 17)*

**12. Put / Call Options:**

[Noteholder Put]

[Issuer Call]

*(further particulars specified in paragraphs [20/21])*

[Not Applicable]

**13. Date of corporate authorisations for issuance of French law Privileged Notes obtained:**

Decision of the Board of Directors (*Conseil d'administration*) of the Issuer dated [●]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 14. Fixed Rate Privileged Notes Provisions (Condition 6(b)):** [Applicable / Applicable to the Interest Periods [preceding/following/preceding and following] the Switch Date (*If the Switch Date falls on an Interest Payment Date*) / Applicable to the Interest Periods [preceding the Interest Period including / up to the end of the Interest Period including / from the Interest Period including / following the Interest Period including / preceding and following] the Switch Date (*If the Switch Date does not fall on an Interest Payment Date*) / Not Applicable]
- (if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (If applicable to Interest Periods preceding and following the Switch Date with different Rates of Interest consider the following sub-paragraphs only for the Interest Periods preceding [and including] the Switch Date and replicate the following sub-paragraphs for the Interest Periods following the Switch Date [and including the Interest Period Including the Switch Date])*
- (i) Rate(s) of Interest: [●] per cent. *per annum* [payable [annually / semi-annually / quarterly / monthly / [●]] in arrears]
- (ii) Interest Payment Date(s): [●] in each year up to and including the Final Maturity Date [or the Extended Final Maturity Date, as the case may be]
- (also specify the Interest Payment Dates if paragraph 8 above is applicable)*
- (this may need to be amended in the case of long or short coupon)*
- (iii) Fixed Coupon Amount(s): [●] per [[●] in] Specified Denomination [subject to the Broken Amount(s) referred to in subparagraph (iv) below]
- (iv) Broken Amount(s): [Not Applicable / [●] (*insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)*)]
- (v) Day Count Fraction: [Actual/ 365-FBF  
Actual/365 / Actual/Actual / Actual/Actual-ISDA / Act/Act / Act/Act-ISDA  
Actual/Actual-FBF  
Actual/Actual-ICMA / Act/Act-ICMA  
Actual/365 (Fixed) / Act/365 (Fixed) / A/365 (Fixed) / A/365 F  
Actual/360 / Act/360 / A/360  
30/360 / 360/360 / Bond Basis  
30E/360 / Eurobond Basis]

(vi) Determination Dates: [Not Applicable / [●] in each year]  
*(insert regular Interest Payment Dates, ignoring Issue Date or Final Maturity Date (or Extended Final Maturity Date, as the case may be) in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual / Actual (ICMA))*

**15. Floating Rate Privileged Notes Provisions (Condition 6 (c)):**

[Applicable / Applicable to the Interest Periods [preceding/following/preceding and following] the Switch Date *(If the Switch Date falls on an Interest Payment Date)* / Applicable to the Interest Periods [preceding the Interest Period including / up to the end of the Interest Period including / from the Interest Period including / following the Interest Period including / preceding and following] the Switch Date *(If the Switch Date does not fall on an Interest Payment Date)* / Not Applicable]

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

*(If applicable to Interest Periods preceding and following the Switch Date with different Rates of Interest consider the following sub-paragraphs only for the Interest Periods preceding [and including] the Switch Date and replicate the following sub-paragraphs for the Interest Periods following the Switch Date [and including the Interest Period Including the Switch Date])*

- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●] *(subject to adjustment in accordance with the Business Day Convention set out in subparagraph (v) below)*  
*(also specify the Specified Interest Payment Dates if paragraph 8 above is applicable)*
- (iii) First Interest Payment Date: [●]
- (iv) Interest Period Date: [[●] / Interest Payment Date]
- (v) Business Day Convention: [Floating Rate Business Day Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention]  
*(insert "unadjusted" if the application of the relevant business day convention is not intended to affect the Interest Amount)*
- (vi) Business Centre(s): [●]
- (vii) Manner in which the Rate(s) of Interest is /are to be determined: [Screen Rate Determination / FBF Determination / ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and Interest [●] *(give name and address)*/[Not Applicable]

Amount(s) (if not the [Calculation Agent]):

- (ix) Screen Rate Determination: [Applicable / Not Applicable]
- Applicable formula to be used for calculating the Rate(s) of Interest and / or Interest Amount(s): Condition 6(c) (C) formula [1/2] shall apply.  
*(specify which formula set out in Condition 6(c)(C) shall be used for calculating the Rate(s) of Interest and Interest Amount(s))*
  - Benchmark: [Benchmark: specify]  
[Benchmark<sub>1</sub>: specify]  
[Benchmark<sub>2</sub>: specify]  
*(specify Benchmark and months [e.g. EURIBOR 3 months])(additional information if necessary)*  
*(if the Rate of Interest is determined by linear interpolation in respect of the first and/or last long or short Interest Accrual Period, insert the relevant Interest Accrual Period(s) and the relevant two rates used for such determination)*
  - Relevant Time: [11:00 a.m. (Frankfurt time) / [●]]
  - Interest Determination Date(s): [●]
  - Primary Source: [[●] (specify relevant screen page) / ISDAFIX2 / Reference Banks]  
*(in the case of SOFR, delete this paragraph)*
  - Reference Banks (if Primary Source is "Reference Banks"): [[●] / As per Condition 6(a)]  
*(in the case of SOFR, delete this paragraph)*
  - Designated Maturity: [●]
  - Relevant Financial Centre: [Paris / London / Euro-zone / [●] (specify the financial centre most closely connected to the Benchmark)]
  - Representative Amount: [●] (specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount)
  - Effective Date: [●] (specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period)
  - Specified Duration: [●] (specify period for quotation if not duration of Interest Accrual Period)
  - [SONIA Observation Shift Days: [[●] London Banking Days / Not Applicable]]  
*(only applicable in the case of SONIA)*
  - [SOFR Observation Look-Back Period: [[●] U.S. Government Securities Business Days (specify) / Not applicable]

- (only applicable in the case of SOFR)*
- [SOFR Observation Shift Days:  U.S. Government Securities Business Days *(specify)* / Not Applicable]]
- (only applicable in the case of SOFR)*
- [SOFR Rate of Interest Determination: [SOFR Arithmetic Mean / SOFR Lockout Compound / SOFR Lookback Compound / SOFR Shift Compound]]
- (only applicable in the case of SOFR)*
- [SOFR Rate Cut-Off Date: The day that is the  U.S. Government Securities Business Day prior to the Interest Payment Date in relation to the relevant Interest Accrual Period.]
- (only applicable in the case of SOFR)*
- [SARON Observation Shift Days:  Zurich Banking Days / Not Applicable]]
- (only applicable in the case of SARON)*
- (x) FBF Determination: [Applicable / Not Applicable]
- Applicable formula to be used for calculating the Rate(s) of Interest and / or Interest Amount(s): Condition 6(c) (A) formula [1/2] shall apply.  
*(specify which formula set out in Condition 6(c)(A) shall be used for calculating the Rate(s) of Interest and Interest Amount(s))*
- Floating Rate (*Taux Variable*): [Floating Rate: specify]  
[Floating Rate<sub>1</sub>: specify]  
[Floating Rate<sub>2</sub>: specify]  
*(specify Benchmark and months [e.g. EURIBOR 3 months])*  
*(if the Rate of Interest is determined by linear interpolation in respect of the first and/or last long or short Interest Accrual Period, insert the relevant Interest Accrual Period(s) and the relevant two rates used for such determination)*  
*(additional information if necessary)*
- Floating Rate Determination Date (*Date de détermination du Taux Variable*):
- (xi) ISDA Determination: [Applicable / Not Applicable]
- Applicable formula to be used for calculating the Rate(s) of Interest and / or Interest Amount(s): Condition 6(c) (B) formula [1/2] shall apply.  
*(specify which formula set out in Condition 6(c)(B) shall be used for calculating the Rate(s) of Interest and Interest Amount(s))*
- Floating Rate Option: [Floating Rate Option: specify]  
[Floating Rate Option<sub>1</sub>: specify]

[Floating Rate Option<sub>2</sub>: specify]

(specify Benchmark and months [e.g. EURIBOR 3 months])

(if the Rate of Interest is determined by linear interpolation in respect of the first and/or last long or short Interest Accrual Period, insert the relevant Interest Accrual Period(s) and the relevant two rates used for such determination)

(additional information if necessary)

- Designated Maturity: [●]
- Reset Date: [●]
- (xii) Rate Multiplier: [Not Applicable/ [●]]
- (xiii) Margin(s): [+/-][●] per cent. *per annum*
- (xiv) Minimum Rate of Interest: [0/ [●] per cent. *per annum*]
- (xv) Maximum Rate of Interest: [Not Applicable / [●] per cent. *per annum*]
- (xvi) Day Count Fraction: [Actual/365-FBF  
Actual/365 / Actual/Actual / Actual/Actual-ISDA /  
Act/Act / Act/Act-ISDA  
Actual/Actual-FBF  
Actual/Actual-ICMA / Act/Act-ICMA  
Actual/365 (Fixed) / Act/365 (Fixed) / A/365 (Fixed) /  
A/365 F  
Actual/360 / Act/360 / A/360  
30/360 / 360/360 / Bond Basis  
30E/360 / Eurobond Basis]

**16. CMS Linked Privileged Note Provisions (Condition 6(d)):**

[Applicable / Applicable to the Interest Periods [preceding/following/preceding and following] the Switch Date (If the Switch Date falls on an Interest Payment Date) / Applicable to the Interest Periods [preceding the Interest Period including / up to the end of the Interest Period including / from the Interest Period including / following the Interest Period including / preceding and following] the Switch Date (If the Switch Date does not fall on an Interest Payment Date) / Not Applicable]

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

- (i) Applicable formula to be used for calculating the Rate(s) of Interest and Interest Amount(s): Condition 6(d)(ii) formula [A/B/C/D/E/F/G/H/I] shall apply  
(specify which formula set out in Condition 6(d) shall be used for calculating the Rate(s) of Interest and Interest Amount(s))
- (ii) Interest Period(s): [●]

- (iii) Specified Interest Payment Date(s): [●]
- (iv) Interest Period Date(s): [Not Applicable/ *specify dates*]
- (v) First Interest Payment Date: [●]
- (vi) Business Day Convention: [Floating Rate Business Day Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention] / [Not Applicable]
- (vii) Relevant Financial Centre(s) (Condition 6(a)): [●]  
  
*(Specify the relevant Financial Centre(s) applicable pursuant to Condition 6(a))/[Not Applicable]*
- (ix) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Calculation Agent]): [●] (*give name and address*) / [Not Applicable]
- (x) CMS Reference Rate(s): [CMS Rate: *specify*] [CMS Rate<sub>1</sub>: *specify*] [CMS Rate<sub>2</sub>: *specify*]
- (xi) Relevant Time [[●] / 11:00 a.m. Frankfurt time [*in case of EUR-ISDA-EURIBOR Swap Rate – 11:00*]]
- (xii) Interest Determination Date: [[●]/[TARGET] Business Days in [*specify city*] for [*specify currency*] prior to [the first day in each Interest Accrual Period/each Specified Interest Payment Date]]
- (xiii) Page(s): [Reuters page "ISDAFIX2" under the heading "EURIBOR BASIS"/[●]]
- (xiv) Applicable Rate: [Not Applicable/ [●]]
- (xv) Rate Multiplier: [Not Applicable/ [●]]
- (xvi) Margin: [+/-][●] per cent. *per annum*]
- (xvii) Minimum Rate of Interest: [0/ [●] per cent. *per annum*]
- (xviii) Maximum Rate of Interest: [Not Applicable/[●]per cent. *per annum*]
- (xiv) Day Count Fraction: [Actual/365-FBF  
  
Actual/365 / Actual/Actual / Actual/Actual-ISDA / Act/Act / Act/Act-ISDA  
  
Actual/Actual-FBF  
  
Actual/Actual-ICMA / Act/Act-ICMA  
  
Actual/365 (Fixed) / Act/365 (Fixed) / A/365 (Fixed) / A/365 F  
  
Actual/360 / Act/360 / A/360]



30/360 / 360/360 / Bond Basis

30E/360 / Eurobond Basis]

**17. Fixed/Floating Rate Privileged Notes Provisions, Fixed/CMS Rate Privileged Notes Provisions, Floating/Fixed Rate Privileged Notes Provisions, CMS/Fixed Rate Privileged Notes Provisions, Fixed/Fixed Rate Privileged Notes Provisions or Floating/Floating Rate Privileged Notes Provisions (Condition 6(f)):**

[Applicable / Not Applicable]

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

(i) Issuer Change of Interest Basis:

[Applicable / Not Applicable]

(ii) Automatic Change of Interest Basis:

[Applicable / Not Applicable]

(iii) Rate of Interest applicable to the Interest Periods [preceeding the Switch Date (excluded) *(If the Switch Date falls on an Interest Payment Date)*] / [preceeding the Interest Period including the Switch Date / up to the end of the Interest Period including the Switch Date *(If the Switch Date does not fall on an Interest Payment Date)*]:

Determined in accordance with [Condition 6(b) as further described in paragraph 14 above / Condition 6(c) as further described in paragraph 15 above / Condition 6(d) as further described in paragraph 16 above]

(iv) Rate of Interest applicable to the Interest Periods [following the Switch Date (included) *(If the Switch Date falls on an Interest Payment Date)*] / [from the Interest Period including the Switch Date / following the Interest Period including the Switch Date *(If the Switch Date does not fall on an Interest Payment Date)*]:

Determined in accordance with [Condition 6(b) as further described in paragraph 14 above / Condition 6(c) as further described in paragraph 15 above / Condition 6(d) as further described in paragraph 16 above]

(v) Switch Date:

[●]

(vi) Minimum notice period required for notice from the Issuer:

[[●] Business Days prior to the Switch Date / Not Applicable] *(in the case of Automatic Change of Interest Basis)*

**18. Inverse Floating Rate Privileged Note and Inverse CMS Rate Privileged Note Provisions (Condition 6(g)):**

[Applicable/Not Applicable]

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

**(A) Inverse Floating Rate Privileged Note Provisions:**

[Applicable/Not Applicable]

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

- (i) Fixed Rate: [●]
- (ii) Interest Period(s): [●]
- (iii) Specified Interest Payment Date(s): [●]
- (iv) Interest Period Date: [[●] / Interest Payment Date]
- (v) First Interest Payment Date: [●]
- (vi) Business Day Convention: [Floating Rate Business Day Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention]/[Not Applicable]

*(insert "unadjusted" if the application of the relevant business day convention is not intended to affect the Interest Amount)*

- (vii) Business Centre(s) (Condition 6(a)): [●] *(Specify the relevant Business Centre(s) applicable pursuant to Condition 6(a))*/[Not Applicable]
- (viii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination / FBF Determination / ISDA Determination]
- (ix) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]): [●] *(give name and address)*/[Not Applicable]
- (x) Screen Rate Determination: [Applicable/Not Applicable]

- Applicable formula to be used for calculating the Rate(s) of Interest and / or Interest Amount(s):

Condition 6(c) (C) formula [1/2] shall apply.

*(specify which formula set out in Condition 6(c)(C) shall be used for calculating the Rate(s) of Interest and Interest Amount(s))*

- Benchmark:

[Benchmark: specify]

[Benchmark<sub>1</sub>: specify]

[Benchmark<sub>2</sub>: specify]

*(specify Benchmark)*

*(if the Rate of Interest is determined by linear interpolation in respect of the first and/or last long or*

*short Interest Accrual Period, insert the relevant Interest Accrual Period(s) and the relevant two rates used for such determination)*

- Relevant Time: [11:00 a.m. (Frankfurt time)]/[Not Applicable]
- Interest Determination Date(s): [●]
- Primary Source : [[●] (*specify relevant screen page*) / ISDAFIX2 / Reference Banks]  
*(in the case of SOFR, delete this paragraph)*
- Reference Banks (if Primary Source is "Reference Banks"): [[●]]/ As per Condition 6(a)  
*(in the case of SOFR, delete this paragraph)*
- Designated Maturity: [●]
- Relevant Financial Centre: [Paris / London / Euro-zone / [●] (*specify the financial centre most closely connected to the Benchmark*)]
- Representative Amount: [●] (*specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount*)
- Effective Date: [●] (*specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period*)
- Specified Duration: [●] (*specify period for quotation if not duration of Interest Accrual Period*)
- [SONIA Observation Shift Days: [[●] London Banking Days / Not Applicable]]  
*(only applicable in the case of SONIA)*
- [SOFR Observation Look-Back Period: [[●] U.S. Government Securities Business Days (*specify*) / Not applicable]  
*(only applicable in the case of SOFR)*
- [SOFR Observation Shift Days: [[●] U.S. Government Securities Business Days (*specify*) / Not Applicable]]  
*(only applicable in the case of SOFR)*
- [SOFR Rate of Interest Determination: [SOFR Arithmetic Mean / SOFR Lockout Compound / SOFR Lookback Compound / SOFR Shift Compound]]  
*(only applicable in the case of SOFR)*
- [SOFR Rate Cut-Off Date: The day that is the [second / [●]] U.S. Government Securities Business Day prior to the Interest Payment Date in relation to the relevant Interest Accrual Period.]  
*(only applicable in the case of SOFR)*
- [SARON Observation Shift Days: [[●] Zurich Banking Days / Not Applicable]]

- (only applicable in the case of SARON)*
- (xi) FBF Determination: [Applicable/Not Applicable]
- Applicable formula to be used for calculating the Rate(s) of Interest and / or Interest Amount(s): Condition 6(c) (A) formula [1/2] shall apply.  
*(specify which formula set out in Condition 6(c)(A) shall be used for calculating the Rate(s) of Interest and Interest Amount(s))*
  - Floating Rate (*Taux Variable*): [Floating Rate: specify]  
[Floating Rate<sub>1</sub>: specify]  
[Floating Rate<sub>2</sub>: specify]  
*(specify Benchmark and months [e.g. EURIBOR 3 months])*  
*(if the Rate of Interest is determined by linear interpolation in respect of the first and/or last long or short Interest Accrual Period, insert the relevant Interest Accrual Period(s) and the relevant two rates used for such determination)*  
*(additional information if necessary)*
  - Floating Rate Determination Date (*Date de Détermination du Taux Variable*): [●]
- (xii) ISDA Determination: [Applicable / Not Applicable]
- Applicable formula to be used for calculating the Rate(s) of Interest and / or Interest Amount(s): Condition 6(c) (B) formula [1/2] shall apply.  
*(specify which formula set out in Condition 6(c)(B) shall be used for calculating the Rate(s) of Interest and Interest Amount(s))*
  - Floating Rate Option: [Floating Rate Option: specify]  
[Floating Rate Option<sub>1</sub>: specify]  
[Floating Rate Option<sub>2</sub>: specify]  
*(specify Benchmark and months [e.g. EURIBOR 3 months])*  
*(if the Rate of Interest is determined by linear interpolation in respect of the first and/or last long or short Interest Accrual Period, insert the relevant Interest Accrual Period(s) and the relevant two rates used for such determination)*
  - Designated Maturity: [●]

- Reset Date: [●]
- ISDA Definitions: [Applicable / [●]]  
*(If the ISDA Definitions are not meant to apply as amended and updated as at the Issue Date of the first (1) Tranche of the Privileged Notes of the relevant Series, specify how they should apply)*
- (xiii) Rate Multiplier: [Not Applicable/ [●]]
- (xiv) Margin(s): [+/-][●] per cent. *per annum*]
- (xv) Minimum Rate of Interest: [0/[●] per cent. *per annum*]
- (xvi) Maximum Rate of Interest: [Not Applicable/[●] per cent. *per annum*]
- (xvii) Day Count Fraction: [Actual/365-FBF  
Actual/365 / Actual/Actual / Actual/Actual-ISDA / Act/Act / Act/Act-ISDA  
Actual/Actual-FBF  
Actual/Actual-ICMA / Act/Act-ICMA  
Actual/365 (Fixed) / Act/365 (Fixed) / A/365 (Fixed) / A/365 F  
Actual/360 / Act/360 / A/360  
30/360 / 360/360 / Bond Basis  
30E/360 / Eurobond Basis]
- (B) **Inverse CMS Rate Privileged Note Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Fixed Rate: [●]
- (ii) Applicable formula to be used for calculating the Rate(s) of Interest and Interest Amount(s): Condition 6(d)(ii) formula [A/B/C/D/E/F/G/H/I] shall apply  
*(specify which formula set out in Condition 6(d) shall be used for calculating the Rate(s) of Interest and Interest Amount(s))*
- (iii) Interest Period(s): [●]
- (iv) Specified Interest Payment Date(s): [●]
- (v) Interest Period Date(s): [Not Applicable/ *specify dates*]

- (vi) First Interest Payment Date: [●]
- (vii) Business Day Convention: [Floating Rate Business Day Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention] / [Not Applicable]
- (insert "unadjusted" if the application of the relevant business day convention is not intended to affect the Interest Amount)*
- (viii) Relevant Financial Centre(s) (Condition 6(a)): [●]
- (Specify the relevant Financial Centre(s) applicable pursuant to Condition 6(a)) / [Not Applicable]*
- (ix) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Calculation Agent]): [●] *(give name and address)* / [Not Applicable]
- (x) CMS Reference Rate(s): [CMS Rate: *specify*] [CMS Rate<sub>1</sub> : *specify*] [CMS Rate<sub>2</sub> : *specify*]
- (xi) Relevant Time [[●] / 11:00 a.m. Frankfurt time *[in case of EUR-ISDA-EURIBOR Swap Rate – 11:00]*]
- (xii) Interest Determination Date: [[●] / [TARGET] Business Days in *[specify city]* for *[specify currency]* prior to [the first day in each Interest Accrual Period/each Specified Interest Payment Date]]
- (xiii) Page(s): [Reuters page "ISDAFIX2" under the heading "EURIBOR BASIS" / [●]]
- (xiv) Applicable Rate: [Not Applicable / [●]]
- (xv) Rate Multiplier: [Not Applicable / [●]]
- (xvi) Margin: [+/-][●] per cent. *per annum*]
- (xvii) Minimum Rate of Interest: [0 / [●] per cent. *per annum*]
- (xviii) Maximum Rate of Interest: [Not Applicable / [●] per cent. *per annum*]
- (xiv) Day Count Fraction: [Actual/365-FBF
- Actual/365 / Actual/Actual / Actual/Actual-ISDA / Act/Act / Act/Act-ISDA
- Actual/Actual-FBF
- Actual/Actual-ICMA / Act/Act-ICMA
- Actual/365 (Fixed) / Act/365 (Fixed) / A/365 (Fixed) / A/365 F
- Actual/360 / Act/360 / A/360
- 30/360 / 360/360 / Bond Basis

30E/360 / Eurobond Basis]

**19. Zero Coupon Privileged Notes Provisions (Condition 6(h)):**

[Applicable / Not Applicable]

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

(i) Amortisation Yield:

[●] per cent. *per annum*

(ii) Day Count Fraction:

[Actual/365-FBF

Actual/365 / Actual/Actual / Actual/Actual-ISDA / Act/Act / Act/Act-ISDA

Actual/Actual-FBF

Actual/Actual-ICMA / Act/Act-ICMA

Actual/365 (Fixed) / Act/365 (Fixed) / A/365 (Fixed) / A/365 F

Actual/360 / Act/360 / A/360

30/360 / 360/360 / Bond Basis

30E/360 / Eurobond Basis]

**PROVISIONS RELATING TO REDEMPTION**

**20. Call Option:**

[Applicable / Not Applicable]

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

(i) Optional Redemption Date(s):

[●]

(ii) Optional Redemption Amount(s) of each French law Privileged Note:

[Optional Redemption Amount = [●]  
Y = [●]] / [Not Applicable]

(iii) If redeemable in part:

(a) Minimum Redemption Amount:

[[●] per [[●] in] Specified Denomination / Not Applicable]

(b) Maximum Redemption Amount:

[[●] per [[●] in] Specified Denomination / Not Applicable]

(iv) Option Exercise Date(s):

[●]

(v) Notice period (if other than as set out in the Terms and Conditions of the French law Privileged Notes):

[Not applicable / [●]]

**21. Put Option:**

[Applicable / Not Applicable]

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

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each French law Privileged Note: [Optional Redemption Amount = [●]  
Y = [●]] / [Not Applicable]
- (iii) Option Exercise Date(s): [●]
- (iv) Notice period (if other than as set out in the Terms and Conditions of the French law Privileged Notes): [Not applicable / [●]]
- 22. Final Redemption Amount of each French law Privileged Note:** [[●] per [[●] in] Specified Denomination / Not Applicable]
- 23. Redemption by Instalment:** [Applicable / Not Applicable]
- (if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Instalment Date(s): [●]
- (ii) Instalment Amount(s) in respect of each French law Privileged Note: [●]
- (iii) Minimum Instalment Amount: [[●] / Not Applicable]
- (iv) Maximum Instalment Amount: [[●] / Not Applicable]
- 24. Early Redemption Amount:**
- Early Redemption Amount(s) of each French law Privileged Note payable on early redemption for illegality: As per Condition 7(e)

#### **GENERAL PROVISIONS APPLICABLE TO THE FRENCH LAW PRIVILEGED NOTES**

- 25. Form of French law Privileged Notes:** [Dematerialised Privileged Notes / Materialised Privileged Notes]
- (materialised Notes are only in bearer form)*
- (i) Form of Dematerialised Privileged Notes: [Not Applicable / Bearer form (*au porteur*) / Registered form (*au nominatif*)]
- (ii) Registration Agent: [Not Applicable / Applicable (*if applicable give name and address*)]
- (note that a Registration Agent must be appointed in relation to fully Registered Dematerialised Privileged Notes only)*
- (iii) Temporary Global Certificate: [Not Applicable / Temporary Global Certificate exchangeable for Definitive Materialised Privileged Notes on the exchange date, being forty (40) days after



the Issue Date subject to postponement as specified in the Temporary Global Certificate]

26. **Financial Centre(s) or other special provisions relating to payment dates for the purposes of Condition 8(g):** [Not Applicable / [●] (*note that this paragraph relates to the date and place of payment, and not Interest Period end dates, to which sub-paragraph 15 (v) relate*)]
27. **Adjusted Payment Date:** [The next following Business Day / the next following Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day / the immediately preceding Business Day]
28. **Talons for future Coupons or Receipts to be attached to Definitive Materialised Privileged Notes (and dates on which such Talons mature):** [Yes / No / Not Applicable (*if yes, give details*)]  
*(only applicable to Materialised Privileged Notes)*
29. **Masse (Condition 11):**
- (i) Representative: [As per Condition 11 / [●] / No Representative has been appointed in relation to the French law Privileged Notes as at the Issue Date]
  - (ii) Alternate Representative: [As per Condition 11 / Not Applicable / [●] (*Insert name and address of the Alternate Representative*)]
  - (iii) Remuneration of Representative: [As per Condition 11 / The Representative will receive a remuneration of [●]]
  - (iv) [Issue outside France: [Applicable / Not Applicable]]<sup>19</sup>
30. **Prohibition of sales to EEA retail investors:** [Applicable/Not Applicable]  
*(If the French law Privileged Notes clearly do not constitute "packaged" products or the French law Privileged Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the French law Privileged Notes may constitute "packaged" products and no KID will be prepared in the EEA, "Applicable" should be specified.)*

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<sup>19</sup> May only be applicable with respect to French law Privileged Notes with a specified denomination of less than €100,000 issued outside France.

**THIRD PARTY INFORMATION**

[(*Relevant third party information*)] has been extracted from [●] (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●] (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Arkéa Public Sector SCF:

By: .....

*Duly authorised*

## PART B - OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing(s): [[Official List of the Luxembourg Stock Exchange / [●] (*specify other relevant regulated market*)] with effect from [●] / Not Applicable]
- (ii) (a) Admission to trading: [Application [has been / is expected to be] made by the Issuer (or on its behalf) for the French law Privileged Notes to be admitted to trading on [the Regulated Market of the Luxembourg Stock Exchange / [●] (*specify other relevant regulated market, any third country market, SME Growth Market or MTF*) with effect from [●]] / Not Applicable]
- (b) Regulated Markets or equivalent markets on which, to the knowledge of the Issuer, securities of the same class of the French law Privileged Notes to be admitted to trading are already admitted to trading: [The Existing Notes are admitted to trading on [●] / Not Applicable]
- (where documenting a fungible issue, need to indicate that original French law Privileged Notes are already admitted to trading.)*
- (iii) Estimate of total expenses related to admission to trading: [[●] / Not Applicable]

### 2. RATING

- Ratings: [Not Applicable / The French law Privileged Notes [have been / are expected to be] rated:
- [Moody's France SAS: [●]]
- (The above disclosure should reflect the rating allocated to French law Privileged Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- [The rating agency is established in the European Union, registered under Regulation (EC) no. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**") and included in the list of registered credit rating agencies published on the European Securities and Markets Authority's website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. [The rating agency is not established in the United Kingdom and is not registered in accordance with the CRA Regulation as it forms part of the United Kingdom domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). However, the rating assigned to the Privileged Notes has been endorsed by [Moody's Investors Service Limited] in

accordance with the UK CRA Regulation and has not been withdrawn. As such, the rating issued by the rating agency may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation.]]

[[●] (Include a brief explanation of the meaning of the ratings if this has been previously published by the rating provider)]

**3. [USE OF AND ESTIMATED NET PROCEEDS<sup>20</sup>**

(i) Use of net proceeds:

[See "Use of Proceeds" section of the Base Prospectus/[●] (If the reasons for the offer are different from what is disclosed in the Base Prospectus, they will need to be included here.)]

(ii) Estimated net proceeds:

[●]

(If proceeds are intended for more than one use, split out and present in order of priority. If proceeds are insufficient to fund all proposed uses, state amount and sources of other funding)]

**4. [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES<sup>21</sup>**

(if not applicable, delete the remaining subparagraphs of this paragraph)

(i) Reasons for the offer and use of proceeds:

[See "Use of Proceeds" section of the Base Prospectus/[●] (If the reasons for the offer are different from what is disclosed in the Base Prospectus, they will need to be included here.)]

(ii) Estimated net proceeds:

[●]

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds are insufficient to fund all proposed uses, state amount and sources of other funding.)

(iii) Estimated total expenses:

[●]

(Include breakdown of expenses)]

**5. NOTIFICATION**

[Applicable / Not Applicable]

(if not applicable, delete the remaining subparagraph of this paragraph)

The *Commission de surveillance du secteur financier*, which is the Luxembourg competent authority for the purpose of the Prospectus Regulation [has been requested to provide / has provided - include first alternative for an issue which

<sup>20</sup> Only applicable with respect to French law Privileged Notes with a specified denomination of more than €100,000.

<sup>21</sup> Only applicable with respect to French law Privileged Notes with a specified denomination of less than €100,000.

is contemporaneous with the update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host member states of the EEA] with [a] certificate[s] of approval attesting that the Base Prospectus [and the supplement(s) to the Base Prospectus [has / have] been drawn up in accordance with the Prospectus Regulation.

**6. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Applicable / Not Applicable]

*(Include a description of any interest, including a conflict of interest, that is material to the issue, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement: "Save for any fees paid to the [Dealers / [Joint] Lead Manager(s)] in connection with the issue of the French law Privileged Notes and save as discussed in section "Subscription and Sale" of the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the French law Privileged Notes has an interest material to the offer". When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)*

**7. [FIXED RATE PRIVILEGED NOTES ONLY-YIELD]**

*(if not applicable, delete the remaining subparagraphs of this paragraph)*

Indication of Yield:

[●] per cent. *per annum*

[Yield gap of [●] per cent. in relation to tax free French government bonds (*obligations assimilables du trésor*) (OAT)) of an equivalent duration.]<sup>22]</sup>

**8. [FLOATING RATE PRIVILEGED NOTES OR CMS LINKED PRIVILEGED NOTES ONLY – PAST AND FUTURE PERFORMANCE OF INTEREST RATE]<sup>23</sup>**

Historic interest rates:

*(if not applicable, delete the remaining subparagraph of this paragraph)*

Details on the past and future performance and volatility of [●] rates can be obtained from [Thomson Reuters]

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<sup>22</sup> Only applicable with respect to French law Privileged Notes with a specified denomination of less than €100,000.

<sup>23</sup> Only applicable with respect to French law Privileged Notes with a specified denomination of less than €100,000.

Benchmarks: [Amounts payable under the French law Privileged Notes will be calculated by reference to [●] which is provided by [●]. As at [●], [●] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Regulation (EU) 2016/1011 dated 8 June 2016 (the "**Benchmark Regulation**"). [As far as the Issuer is aware, [[●] does not currently fall within the scope of the Benchmark Regulation by virtue of Article 2 thereof]/[the transitional provisions in Article 51 of the Benchmark Regulation apply], such that [●] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]]

## 9. OPERATIONAL INFORMATION

ISIN Code: [●]

Common Code: [●]

Depositories:

(i) Euroclear France to act as Central Depository [Yes / No]

(ii) Common Depository for Euroclear Bank and Clearstream Banking, S.A. [Yes / No]

Name(s) and address(es) of any clearing system(s) other than Euroclear Bank and Clearstream Banking, S.A. and the relevant identification number(s): [Not Applicable / [●]]

Delivery: Delivery [against / free of] payment

Names and addresses of additional Paying Agent(s) (if any): [Not Applicable / [●]]

Name and address of Calculation Agent (if any): [Not Applicable / [●]]

## 10. DISTRIBUTION

Method of distribution: [Syndicated / Non-syndicated]

(i) If syndicated,

(a) Names and addresses of the coordinator(s) of the global offer: [Not Applicable / *specify names and addresses*<sup>24</sup>]

(b) Names[, addresses and quotas of the Managers]<sup>25</sup> : [●] (give names[, addresses and quotas of the entities agreeing to underwrite the issue and of the entities agreeing to place the issue without a firm commitment

<sup>24</sup> Only applicable with respect to French law Privileged Notes with a specified denomination of less than €100,000.

<sup>25</sup> Only applicable with respect to French law Privileged Notes with a specified denomination of less than €100,000.

or under 'best efforts' arrangements, and where not all of the issue is underwritten on a firm commitment basis, specify the portion not covered<sup>26</sup>)

(c) [Date of the Subscription Agreement:]<sup>27</sup>

[[●] (*give the date*)]

(d) Stabilising Manager(s) (if any):

[Not Applicable / [●]]

(ii) If non-syndicated, name [and address]<sup>28</sup> of Dealer:

[Not Applicable / [●]]

(iii) [Indication of the overall amount of the underwriting commission and of the placing commission]<sup>29</sup> :

[[●] of the Aggregate Nominal Amount of the Tranche]

(iv) U.S. selling restrictions (*categories of potential investors to which the French law Privileged Notes are offered*):

The Issuer is Category 1 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

[TEFRA C / TEFRA D / TEFRA Not Applicable] (TEFRA rules are not applicable to Dematerialised Privileged Notes)

## 11. TERMS AND CONDITIONS OF THE OFFER<sup>30</sup>

[Applicable / Not Applicable]

(*if not applicable, delete the remaining subparagraphs of this paragraph*)

Non-Exempt Offer:

[Not Applicable / An offer of the French law Privileged Notes in France (the "**Non-Exempt Offer Jurisdiction**") may be made by the Dealers [and (*specify the name of any financial intermediary*)] other than pursuant to Article 1(4) of the Prospectus Regulation during the period from [●] to [●] (the "**Offer Period**").]

Consent of the Issuer to use the Base Prospectus during the Offer Period:

[Not Applicable / Applicable with respect to any Authorised Offeror specified below]

Authorised Offeror(s) in the Non-Exempt Offer Jurisdiction:

[Not Applicable / (*Name(s) and address(es) of the financial intermediary(ies) authorised by the Issuer to act as Authorised Offeror*)/Any financial intermediary which satisfies the conditions set out in the paragraph below]

Conditions attached to the consent of the Issuer to use the Prospectus:

[Not Applicable / (*Where the Issuer has given a general consent to any financial intermediary to use*)

<sup>26</sup> Only applicable with respect to French law Privileged Notes with a specified denomination of less than €100,000.

<sup>27</sup> Only applicable with respect to French law Privileged Notes with a specified denomination of less than €100,000.

<sup>28</sup> Only applicable with respect to French law Privileged Notes with a specified denomination of less than €100,000.

<sup>29</sup> Only applicable with respect to French law Privileged Notes with a specified denomination of less than €100,000.

<sup>30</sup> Only applicable with respect to French law Privileged Notes with a specified denomination of less than €100,000.

*the Prospectus, indicate "See conditions set out in the Prospectus" and/or specify any additional conditions to or any condition replacing those set out in the Prospectus. Where an Authorised Offeror has been designated herein, specify any condition that such Authorised Offeror has to comply with]]*

Expected price at which French law Privileged Notes will be offered or method of determining the price and method for its disclosure:

[•]

Description of the application process (including the time period during which the offer will be open and any possible amendments):

[•]

Details of the minimum and/or maximum amount of the application (whether in number of securities or aggregate amount to invest):

[•]

Description of the possibility to reduce subscriptions and the manner for refunding amounts paid in excess paid by applicants:

[•]

Method and time limits for paying up and delivery of the French law Privileged Notes:

[•]

Manner in and date on which results of the offer are to be made public:

[•]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:

[•]

Whether one or more Tranches are reserved for some countries:

[•]

Procedure for notifying of the allocated amount and an indication whether the distribution can begin before the notification is made:

[•]

Amount of any expenses and taxes charged to the subscriber or purchaser:

[•] *(If the Issuer is subject to MiFID II and/or PRIIPs such that it is required to disclose information relating to costs and charges, also include that information)*

Name(s) and address(es), as they are known by the Issuer, of the dealers in the various countries where the offer takes place:

[•]



[Insert Issue Specific Summary<sup>17</sup>]

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<sup>17</sup> Only applicable with respect to French law Privileged Notes with a specified denomination of less than €100,000.

## SUBSCRIPTION AND SALE

*For the avoidance of doubt, it is specified that, in the following section, the expressions "Privileged Notes" and "Noteholders" will only include French law Privileged Notes and holders of such French law Privileged Notes.*

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 2 July 2021, as amended or supplemented from time to time, entered into between the Issuer, the Arranger and the Permanent Dealers (the "**Dealer Agreement**"), the Privileged Notes will be offered by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Privileged Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Privileged Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer(s). The Privileged Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Privileged Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two (2) or more Dealers.

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

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

### **Selling Restrictions**

#### **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers in particular following a change in a relevant law, regulation or directive. Any such modification will be set out in (if applicable) the subscription agreement entered into in respect of the issue of Privileged Notes to which it relates or in a supplement to this Base Prospectus.

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

This Base Prospectus has not been submitted to the clearance procedures of the Autorité des marchés financiers in France.

#### **United States of America**

The Issuer is Category 1 for the purposes of Regulation S under the United States Securities Act of 1933, as amended ("**Regulation S**").

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

Materialised Privileged Notes having a maturity of more than one (1) year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States of America or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

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

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Privileged Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Privileged Notes, in whole or in part, for any reason.

This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the

United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

## **European Economic Area**

### ***Public offer selling restriction under the Prospectus Regulation***

If the Final Terms in respect of any Privileged Notes specify "Prohibition of sales to EEA retail investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Privileged Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the relevant Final Terms to the public in a member state of the European Economic Area (each a "**Relevant Member State**") except that it may make an offer of such Privileged Notes to the public in France:

- (a) if the Final Terms in relation to the Privileged Notes specify that an offer of those Privileged Notes may be made other than pursuant to Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the "**Prospectus Regulation**") in France (a "**Non-Exempt Offer**"), following the date of publication of a base prospectus in relation to such Privileged Notes which has been approved by the competent authority in a France or, where appropriate, approved in another Relevant Member State and notified to the competent authority in France, provided that any such base prospectus has subsequently been completed by the Final Terms contemplating such Non-Exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such base prospectus or Final Terms, as applicable;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) at any time to fewer than one hundred and fifty (150), natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Privileged Notes referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

### ***Prohibition of sales to EEA retail investors***

If the Final Terms in respect of any Privileged Notes specifies the "Prohibition of sales to EEA retail investors" as "Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Privileged Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended ("**MiFID II**"); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Privileged Notes to be offered so as to enable an investor to decide to purchase or subscribe the Privileged Notes.

## **United Kingdom**

### ***Prohibition of sales to UK retail investors***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise

make available any Privileged Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom.

For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or
  - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Privileged Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Privileged Notes.

#### **Other regulatory restrictions**

Each Dealer has represented and agreed that:

- (a) in relation to any Privileged Notes which have a maturity of less than one (1) year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Privileged Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect that they will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Privileged Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (b) 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 FSMA) received by it in connection with the issue or sale of any Privileged Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Privileged Notes in, from or otherwise involving the United Kingdom.

#### **Japan**

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

#### **The Netherlands**

Each Dealer has represented and agreed that it has not made nor will it make any offers of Privileged Notes to the public in The Netherlands in reliance on article 3(2) of the Prospectus Regulation unless:

- (a) such offer is made exclusively to legal entities which are qualified investors in The Netherlands as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "**DFSA**"); or
- (b) standard exemption wording is disclosed as required by article 5:20(5) of the DFSA; or
- (c) such offer is otherwise made in circumstances in which article 5:20(5) of the DFSA is not applicable,

provided that no such offer of Privileged Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to article 3 of the Prospectus Regulation or supplement a prospectus pursuant to article 16 of the Prospectus Regulation.

## France

Each of the Dealers and the Issuer has represented and agreed that:

(a) *Non-Exempt Offers in France*

it has not offered or sold and will not offer or sell, directly or indirectly, any Privileged 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, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Privileged Notes, except (a) in the context of an exempt offer in France as described below and (b) in the period beginning and ending on the dates specified for such purpose in the Final Terms relating to such Privileged Notes and provided that the Final Terms have been duly published and specify that such Non-Exempt Offers may be made to the public in France, all in accordance with the Prospectus Regulation; or

(b) *Exempt Offers in France*

it has not offered or sold and will not offer or sell, directly or indirectly, any Privileged 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, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Privileged Notes, except to qualified investors (*investisseurs qualifiés*) in the context of an offer exempted from the obligation to publish a prospectus, all as defined in, and in accordance with, the Prospectus Regulation and Article L.411-2 of the French Monetary and Financial Code.

## Italy

This Base Prospectus has not been, nor will be, published in the Republic of Italy in connection with the offering of the Privileged Notes and no application has been or will be filed with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") to obtain the registration/authorisation for the public offering (*offerta al pubblico*) of the Privileged Notes in the Republic of Italy pursuant to Legislative Decree no. 58 of 24 February 1998 as amended (the "**Financial Services Act**") and to CONSOB Regulation no. 11971 of 14 May 1999, as amended (the "**Issuers' Regulation**"). Accordingly, no Privileged Notes may be offered, sold or delivered, directly or indirectly, to the public in the Republic of Italy nor may, or will, copies of this Base Prospectus, the relevant Final Terms or any other offering material relating to the Privileged Notes be distributed in the Republic of Italy except:

- (a) to qualified investors (*investitori qualificati*), as defined by article 2 letter e) of the Prospectus Regulation and by article 34-ter, paragraph 1(b) of the Issuers' Regulation; or
- (b) in any other circumstances where an exemption from the rules on offers to the public applies, as provided under article 1, paragraph 4 of the Prospectus Regulation, article 100 of the Financial Services Act and its implementing regulations, including article 34-ter of the Issuers' Regulation.

Each Dealer has also represented and agreed that any offer, sale or delivery of the Privileged Notes or distribution of copies of this Base Prospectus, the relevant Final Terms or any other offering material relating to the Privileged Notes in the Republic of Italy under (a) or (b) above must, and will, be effected in accordance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations and in particular will be made:

- (i) by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Legislative Decree no. 385 of 1 September 1993 (the "**Banking Act**"), CONSOB Regulation no. 20307 of 15 February 2018, all as amended from time to time;
- (ii) in compliance with article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time (pursuant to which the Bank of Italy may request information on the Privileged Notes in the Republic of Italy); and
- (iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB, the Bank of Italy or any other Italian authority.

Any investor purchasing the Privileged Notes in the offering is solely responsible for ensuring that any offer and resale of the Privileged Notes it purchased in the offering occurs in compliance with applicable laws and regulations. No person resident or located in the Republic of Italy other than the original addressees of this Base Prospectus may rely on this Base Prospectus, the Final Terms or any other offering material relating to the Privileged Notes.

## Federal Republic of Germany

No action has been or will be taken in any jurisdiction by the Issuer or any Dealer that would permit an offer of the German law Privileged Notes to the public, or possession or distribution of this Base Prospectus or any other

offering material, in any country (including Germany) or jurisdiction where any further action for that purpose is required.

This Base Prospectus has not been, and will not be filed with and was not approved by the German Financial Supervisory Authority.

In particular, the German law Privileged Notes may not be offered, sold or publicly promoted or advertised in Germany, other than in compliance with the provisions of the German Capital Investment Act (*Kapitalanlagegesetzbuch*) (the "**KAGB**"), the German Asset Investment Act (*Vermögensanlagegesetz*) exempting such offering, sale or public promotion from the requirement to publish a prospectus, or any laws replacing the KAGB, the *Vermögensanlagegesetz*, or any other laws applicable in Germany governing the issue, offering and sale of registered notes (*Namensschuldverschreibungen*).

The Issuer assumes no responsibility and makes no representation regarding the suitability of German law Privileged Notes as an investment product for any investor. In particular, the Issuer assumes no responsibility for the eligibility of any German law Privileged Notes as investment for any German law Privileged Noteholder domiciled in Germany and subject to particular regulatory requirements with regard to its investments, including, without limitation, insurance companies, pension funds, credit institutions and investment funds. Unless explicitly stated otherwise in the Terms and Conditions of the German law Privileged Notes or the Final Terms, no reference therein to particular German law regulatory requirements implies or may be construed to imply any representation or warranty by the Issuer as to the suitability of the relevant German law Privileged Notes for the German law Privileged Noteholders.

## GENERAL INFORMATION

- (1) This Base Prospectus has been approved by the *Commission de surveillance du secteur financier* (the "CSSF"), as competent authority in Luxembourg for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the "**Prospectus Regulation**"). The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Privileged Notes that are the subject of this Base Prospectus and investors should make their own assessment as to the suitability of investing in the Privileged Notes. This Base Prospectus has not been submitted to the clearance procedures of the French *Autorité des marchés financiers*.

Application will be made in certain circumstances to the Luxembourg Stock Exchange for French law Privileged Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.

In accordance with Article 25 of the Prospectus Regulation, request may also be made for the notification of a certificate of approval to any competent authority of any Member State of the European Economic Area ("EEA") in order for French law Privileged Notes to be admitted to trading on any other Regulated Market of the EEA or to be offered to the public pursuant to a non-exempt offer in France in accordance with the Prospectus Regulation. Application has been made for the delivery by the CSSF of a certificate of approval specifying that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation to the French *Autorité des marchés financiers*, as competent authority in France.

- (2) The Legal Entity Identifier (LEI) of the Issuer is 9695002BGH4R9KJFC936.
- (3) The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in France in connection with the update of the Programme.

Any issuance of Privileged Notes under the Programme, to the extent that such Privileged Notes constitute *obligations* under French law, requires the prior authorisation of the board of directors (*conseil d'administration*) of the Issuer. The board of directors (*conseil d'administration*) of the Issuer may delegate to any person, the power to decide on the issue of such Privileged Notes within a period of one (1) year.

For this purpose, on 10 December 2020, the board of directors (*conseil d'administration*) of the Issuer has (i) authorised the issue of *obligations foncières* and other privileged notes under the Programme for maximum nominal amount of €1,000,000,000 (or its equivalent in any other currency) for the period running from 10 December 2020 and ending on 9 December 2021 (included) and (ii) delegated to the chief executive officer (*directeur général*) and the vice chief executive officer (*directeur général délégué*) of the Issuer the power to issue such Privileged Notes.

- (4) Pursuant to Articles L.513-12 and R.513-16, IV of the French Monetary and Financial Code, the *contrôleur spécifique* certifies that the rule providing that the amount of eligible assets of the Issuer is greater than the amount of liabilities benefiting from the *Privilège* is satisfied on the basis of a quarterly borrowing programme and for any issue of Privileged Notes benefiting from the *Privilège* in a principal amount equal to or above €500,000,000 (or its equivalent in any other currency at the date of signing of the issue of such Privileged Notes).
- (5) The price and amount of the Privileged Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealers at the date of issue in accordance with prevailing market conditions.
- (6) Save as disclosed in this Base Prospectus and in particular in paragraph 1.5 (*Risks related to Covid-19*) of section "*Risk Factors*" of this Base Prospectus, there has been no significant change in the financial position or financial performance of the Issuer or the Group since 31 December 2020, the consequences of which are difficult to assess as of the date hereof.
- (7) Save as disclosed in this Base Prospectus and in particular in paragraph 1.5 (*Risks related to Covid-19*) of section "*Risk Factors*" of this Base Prospectus, there has been no material adverse change in the prospects of the Issuer since 31 December 2020, subject to the impact of the coronavirus-related health crisis, the detailed consequences of which are difficult to assess as of the date hereof.
- (8) The Issuer is not nor has been involved in any governmental, legal or arbitration proceedings (including any such proceeding which are pending or threatened of which the Issuer is aware), in the last twelve (12) months, which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.

- (9) Save as disclosed in section "*Material Contracts and Relationship Between Arkéa Public Sector SCF and Crédit Mutuel Arkéa*" on page 91 of this Base Prospectus, there are no material contracts that are not entered into the ordinary course of the Issuer's business which could result in any member of the Crédit Mutuel Arkéa group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Noteholders in respect of the Privileged Notes being issued.
- (10) Application may be made for French law Privileged Notes to be accepted for clearance through Euroclear Bank (boulevard du Roi Albert II, 1210 Bruxelles, Belgique) and Clearstream (42, avenue JF Kennedy, 1855 Luxembourg, Luxembourg) which are entities in charge of keeping the records. The Common Code and the International Securities Identification Number (ISIN) or the identification number for any other relevant clearing system for each Series of French law Privileged Notes will be set out in the relevant Final Terms.

Dematerialised Privileged Notes will be inscribed in the books of Euroclear France (acting as central depository). Dematerialised Privileged Notes which are in registered form (*au nominatif*) are also inscribed either with the Issuer or with the Registration Agent. The address of Euroclear France is 66, rue de la Victoire – 75009 Paris – France.

- (11) The Issuer's statutory auditors are registered with the *Compagnie Nationale des Commissaires aux Comptes* (official statutory auditors' representative body) and subject to the authority of the *Haut Conseil du Commissariat aux Comptes* (French High Council of Statutory Auditors). They have audited and rendered unqualified audit reports on (a) the 2019 Financial Statements and (b) the 2020 Financial Statements. The Issuer does not produce consolidated financial statements.
- (12) Conflicts of interest may arise during the life of the Programme as a result of various factors involving the Issuer and certain counterparties of the Issuer. For example, such potential conflicts may arise because Crédit Mutuel Arkéa acts in several capacities under the agreements relating to the Programme, it being provided that its rights and obligations under the agreements relating to the Programme are not contractually conflicting and are independent from one another.

The Issuer, the Arranger, the Dealer(s) or their respective affiliates may from time to time advise the issuers of or obligors in respect of assets used as reference to determine principal or interest of Privileged Notes ("**Reference Assets**") and regarding transactions to be entered into by them, or engage in transactions involving Reference Assets for their proprietary accounts and for other accounts under their management. Any such transactions may have a positive or negative effect on the value of such Reference Assets and therefore on the value of any Privileged Notes to which they relate. Accordingly, certain conflicts of interest may arise both among the Issuer, the Arranger, the Dealer(s) or these affiliates and between the interests of the Issuer, the Arranger, the Dealer(s) or these affiliates and the interests of holders of Privileged Notes.

Potential conflicts of interest may also arise between the Calculation Agent, if any, for a Tranche and the Noteholders, including with respect to certain discretionary determinations and judgments that such Calculation Agent may make pursuant to the Terms and Conditions that may influence the amount received by the Noteholders during the term of the Privileged Notes upon their redemption.

The Issuer may appoint a Dealer as Calculation Agent in respect of an issuance of Privileged Notes under the Programme. In such a case the Calculation Agent is likely to be a member of an international financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst such a Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on the maturity of the Privileged Notes or the market price, liquidity or value of the Privileged Notes and which could be deemed to be adverse to the interests of the Noteholders.

The Privileged Notes may be distributed by institutions in charge of collecting subscription orders from investors and such institutions may, as the case may be, be related to the Group's entities. Consequently, during the offer period, some conflicts of interest may arise between the interests of such distributors and/or the Borrower and those of the Noteholders.

- (13) In connection with the issue of any Tranche of French law Privileged Notes, the Dealer or Dealers (if any) named as stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s) in the relevant Final Terms may over-allot French law Privileged Notes or effect transactions with a view to supporting the market price of the French law Privileged Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the



earlier of thirty (30) calendar days after the issue date of the relevant Tranche and sixty (60) calendar days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager(s) in accordance with all applicable laws and rules.

- (14) This Base Prospectus, any supplement thereto that may be published from time to time and, so long as French law Privileged Notes are admitted to trading on any Regulated Market of the EEA and/or offered to the public in France pursuant to a non-exempt offer in accordance with the Prospectus Regulation, the Final Terms relating to such French law Privileged Notes will be published on the websites of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and the Issuer ([www.arkea.com/banque/assurance/credit/mutuel/ecb\\_5040/fr/public-sector-scf](http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5040/fr/public-sector-scf)).

In addition, if the French law Privileged Notes are admitted to trading on a Regulated Market of the EEA other than the Luxembourg Stock Exchange, the relevant Final Terms will provide whether this Base Prospectus and the relevant Final Terms will be published on the website of (x) such Regulated Market or (y) the competent authority of the member state of the EEA where the French law Privileged Notes have been admitted to trading .

- (15) So long as any of the Privileged Notes are outstanding, copies of the following documents will also be available for inspection and obtainable, upon request and free of charge, during usual business hours, on any weekday at the registered office of the Issuer (1, rue Louis Lichou, 29480 Le Relecq-Kerhuon, France) and, for at least ten (10) years from the date of their publication and except for the documents referred to in sub-paragraph (d) and (e) below, on the website of the Issuer ([www.arkea.com/banque/assurance/credit/mutuel/ecb\\_5040/fr/public-sector-scf](http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5040/fr/public-sector-scf)):

- (a) the by-laws (*statuts*) of the Issuer;
- (b) the audited non-consolidated financial statements of the Issuer in respect of the two (2) financial years preceding the date hereof;
- (c) the most recently published financial statements of the Issuer;
- (d) the Agency Agreement (which notably includes the form of the *lettre comptable*, the Temporary Global Certificates, the Definitive Materialised Privileged Notes, the Coupons, the Talons, the Receipts, the terms and conditions of the German law Privileged Notes and the form of assignment of the German law Privileged Notes, all attached as schedules thereto);
- (e) the Final Terms for French law Privileged Notes that are listed on the Official List of the Luxembourg Stock Exchange and traded on the Regulated Market of the Luxembourg Stock Exchange or any other Regulated Market in the EEA and/or offered to the public in France;
- (f) a copy of this Base Prospectus together with any supplement thereto that may be published from time to time or further Base Prospectus and any document incorporated by reference therein; and
- (g) all reports, letters and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus.

- (16) Amounts payable under Privileged Notes may be calculated by reference to EURIBOR, LIBOR, SONIA, SOFR, SARON or EUR CMS which are provided by the European Money Markets Institute ("EMMI") (with respect to EURIBOR), ICE Benchmark Administration Limited ("ICE") (with respect to LIBOR and CMS Rate), the Bank of England ("BoE") (with respect to SONIA), the Federal Reserve Bank of New York ("FRBNY") (with respect to SOFR) and the SIX Swiss Exchange ("SIX") (with respect to SARON) or other reference rates, as specified in the relevant Final Terms, in accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as amended (the "**Benchmark Regulation**"). As at the date of this Base Prospectus, EMMI appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to Article 36 of the Benchmark Regulation. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that ICE and SIX are not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence). The BoE, as administrator of SONIA, and the FRBNY, as administrator of SOFR, are not required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence) pursuant to a central bank exemption provided in Article 2.2(a) of the Benchmark Regulation. The relevant Final Terms in respect of an issue of Floating Rate Privileged Notes and/or CMS Linked Privileged Notes will specify the relevant benchmark, the relevant benchmark administrator and whether such benchmark administrator appears on the register of administrators and benchmarks established and maintained by the ESMA.

The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update this Base Prospectus or the relevant Final Terms to reflect any change in the registration status of the administrator.

- (17) The website of the Issuer is [www.arkea.com/banque/assurance/credit/mutuel/ecb\\_5040/fr/public-sector-scf](http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5040/fr/public-sector-scf). The information on [www.arkea.com/banque/assurance/credit/mutuel/ecb\\_5040/fr/public-sector-scf](http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5040/fr/public-sector-scf), and on any other websites specified in this Base Prospectus, does not form part of this Base Prospectus and has not been scrutinised or approved by the CSSF, except where that information has been incorporated by reference into this Base Prospectus.

## PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS

The Issuer accepts responsibility for the information contained or incorporated by reference in this Base Prospectus. To the best of its knowledge, the information contained or incorporated by reference in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Le Relecq-Kerhuon, 2 July 2021.

### **Arkéa Public Sector SCF**

1, rue Louis Lichou  
29480 Le Relecq-Kerhuon  
France

Represented by: **Philippe BAUDA**  
Chief executive officer (*directeur général*)

*Issuer*

**Arkéa Public Sector SCF**  
1, rue Louis Lichou  
29480 Le Relecq-Kerhuon  
France

*Arranger and Permanent Dealer*

**Crédit Agricole Corporate and Investment Bank**  
12, place des Etats-Unis  
CS 70052  
92547 Montrouge Cédex  
France

*Permanent Dealer*

**Crédit Mutuel Arkéa**  
1, rue Louis Lichou  
29480 Le Relecq-Kerhuon  
France

*Fiscal Agent, Principal Paying Agent and Paris Paying Agent  
in respect of the French law Privileged Notes*

**CACEIS Corporate Trust**  
1-3, place Vallhubert  
75013 Paris  
France

*Luxembourg Paying Agent, Calculation Agent and Luxembourg Listing Agent  
in respect of the French law Privileged Notes*

**CACEIS Bank, Luxembourg Branch**  
5, allée Scheffer  
L-2520 Luxembourg  
Grand-Duchy of Luxembourg

*Statutory Auditors of the Issuer*

**Deloitte & Associés**  
185, avenue Charles de Gaulle  
92524 Neuilly-sur-Seine  
France

**Mazars**  
61, rue Henri Regnault  
92075 Paris La Défense Cedex  
France

*Specific Controller of the Issuer*

**Cailliau Dedouit et Associés**  
19, rue Clément Marot  
75008 Paris  
France

*Legal Adviser to the Arranger and to the Permanent Dealers as to French law*

**CMS Francis Lefebvre Avocats**  
2, rue Ancelle  
92522 Neuilly-sur-Seine Cedex  
France