



**Crédit Mutuel Arkéa Public Sector SCF**  
(société de crédit foncier duly licensed as a French 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 (the "**Base Prospectus**"), Crédit Mutuel 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, 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.515-19 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 other currencies at the date of issue of any Privileged Notes).

Application for approval of this Base Prospectus has been made to the *Commission de surveillance du secteur financier* (the "**CSSF**") in its capacity as competent authority in Luxembourg under the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005, as amended which implements Directive 2003/71/EC of the European Parliament and of the Council dated 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended (the "**Prospectus Directive**"). The CSSF assumes no responsibility as to the economic and financial soundness of the Privileged Notes and the quality or solvency of the Issuer. Application may be made (i) 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 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 and/or (ii) to the competent authority of any other member state of the European Economic Area ("**EEA**") for French law Privileged Notes issued under the Programme to be admitted to trading on a Regulated Market (as defined below) in such member state. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC dated 21 April 2004, appearing on the list of regulated markets of the European Commission (a "**Regulated Market**"). French law Privileged Notes issued under the Programme may also be unlisted or listed and admitted to trading on any other market. The relevant final terms (the "**Final Terms**") in respect of the issue of any French law Privileged Notes will specify whether or not such French law Privileged Notes will be listed and admitted to trading on any market and, if so, the relevant market. The German law Privileged Notes will not be admitted to trading nor listed on any market or stock exchange.

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 S.A./N.V. ("**Euroclear**") and the depository bank for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), 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>) 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, Luxembourg, be deposited on the issue date with a common depository for Euroclear and Clearstream, Luxembourg, and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer(s) (as defined below). In the case of a Tranche which is not intended to be cleared notably through Euroclear and/or Clearstream, Luxembourg, 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 form only, as more fully described in the amended and restated agency agreement dated the date thereof.

Privileged Notes issued under the Programme are expected to be rated AA+ by Standard & Poor's Credit Market Services Europe Ltd. ("**S&P**") and Aaa- by Moody's Investors Service Ltd. ("**Moody's**" and, together with S&P, the "**Rating Agencies**"). The credit rating of the Privileged Notes will be specified in the relevant Final Terms. Each of the Rating Agencies is established in the European Union, registered under Regulation (EC) no. 1060/2009 of the European Parliament and of the Council dated 16 September 2009 on credit rating agencies, as amended, 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>) as of the date of this Base Prospectus. 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 CORPORATE AND INVESTMENT BANK**  
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 5.4 of the Prospectus Directive 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 base terms and conditions of the French law Privileged Notes to be issued under the Programme. 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) at the time of the issue and will be set out in the relevant Final Terms.

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 15 of the *Loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 implementing the Prospectus Directive in Luxembourg, as amended (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 (each as defined in section "*General Description of the Programme*"). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer 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 a public offering of any Privileged Notes 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 or the EEA (including France, Italy, the Netherlands, the United Kingdom 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.**

**None of the Dealers or the Issuer makes any representation to any investor in the Privileged Notes regarding the legality of its investment under any applicable laws. Any investor in the Privileged Notes should be able to bear the economic risk of an investment in the Privileged Notes for an indefinite period of time.**

**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 applicable 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, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of French law Privileged Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) days after the issue date of the relevant Tranche of French law Privileged Notes and sixty (60) days after the date of the allotment of the relevant Tranche of French law Privileged Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.**

**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 "£", "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", "Y" 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.**

## TABLE OF CONTENTS

	Page
PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS.....	5
RISK FACTORS .....	6
GENERAL DESCRIPTION OF THE PROGRAMME.....	15
SUPPLEMENT TO THE BASE PROSPECTUS .....	22
DOCUMENTS INCORPORATED BY REFERENCE.....	23
TERMS AND CONDITIONS OF THE FRENCH LAW PRIVILEGED NOTES.....	25
TEMPORARY GLOBAL CERTIFICATES IN RESPECT OF MATERIALISED PRIVILEGED NOTES.....	47
USE OF PROCEEDS.....	48
MAIN FEATURES OF THE LEGISLATION AND REGULATIONS RELATING TO <i>SOCIÉTÉS DE CRÉDIT FONCIER</i> .....	49
DESCRIPTION OF THE ISSUER .....	52
MATERIAL CONTRACTS AND RELATIONSHIP BETWEEN CRÉDIT MUTUEL ARKÉA PUBLIC SECTOR SCF AND CRÉDIT MUTUEL ARKÉA .....	60
FORM OF FINAL TERMS .....	61
TAXATION.....	74
SUBSCRIPTION AND SALE.....	79
GENERAL INFORMATION .....	83

## **PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS**

Crédit Mutuel Arkéa Public Sector SCF accepts responsibility for the information contained or incorporated by reference in this Base Prospectus.

To the best of its knowledge (having taken all reasonable care to ensure that such is the case), 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, 17 December 2013

### **Crédit Mutuel Arkéa Public Sector SCF**

1, rue Louis Lichou  
29480 Le Relecq Kerhuon  
France

Represented by: **Mr. Hervé Crosnier**  
Chief executive officer (*directeur général*)

## **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 and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*The Issuer believes that the factors described below represent the principal risks inherent to investing in Privileged Notes issued under the Programme. However, the Issuer does not represent that the statements below regarding the risks of holding any Privileged Notes are exhaustive. Investors must be aware that the list of factors set out below is not intended to be exhaustive and that other risks and uncertainties which, as of the date of this Base Prospectus, are not known to the Issuer, or are considered not to be relevant, may have a significant impact on the Issuer, its activities, its financial condition and the Privileged Notes. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including all documents incorporated by reference herein) and make their own opinion as to potential risks 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.*

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

*The Issuer considers that the Privileged Notes shall only be subscribed for or purchased by investors which are (or are advised by) financial institutions or other professional investors who have sufficient knowledge and experience to appropriately evaluate the risks associated with the Privileged Notes.*

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

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

#### **Issuer's 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 same group, or the shareholders or directors or agents of any company in the same group of companies.

#### **Reliance of the Issuer on third parties - Substitution risk - Conflicts of interest**

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 Crédit Mutuel 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. 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.

Under certain circumstances described in the agreements executed with respect to the Programme (See section "*Material contracts and relationship between Crédit Mutuel Arkéa Public Sector SCF and Crédit Mutuel Arkéa*") and leading to the substitution of one (1) or more counterparties of the Issuer, no assurance can be given that a substitute entity will be found.

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. Other conflicts of interest may arise as further described in point "*Potential Conflicts of Interest*" below.

#### **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*.

#### *Legal eligibility criteria*

The assets of the Issuer must comply with the legal eligibility criteria provided for in articles L.515-15 and L.515-16 of the French Monetary and Financial Code, according to which the Issuer may in particular:

- (i) grant or acquire exposures to, or guaranteed by, public sector entities which comply with the provisions of article L.515-15 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 located in a Member State of the European Community ("EC"), within the EEA, in the United States of America, Switzerland, Japan, Canada, Australia or New Zealand or exposures to public entities such as states or central banks not located within the EEA, nor in a Member State of the EC, nor in 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 a 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
- (ii) within the limits of article R.515-4 of the French Monetary and Financial Code, subscribe for senior units or senior notes issued by French *organismes de titrisation* or any other similar foreign entities governed by the laws of a Member State of the EC or EEA, the United States of America, Switzerland, Japan, Canada, Australia or New Zealand, if the following provisions of article L.515-16 of the French Monetary and Financial Code are complied with:
  - (a) the assets of such securitisation vehicles comprise at least 90% of exposures to public entities complying with the criteria defined in article L.515-15 of the French Monetary and Financial Code or other receivables benefiting from the same level of guarantees;
  - (b) such units or notes are not subordinated units or subordinated notes; and
  - (c) such units or notes 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.

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.515-17 and R.515-7 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) 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 (See section "*Main Features of the legislation and regulations relating to sociétés de crédit foncier*").

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

According to article L.515-20 and R.515-7-2 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 two per cent. (102%). 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 each issue's compliance with the cover ratio. This cover ratio is published twice 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 provides 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 Crédit Mutuel Arkéa group 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 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*").

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

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

- (i) hedging operations with which it may enter into ISDA or FBF (*Fédération Bancaire Française*) master agreements that meet rating agency standards for *sociétés de crédit foncier*,
- (ii) administrating the Issuer's bank accounts,
- (iii) paying any sums due under the Facility Agreement (See section "*Description of the Issuer – Business Overview*"), and
- (iv) providing cash collateral in accordance with a cash collateral agreement concluded with Crédit Mutuel Arkéa (See section "*Material contracts and relationship between Crédit Mutuel Arkéa Public Sector SCF and Crédit Mutuel Arkéa – Other Agreements*").

The agreements to be entered into between the Issuer and the above counterparties will comply with the specific legal requirements applicable to *sociétés de crédit foncier* and with the applicable rating agencies public methodologies and criteria which are commensurate to the then current rating 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 shall not be exposed to any currency and interest risk regarding the Advances and the Privileged Notes.

There is no assurance that the assets being part of the Collateral Security bear interest in the same conditions as those of the Privileged Notes and are denominated in the same currency as those of the Privileged Notes. Upon the occurrence of an event of default under the Facility Agreement and the enforcement of the Collateral Security, Collateral Security assets will be transferred to the Issuer. In this case, in order to hedge the potential mismatch of the currency/interest rates applicable to the Privileged Notes and to those Collateral Security Assets, the Issuer shall apply a hedging strategy which will comply with the specific legal requirements applicable to *sociétés de crédit foncier* and with the applicable rating agencies public methodologies and criteria which are commensurate to the then current rating of the Privileged Notes. However, there can be no assurance that the hedging strategy will adequately address such hedging risks.

#### **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.

Pursuant to articles L.515-17-1 and R.515-7-1 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.515-18 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").

To anticipate and address the above mentioned liquidity risk and in order to comply with the liquidity ratio of article R.515-17-1 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 (See section "Material contracts and relationship between Crédit Mutuel 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 Agencies' 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 Agencies' public methodologies and criteria in order to maintain the rating of the Privileged Notes.

### **Operating risks involving information systems**

The security of the Crédit Mutuel Arkéa group's information systems is managed within Crédit Mutuel Arkéa. A security policy has been defined, including directives and operating procedures broken down by risk sector: physical security, security of system access control, security of data bases and applications, security of continued operation.

## **2. Risks related to the Privileged Notes**

### **Risks related to Privileged Notes generally**

*The Privileged Notes may not be a suitable investment for all investors*

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) 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; and

- (vi) 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.

#### *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 a General Meeting can be held. 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. The General Meeting may deliberate on 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.

#### *Change of law*

The Terms and Conditions of the French law Privileged Notes are based on French law and the Terms and Conditions of the German law Privileged Notes are based on German law, in each case in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to French law, German law (as applicable) or administrative practice after the date of this Base Prospectus.

#### *Taxation*

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 country 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 not to rely upon the tax overview contained in this Base Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Privileged Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the section "*Taxation*" of this Base Prospectus.

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

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.

#### *EU Savings Taxation Directive*

Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "**Savings Taxation Directive**") requires each Member State as from 1 July 2005 to provide to the tax authorities of another Member State details of payments of interest and other similar income within the meaning of the Savings Taxation Directive made by a paying agent within its jurisdiction to (or, under certain circumstances, to the benefit of) an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria instead impose a thirty-five per cent. (35%) withholding tax on any payment of interest within the meaning of the Savings Taxation Directive, unless the beneficiary of interest payments elects for the exchange of information (the end of this transition period depending on the conclusion of some other agreements relating to the exchange of information with some other countries). Several countries and territories not members of the European Union, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland applies, unless the beneficiary of interest payments elects for the exchange of information).

The Luxembourg Government has announced its intention to introduce, as of 1 January 2015, automatic exchange of information with respect to the Savings Taxation Directive.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Privileged Note as a result of the imposition of such withholding tax.

The European Commission proposed some amendments to the Savings Taxation Directive which could, if they were adopted, amend or expand the scope of some requirements described above.

#### *U.S. Foreign Account Tax Compliance Withholding (FATCA)*

United States legislation known as FATCA imposes a thirty per cent. (30%) withholding tax on certain payments to certain non-US financial institutions that do not agree to provide information relating to its U.S. account holders to the U.S. Internal Revenue Service ("IRS"). The IRS is still in the process of developing and issuing guidance on the implementation of FATCA and the full extent and implications of the legislation are currently unclear. Although it is not expected that there will be FATCA withholding tax on the Privileged Notes, no assurances in this regard can be provided to investors. As a result, it is possible that Noteholders may receive less interest or principal than initially anticipated. Prospective investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and to determine how this legislation might affect each Noteholder in light of its particular circumstances. For more information, see section "*Taxation – United States Foreign Account Tax Compliance Act*".

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

On 14 February 2013, the European Commission has proposed a directive (the "**Proposed Directive**") aiming for an enhanced cooperation with respect to the taxation of financial transactions, which if adopted would subject transactions involving financial institutions in securities such as the Privileged Notes to a financial transaction tax (the "**FTT**"). According to the Proposed Directive, the FTT was initially intended to enter into force on 1 January 2014 in eleven (11) Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain) (the "**Participating Member States**"), subject to implementing legislation by each Participating Member State.

Pursuant to the Proposed Directive, the FTT would apply to all financial transactions where at least one (1) party to the transaction, or person acting for the account of one party to the transaction, is established in a Participating Member State. However, the FTT should not apply to transactions on the primary market referred to in Article 5(c) of EC Regulation 1287/2006 dated 10 August 2006, including the subscription and allocation of financial instruments upon issuance. The FTT would be payable by each financial institution established, or deemed to be established, in a Participating Member State as long as (i) it is party to a transaction, or acts for the account of a party to a transaction, or (ii) the transaction has been entered into for its own account. The taxation rate would be left to the discretion of each Member State but would not be less than 0.1 per cent. (0.1%) for financial instruments other than derivative instruments.

Each prospective investor should bear in mind that, where the Proposed Directive would apply, buying, selling or exchanging Privileged Notes would be subject to the FTT at a rate of at least 0.1 per cent. (0.1%), provided that the above mentioned requirements are met. As a result, each investor would either have to bear the FTT or reimburse the financial institution of the relevant amount.

Where the FTT due has not been paid timely, each party to a financial transaction, including persons other than financial institutions shall become jointly and severally liable for the payment of the FTT due.

If the proposed directive is adopted and implemented in local legislation, holders of Privileged Notes 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 Privileged Notes may be diminished.

**The Proposed Directive is still subject to negotiation between the Participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear.**

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.

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

Privileged Notes issued under the Programme will either be fungible with an existing Series (other than the German law Privileged Notes which will be issued in registered form) or have different terms to an existing

Series (in which case they will constitute a new Series). All Privileged Notes issued from time to time will rank *pari passu* with each other in all respects and will benefit equally from the *Privilège*.

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:

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

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. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Fixed Rate Privileged Notes*

Investment in Privileged Notes which bear interest at a fixed rate involves the risk that inflation or subsequent changes in market interest rates may adversely affect the value of the relevant Tranche.

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.

Noteholders should be aware that 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 Privileged Notes*

Investment in Privileged Notes which bear interest at a floating rate comprise (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 the 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 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.

#### *Potential Conflicts of Interest*

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 Arranger, the Dealer(s) or these affiliates and between the interests of 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 upon redemption of the Privileged Notes.

#### *Fixed to Floating Rate Privileged Notes*

Fixed to Floating 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. The conversion (whether automatic or optional) will 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 to 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.

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

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.

#### *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.

### **Risks related to the market generally**

#### *Market value of the Privileged Notes*

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.

#### *An active trading market for the Privileged Notes may not develop*

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, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Base Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Privileged Notes. 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 adversely affect the price of Privileged Notes.

*Exchange rate risks and exchange controls*

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.

Appreciation in the value of the Investor's Currency relative to the value of the applicable Specified Currency would result in a decrease in the Investor's Currency-equivalent yield on a Privileged Note denominated, or the principal of or return on which is payable, in such Specified Currency, in the investor's currency-equivalent value of the principal of such Privileged Note payable at maturity (if any) and generally in the Investor's Currency-equivalent market value of such 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 less interest or principal than expected, or no interest or principal.

*Credit ratings may not reflect all risks*

One (1) or more independent credit rating agencies may assign credit ratings to the Privileged Notes. The credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the 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.

*Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should 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 and (iii) other restrictions apply to its purchase or pledge of any Privileged Notes. Financial institutions 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.

## GENERAL DESCRIPTION OF THE PROGRAMME

*Words and expressions defined in the section entitled "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:** Crédit Mutuel 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*, formerly *Autorité de contrôle prudentiel*) on 15 November 2010.

**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 *obligations foncières* and German law registered notes (*Namensschuldverschreibung*) (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.515-19 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 the equivalent in other currencies at the date of 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 Paying Agent in respect of the French law Privileged Notes:** CACEIS Corporate Trust.

**Luxembourg Paying Agent in respect of the French law Privileged Notes:** CACEIS Bank Luxembourg.

**Luxembourg Listing Agent in respect of the French law Privileged Notes:**

CACEIS Bank Luxembourg.

**Calculation Agent in respect of the French law Privileged Notes:**

CACEIS Bank Luxembourg, unless the Final Terms provide otherwise.

**Method of Issue:**

The Privileged Notes will be issued outside France and may be distributed on a syndicated or non-syndicated basis.

**Series and Tranches:**

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. The French law Privileged Notes will be issued under the terms and conditions of the French law Privileged Notes, as completed by the relevant final terms of such Tranche (the "**Final Terms**"), as determined by the Issuer and the relevant Dealer(s) at the time of the issue.

**Maturities:**

Subject to compliance with all relevant laws, regulations and directives, the Privileged Notes may have any maturity as specified in the relevant Final Terms.

**Currencies**

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 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.

**Denomination(s):**

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 in circumstances which require the publication of a prospectus under the Prospectus Directive will be of €100,000 (or its equivalent in any other currency at the time of issue of such French law Privileged Notes) or such higher amount as may be allowed or required from time to time in relation to the relevant Specified Currency.

Privileged Notes having a maturity of less than one (1) year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.

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



<b>Status of the Privileged Notes:</b>	The Privileged Notes (and where applicable any related Coupons and Receipts) will constitute direct, unconditional, unsubordinated and, pursuant to the provisions relating to the <i>Privilège</i> described in Condition 5, privileged obligations of the Issuer and will rank <i>pari passu</i> 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 <i>Privilège</i> . Pursuant to article L.515-19 of the French Monetary and Financial Code, Noteholders benefit from a <i>Privilège</i> over all the assets and revenues of the Issuer. See section " <i>Terms and Conditions of the French law Privileged Notes - Privilège</i> " and " <i>Main features of the legislation and regulations relating to sociétés de crédit foncier</i> ".
<b>Negative Pledge:</b>	None.
<b>Events of Default:</b>	None.
<b>Redemption Amount:</b>	The Final Terms issued in respect of each Tranche will specify the final redemption amounts payable.
<b>Final Redemption:</b>	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 at its 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.
<b>Optional Redemption:</b>	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 among the options described in Condition 7.
<b>Redemption by Instalments:</b>	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.
<b>Early Redemption:</b>	Except as provided in paragraph "Optional Redemption" above, Privileged Notes will be redeemable at the option of the Issuer prior to their stated maturity only for illegality (as provided in Condition 7(g)).
<b>French law withholding tax:</b>	<p>All payments of principal, interest or other revenues in respect of the French law 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.</p> <p>If any law would require that payments of principal, interest and other revenues in respect of any present or future French law 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</p>

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

A more detailed description of the French tax regime applicable to the Privileged Notes is contained in section "*Taxation*".

**Luxembourg withholding tax:**

A ten per cent. (10%) withholding tax is levied on interest payments (or similar income) made by a Luxembourg paying agent to or for the immediate benefit of a Luxembourg resident individual. This withholding tax also applies on accrued interest received upon disposal, redemption or repurchase of the French law Privileged Notes. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth.

There is no withholding tax on payments of interest (including accrued but unpaid interest) made to a Luxembourg non-resident holder of French law Privileged Notes, repayment of the principal, or redemption or exchange of the French law Privileged Notes, subject to certain exceptions as more fully described in section "*Taxation*".

Each prospective holder or beneficial owner of French law Privileged Notes should consult its tax adviser as to the tax consequences of any investment in, or ownership and disposition of, the French law Privileged Notes.

A more detailed description of the Luxembourg tax regime applicable to the Privileged Notes is contained in section "*Taxation*".

**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. 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 arrears 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 the 2001, 2007 or 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 updated as at the Issue Date of the first (1<sup>st</sup>) Tranche of the Privileged Notes of the relevant Series; 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 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<sup>st</sup>) Tranche of the Privileged Notes of the relevant Series, 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 or EUR CMS),

in each case plus or minus any applicable margin, if any, and calculated and payable as indicated in the applicable Final Terms. Floating Rate Privileged Notes may also have a maximum rate of interest, a minimum rate of interest or both.

**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 holder, 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**").

The *Masse* will be a separate legal entity and will act in part through a Representative and in part through a General Meeting 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.

**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.515-19 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, Luxembourg 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, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer(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.

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

Application has been made to the *Commission de surveillance du secteur financier* for approval of this document as a base prospectus. Application may be made 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.

French law Privileged Notes may also be unlisted or listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer(s) in relation to the Series.

The applicable 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, on which stock exchanges and/or markets.

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

**Use of Proceeds:**

The net proceeds of the issue of the Privileged Notes will be used for financing assets referred to in article L.515-15 of the French Monetary and Financial Code.

**Rating:**

Privileged Notes issued under the Programme are expected on issue to be rated AA+ by Standard & Poor's Credit Market Services Europe Ltd. ("S&P") and Aaa- by Moody's Investors Service Ltd. ("Moody's" and, together with S&P, the "Rating Agencies"). Each of the Rating Agencies is established in the European Union, registered under Regulation (EC) no. 1060/2009 of the European Parliament and of the Council dated 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 credit rating of the Privileged Notes will be specified in the relevant Final Terms.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change, or withdrawal at any time by the assigning rating agency. The credit ratings address (i) in respect of S&P, the likelihood of full and timely receipt by any of the relevant Noteholders of interest on the Privileged Notes and the likelihood of receipt by any relevant Noteholder of principal of the Privileged Notes on the relevant due date specified in the relevant Final Terms and (ii) in respect of Moody's, the expected loss which the investors are exposed to in respect of the Privileged Notes.

#### **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.

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 "**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 "**C Rules**") or (ii) such Materialised Privileged Notes are issued other than in compliance with the D Rules or the 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 the EEA in accordance with the Prospectus Directive, 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 of the Issuer ([www.cmarkea.com/en/investisseurs.html](http://www.cmarkea.com/en/investisseurs.html)). In addition, if the French law Privileged Notes are listed and 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 (i) the Regulated Market of the Member State of the EEA where the French law Privileged Notes have been admitted to trading or (ii) the competent authority of the Member State of the EEA where the French law Privileged Notes have been admitted to trading.

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 at the specified office(s) of the Paying Agent(s).

## SUPPLEMENT TO THE BASE PROSPECTUS

In connection with French law Privileged Notes admitted to trading on a Regulated Market, unless the Issuer does not intend to issue French law Privileged Notes under the Programme for the time being, if at any time during the duration of the Programme there is a significant change affecting any matter contained or incorporated by reference in this base prospectus (the "**Base Prospectus**"), including any modification of the terms and conditions or generally any significant new factor, material mistake or inaccuracy relating to information included or incorporated by reference in this Base Prospectus which is capable of affecting the assessment of any French law Privileged Notes, which inclusion would reasonably be required by investors, and would reasonably be expected by them to be found in this Base Prospectus for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to the Privileged Notes, the Issuer shall prepare a supplement to the Base Prospectus in accordance with article 16 of the Prospectus Directive or publish a replacement Base Prospectus for use in connection with any subsequent offering of the French law Privileged Notes, submit such supplement to the Base Prospectus 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 to the Base Prospectus as may reasonably be requested.

Any supplement to the Base Prospectus shall be (i) published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and of the Issuer ([www.cmarkea.com/en/investisseurs.html](http://www.cmarkea.com/en/investisseurs.html)) and (ii) 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 at the specified office(s) of the Paying Agent(s).

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus shall be read and construed in conjunction with the following documents which have been previously or simultaneously published and 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 free English translation of the 2012 financial statements of the Issuer (the "**2012 Financial Statements**") comprised of the statutory auditors' report for the year ended 31 December 2012 (the "**2012 Auditors' Report**") and the audited financial statements of the Issuer with respect thereto;
- the free English translation of the 2011 financial statements of the Issuer (the "**2011 Financial Statements**") comprised of the statutory auditors' report for the year ended 31 December 2011 (the "**2011 Auditors' Report**") and the audited financial statements of the Issuer with respect thereto; and
- the section "*Terms and Conditions of the French law Privileged Notes*" of the base prospectus of the Issuer dated 31 August 2011 (which was approved by the CSSF in Luxembourg) (the "**2011 Conditions**") 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 2011 Conditions.

The Issuer declares that the translations of the 2011 Financial Statements and 2012 Financial Statements are, to the best of its knowledge, fair and true translations of the French language original versions.

All documents incorporated by reference in this Base Prospectus will be published on the websites of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and of the Issuer ([www.cmarkea.com/en/investisseurs.html](http://www.cmarkea.com/en/investisseurs.html)). So long as any of the Privileged Notes are outstanding, such 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 at the specified office(s) of the Paying Agent(s).

The information incorporated by reference in this Base Prospectus shall be read in connection with the cross reference list below. Any information not listed in the cross reference list below but included in the documents incorporated by reference constitutes additional information and is not required by the relevant schedules of Regulation (EC) No. 809/2004 of the Commission dated 29 April 2004, as amended.

### Cross-reference list

INFORMATION INCORPORATED BY REFERENCE (Annex IX of the European Regulation 809/2004/EC)	REFERENCE
<b>11 FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>	
<b>11.1 Historical financial information</b>	
	<b>2011 Financial Statements</b>
Balance sheet	Page 1
Profit and loss account	Page 2
Notes	Pages 3 to 8
	<b>2011 Auditors' Report</b>
Auditors' report relating to the above	Pages 1 to 3
	<b>2012 Financial Statements</b>
Balance sheet	Page 1
Profit and loss account	Page 2
Notes	Pages 3 to 7

	<b>2012 Auditors' Report</b>
Auditor's report relating to the above	Pages 1 to 3
(Annex XIII of the European Regulation 809/2004/EC)	
<b>4. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING</b>	
	<b>Base Prospectus dated 31 August 2011</b>
	2011 Conditions set out on pages 24 to 49



## 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.*

*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 outside France by Crédit Mutuel 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) 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 (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 "**Receiptholders**".

### 1. Definitions

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

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

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

"**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, Luxembourg, as appropriate.
- (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 Conditions, 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 2004/39/EC of the European Parliament and of the Council within the EEA dated 21 April 2004, as amended, and appearing on the list of regulated markets of the European Commission.

## 2. Form, Denomination and Title

### (a) Form

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 depositary) 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 financial intermediary institution entitled to hold accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and the depositary bank for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

- (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), 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**", "**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 in circumstances which require the publication of a prospectus under Directive 2003/71/EC of the European Parliament and of the Council dated 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended (the "**Prospectus Directive**") will be of €100,000 (or its equivalent in any other currency at the issue date of such Privileged Notes) or such higher amount as may be allowed or required from time to time by the relevant monetary authority or any laws or regulations applicable to the relevant Specified Currency.

Privileged Notes having a maturity of less than one (1) year will constitute deposits for the purposes of prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the FSMA) unless they have a denomination of at least £100,000 or its equivalent.

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 holder 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 holder.

### **(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.515-19 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.515-19 of the French Monetary and Financial Code (the "**Privilège**") and the Noteholders shall benefit from all the rights set out in article L.515-19 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.515-19 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.515-14 to L.515-17 of the French Monetary and Financial Code and forward financial instruments referred to in article L.515-18 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.515-22 of the French Monetary and Financial Code may also benefit from the *Privilège*; and
  - (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;
  - (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 2001, 2007 or 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 updated as at the Issue Date of the first (1<sup>st</sup>) Tranche of the Privileged Notes of the relevant Series (together the **FBF Master Agreement**) (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<sup>st</sup>) Tranche of the Privileged Notes of the relevant Series (the "**ISDA Definitions**"), have either been used or reproduced in this Condition 6.

"**Benchmark**" means the reference rate set out in the relevant Final Terms, which shall be either the Euro Interbank Offered Rate ("**EURIBOR**"), the London Interbank Offered Rate ("**LIBOR**"), the mid-market annual swap rate for a euro denominated interest swap transaction ("**EUR CMS**") 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.

**"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<sup>st</sup>) 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<sup>st</sup>) 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<sup>st</sup>) 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<sup>st</sup>) 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<sup>st</sup>) 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<sup>st</sup>) 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<sup>st</sup>) 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 (ii) such number would be 31, in which case D2 will be 30

"**Effective Date**" means, with respect to any Floating Rate 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<sup>st</sup>) 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<sup>st</sup>) 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<sup>st</sup>) day of such Interest Accrual Period if the Specified Currency is Euro or (ii) the first (1<sup>st</sup>) 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<sup>st</sup>) 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<sup>st</sup>) 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 Markets 3000) 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 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 EUR CMS is the relevant Benchmark, shall be the Euro-zone, and if LIBOR is the relevant Benchmark, shall be London).

**"Relevant Financial Centre"** means, with respect to any Floating Rate 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, in the case of EURIBOR or EUR CMS, shall be the Euro-zone and in the case of LIBOR, shall be London) or, if none is so connected, Paris.

**"Relevant Date"** means, in respect of any Privileged Note or Coupon, the date on which payment in respect of it first (1<sup>st</sup>) 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 Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

**"Relevant Rate"** means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the 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 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 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 related 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<sup>st</sup>) 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 applicable 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 by 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 as a rate equal to the relevant FBF Rate plus



or minus (as indicated in the relevant Final Terms) the Margin (if any, as indicated in the relevant Final Terms). For the purposes of this sub-paragraph (A), "**FBF Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Transaction under the terms of an agreement incorporating the FBF Definitions and under which:

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

For the purposes of this sub-paragraph (A), Floating Rate (*Taux Variable*), Calculation Agent (*Agent*), Floating Rate Determination Date (*Date de 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 Telerate Page 248, as more fully described in the relevant Final Terms.

In the applicable Final Terms, when the paragraph "Floating Rate (*Taux Variable*)" specifies that the rate is determined by linear interpolation, in respect of an Interest Period, the Rate of Interest for such Interest 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 maturity were the period of time for which rates are available of next shorter length before the length of the relevant Interest 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 Period.

(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 as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any, as indicated in the relevant Final Terms). For the purposes of this sub-paragraph (B), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the relevant Final Terms;
- (b) the Designated Maturity is a period specified in the relevant Final Terms; and
- (c) the relevant Reset Date is the first (1<sup>st</sup>) 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.

In the applicable Final Terms, when the paragraph "Floating Rate Option" specifies that the rate is determined by linear interpolation, in respect of an Interest Period, the Rate of Interest for such Interest 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 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 Period.

(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 be determined by the Calculation Agent 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:
  - (1) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is 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 (as indicated in the relevant Final Terms) 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 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 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) Notwithstanding the provisions of sub-paragraphs (a) to (c) above, if the Primary Source for Floating Rate is a Page and the Benchmark is specified in the relevant Final Terms as being EUR CMS, the Rate of Interest shall be, subject as provided below, the offered quotation (expressed as a percentage *per annum*) for EUR CMS under an interest swap transaction under the terms of an agreement implementing the ISDA Definitions and under which the Floating Rate Option (as defined in the ISDA Definitions) is EUR-ISDA-EURIBOR Swap Rate-11:00 (as defined in the ISDA Definitions) for a period of the Designated Maturity as specified in the relevant Final and appearing on the relevant Page, being Reuters "ISDAFIX2" under the heading "EURIBOR BASIS-EUR" as at the Relevant Time, being 11:00 a.m. (Frankfurt time), plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent.

If no Relevant Rate appears on the relevant Page at the Relevant Time on the Interest Determination Date, the Rate of Interest shall be the arithmetic mean (rounded if necessary to the five significant figures with halves being rounded up) of the quotations of the Reference Banks for a period of the relevant Designated Maturity (in each case the relevant mid-market annual swap rate commencing two (2) TARGET Business Days following the relevant Interest Determination 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 Relevant Rate.

If, for any reason, the Benchmark is no longer published or if fewer than two (2) quotations are provided to the Calculation Agent in accordance with the above paragraph, the Relevant Rate will be determined by the Calculation Agent in its sole discretion, acting in good faith and in a commercial and reasonable manner.

In the applicable Final Terms, when the paragraph "Benchmark" specifies that the rate is determined by linear interpolation, in respect of an Interest Period, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two (2) rates based on the relevant Benchmark, 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 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 Period.

**(d) 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 pursuant to an Issuer's Option 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 shall be the Optional Redemption Amount or the Early Redemption Amount, as the case may be. As from the Final Maturity Date, 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)).

**(e) 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.

**(f) Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**

- (i) If any Margin is specified in the relevant Final Terms (either (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) 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 or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions, (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.

**(g) 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.

**(h) 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.

**(i) 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 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 specified in the relevant Final Terms at its 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.

**(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 or Option Exercise Date, 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 may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Privileged Notes in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised Privileged Notes and, in such latter case, the choice between those Dematerialised Privileged Notes that will be fully redeemed and those Dematerialised Privileged Notes of any Series that will not be redeemed shall be made in accordance with the provisions of article R.213-16 of the French Monetary and Financial Code, as completed by the relevant Final Terms, subject to compliance with any other applicable laws and Regulated Market requirements.

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 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, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Privileged Note on the Final Maturity Date together with any interest that may accrue in accordance with Condition 6(d).

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) Purchases**

The Issuer shall have the right at all times to purchase Privileged Notes (provided that, in the case of Materialised Privileged Notes, all unmaturing 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.515-32-1 of the French Monetary and Financial Code. All Privileged Notes so purchased by the Issuer may be held and resold in accordance with Article L.213-1 A of the French Monetary and Financial Code for the purpose of enhancing the liquidity of the Privileged Notes.

**(i) Cancellation**

All Privileged Notes 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, and, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively).

**(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, 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 admitted to trading), (iv) in the case of Materialised Privileged Notes, a Paying Agent having its specified office in a Member State of the EU that will not be obliged to withhold or deduct tax pursuant to Directive 2003/48/EC or any other EU Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to, such Directive (which may be any of the Paying Agents referred to in (iii) above), (v) in the case of Dematerialised Privileged Notes in fully registered form, a Registration Agent and (vi) such other agents as may be required by the rules of any other Regulated Market on which the Privileged Notes may be admitted to trading.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised 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 holder shall not be entitled to payment until the next following business day (the "**Adjusted Payment Date**"), nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**Business Day**" means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised 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 for Privileged Notes constituting obligations or debt instruments (*titres de créances*) assimilated (*assimilées* for the purpose of French law) thereto for French tax purposes**

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.

**(c) Supply of information**

Each Noteholder shall be responsible for supplying to the relevant paying agent (within the meaning of the Directive 2003/48/EC), in a timely manner, any information as may be required in order to comply with the identification and reporting obligations imposed on it by the Directive 2003/48/EC or any other EU Directive

implementing the conclusions of the ECOFIN Council Meeting dated 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such directive.

## 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

Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the "**Masse**").

The *Masse* will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through a general meeting of the holders of Privileged Notes (the "**General Meeting**").

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

Unless otherwise specified in the relevant Final Terms, the Representative appointed in respect of all Tranches of all Series of Privileged Notes will be Philippe Cherrier, domiciled 11, Avenue Gambetta - 94160 Saint-Mandé – France.

Unless otherwise specified in the relevant Final Terms, the alternative representative in respect of all Tranches of all Series of Privileged Notes will be Corinne Brand, domiciled 8, rue Ernest Renan - 75015 Paris - France.

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.

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

- (a) If the relevant Final Terms specify that "Full *Masse*" provisions will be applicable, the provisions of the French Commercial Code relating to the *Masse* shall apply together with the below provisions of this Condition 11(a).

In accordance with article R.228-71 of the French Commercial Code, the rights of each Noteholder to participate in the General Meetings will be evidenced by entries in the books of the relevant Account Holder in the name of such Noteholder at midnight Paris time, on the third (3<sup>rd</sup>) Paris Business Day preceding the date set for the relevant General Meeting.

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

- (b) If the relevant Final Terms specify that "Contractual *Masse*" provisions will be applicable, the below provisions of this Condition 11(b) shall apply.

The *Masse* will be governed by the provisions of the French Commercial Code with the exception of articles L.228-48, L.228-59, R.228-63, R.228-67 and R.228-69 and subject to the following provisions:

### (i) Representative

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

- (A) the Issuer, the members of its board of directors (*conseil d'administration*), its chief executive officers (*directeurs généraux*), its statutory auditors, its employees and their ascendants, descendants and spouses; or
- (B) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), chief executive officers (*directeurs généraux*), members of their board of directors, executive board or supervisory board, their statutory auditors, employees and their ascendants, descendants and spouses; or

- (C) companies holding directly ten per cent. (10%) or more of the share capital of the Issuer or companies having ten per cent. (10%) or more of their share capital held by the Issuer; or
- (D) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

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

**(ii) Powers of Representative**

The Representative shall (in the absence of any decision to the contrary of the General Meeting and except as provided 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.

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.515-31 of the French Monetary and Financial Code.

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

**(iii) General Meeting**

A General Meeting may be held at any time, on convocation 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 convocation of the General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the Noteholders may commission one (1) of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

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

Each Noteholder has the right to participate in a General Meeting in person, by correspondence or by proxy. 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 (1<sup>st</sup>) convocation only if Noteholders present or represented hold at least a fifth (1/5) of the principal amount of the Privileged Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third (2/3) majority of votes cast by Noteholders attending such General Meetings or represented thereat.

The rights of each Noteholder to participate in the General Meetings must be evidenced by entries in the books of the relevant Account Holder in the name of such Noteholder at midnight Paris time on the third (3<sup>rd</sup>) Paris Business Day preceding the date set for the relevant General Meeting.

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

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

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase amounts payable by Noteholders, nor establish any unequal treatment between the Noteholders.

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

**(v) Information to Noteholders**

Each Noteholder or Representative thereof will have the right, as from the date specified in the notice of the General meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

**(vi) Expenses**

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

**(vii) Single Masse**

The holders of Privileged Notes of the same Series, and the holders of Privileged Notes of any other Series which have been assimilated (*assimilées* for the purpose of French law) with the Privileged Notes of such first (1<sup>st</sup>) mentioned Series in accordance with Condition 14, shall, for the defence of their respective common interests, be grouped in a single *Masse*. The Representative appointed in respect of the first (1<sup>st</sup>) Tranche or Series of Privileged Notes will be the Representative of the single *Masse* of all such Series.

For the avoidance of doubt, in this Condition 11, the term "outstanding" shall not include those Privileged Notes purchased by the Issuer in accordance with article L.213-1 A of the French Monetary and Financial Code that are held by it and not cancelled.

**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(b), 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 (ii) 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 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<sup>st</sup>) 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 mailing, or (ii) at the option of the Issuer, they are published in a leading daily financial newspaper of general circulation in Europe (which is expected to be the Financial Times) or, so long as such Privileged Notes are listed 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 listed, 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 (which is expected to be the Financial Times) or, so long as such Privileged Notes are listed 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 listed, 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, Luxembourg 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 listed 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 listed, 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<sup>st</sup>) 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 any competent court in Paris.

## 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 S.A./N.V. ("**Euroclear**") and for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). Upon the delivery of such Temporary Global Certificate with a Common Depository, Euroclear and Clearstream, Luxembourg 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, Luxembourg 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, Luxembourg, 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 C Rules or in a transaction to which TEFRA is not applicable (as to which, see section "*General Description of the Programme-Selling Restrictions*"), 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) 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<sup>st</sup>) 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) 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) 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**

The net proceeds of the issue of the Privileged Notes will be used for financing assets referred to in article L.515-15 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.515-13 to L.515-33 of the French Monetary and Financial Code;
- articles R.515-2 to R.515-9, D.515-10 to D.515-11, and R.515-12 to R.515-14 of the French Monetary and Financial Code;
- regulation (*instruction*) 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. 2011-I-06 dated 15 June 2011 issued by the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*, formerly *Autorité de contrôle prudentiel*).

Pursuant to article L.515-13 of the French Monetary and Financial Code, *sociétés de crédit foncier* may 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.515-13 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 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 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 Community ("EC") 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.515-2 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 public entities such as state, central banks, local authorities or state-owned entities located, in particular, within the EEA, in a Member State of the EC, in the United States of America, Switzerland, Japan, Canada, Australia or New Zealand, or exposures to public entities such as states or central banks not located within the EEA, nor in a Member State of the EC, nor in the United States of America, Switzerland, Japan, Canada, Australia nor New Zealand, but located in a State benefiting from the best credit level rating given by a 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 subject to compliance with credit level rating given by a rating agency recognised by the French Banking Authority (*Autorité de contrôle prudentiel et de résolution*);
- (iii) within the limits of article R.515-4 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 EC 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.515-14 and L.515-15 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 EC or EEA if the assets are composed of loans or exposures referred to in article L.515-14 of the French Monetary and Financial Code; and

- (iv) promissory notes (*billets à ordre*) governed by article L.313-42 *et seq.* of the French Monetary and Financial Code, under the conditions set out in article L.515-16-1 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, as defined in article R.515-7 of the French Monetary and Financial Code.

Pursuant to article L.515-32-1 of the French Monetary and Financial Code (as created by law no. 2010-1249 of 22 October 2010 on banking and financial regulation), 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.515-32-1 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.515-20 and R.515-7-2 of the French Monetary and Financial Code, *sociétés de crédit foncier* must at all times maintain a ratio of at least one hundred and two per cent. (102%) as between its assets and the total amount of its liabilities benefiting from the *Privilège*.

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).

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 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*").

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 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.515-7-1 and R.515-7-1 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.515-18 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* and refinancing agreements entered into with credit institutions benefiting from the highest level of credit assessment (*premier 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 other entities benefiting from the same credit assessment.

### **Privilège relating to the Privileged Notes and certain other obligations of the Issuer**

Pursuant to article L.515-19 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.515-14 to L.515-17 of French Monetary and Financial Code and from the financial instruments used for hedging as referred to in article L.515-18 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.515-13 of the French Monetary and Financial Code, to derivatives transactions used for hedging, under the condition of article L.515-18 of the French Monetary and Financial Code and to ancillary expenses relating to the transactions referred to in article L.515-19 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.515-13 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* until creditors benefiting from the *Privilège* defined in article L.515-19 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.515-19 of the French Monetary and Financial Code.

### **Insolvency remoteness**

Article L.515-27 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, 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*.

The provisions 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 and without fraud. Pursuant to article L.515-28 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.

## 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 "Crédit Mutuel 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, article L.515-13 *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*, formerly *Autorité de contrôle prudentiel*).

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 Crédit Mutuel Arkéa group*

The Issuer is a member 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 3,200,000 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 local savings bank 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 local savings banks of the federation of Crédit Mutuel de Bretagne, the federation of Crédit Mutuel du Sud-Ouest and the federation of Crédit Mutuel Massif Central. Crédit Mutuel Arkéa's federations 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 local savings banks of the three (3) federations. The local savings banks 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 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.

### Share capital and Shareholder's undertakings

#### Share Capital

The Issuer's authorised and issued share capital is thirty million euros (€30,000,000) consisting of three million (3,000,000) ordinary shares with a par value of ten euros (€10) each.

On the Programme Date, 99.9 per cent. of the Issuer's share capital is held by Crédit Mutuel Arkéa and the remainder by the members of the *conseil d'administration* of the Issuer who each hold one (1) share of the Issuer's share capital.

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.

On 15 November 2010, Crédit Mutuel Arkéa issued a statement of financial support for its subsidiary Crédit Mutuel Arkéa Public Sector SCF. The text of the statement of financial support is translated (for information purposes only) as follows:

"Within the scope of its financing policies, Crédit Mutuel Arkéa has created a *société de crédit foncier* (Crédit Mutuel Arkéa Public Sector SCF), governed by legal and regulatory provisions of article L.515-13 *et seq.* of the Monetary and Financial Code.

Crédit Mutuel Arkéa will hold more than 99.9% of the capital of Crédit Mutuel Arkéa Public Sector SCF on a long term basis.

Crédit Mutuel Arkéa will ensure that Crédit Mutuel Arkéa Public Sector SCF develops its activity in compliance with the above-mentioned legal and regulatory activity requirements and Crédit Mutuel Arkéa has undertaken to provide it with its support so as to ensure its global solvency and liquidity to meet its obligations.

CRÉDIT MUTUEL ARKÉA

Represented by Mr. Ronan Le Moal, chief executive officer (*Directeur général*)"

Original text in French:

"Dans le cadre de sa politique de refinancement, Crédit Mutuel Arkéa a créé une société de crédit foncier, la société Crédit Mutuel Arkéa Public Sector SCF, soumise aux dispositions législatives et réglementaires prévues par les articles L.515-13 et suivants du Code monétaire et financier.

Crédit Mutuel Arkéa détiendra durablement plus de 99,9% du capital de Crédit Mutuel Arkéa Public Sector SCF.

Crédit Mutuel Arkéa veillera à ce que Crédit Mutuel Arkéa Public Sector SCF développe son activité dans les conditions d'activité législatives et réglementaires précitées et Crédit Mutuel Arkéa s'engage à lui apporter son soutien en assurant sa solvabilité et sa liquidité globales pour faire face à ses obligations.

CRÉDIT MUTUEL ARKÉA

Représenté par Mr. Ronan Le Moal, Directeur général"

### Issuer's corporate purpose

In accordance with article L.515-13 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:

- 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 article 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*),
- 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*),
  - 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,
  - 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:
  - 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.515-19 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.515-19 of the French Monetary and Financial Code;
- as general matter:
  - 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,
  - 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.515-14 to L.515-17 of the French Monetary and Financial Code, the Privileged Notes and other resources benefiting from the *Privilège*;
  - and more generally, 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, Crédit Mutuel 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.515-15 to L.515-16 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 Crédit Mutuel Arkéa's group refinancing and is intended to lower the overall cost of funding for the Crédit Mutuel Arkéa's 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 (*totalement 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.515-15 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 article 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.515-15 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 Community 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 article 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. 515-16 of the French Monetary and Financial Code;
- constitutes monetary claims, including those resulting from a successive performance contract, against one or more Public Entities provided that such Public Entity(ies) has(have) expressly waived any right to raise any objection to the payment of such Public Sector Receivable which would be based on its(their) relationships with the originator under the Public Sector Receivable on the basis of article L. 313-29 *et seq.* of the French Monetary and Financial Code or any equivalent provisions; or
- 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 article 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.515-15 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 Community 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 comply 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%,

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 Specified 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 the provisions of article L.515-16 of the French Monetary and Financial Code. In accordance with L.515-13 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.515-19 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.

The Privileged Notes are expected to be rated AA+ by S&P and Aaa- by Moody's and to be listed on the Luxembourg stock exchange. By offering to the market such AA+/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 Crédit Mutuel Arkéa's group. By providing the market with an additional counterparty (in addition to Crédit Mutuel Arkéa), the Issuer should increase the Crédit Mutuel Arkéa group's investor base.

The credit ratings address (i) in respect of S&P, the likelihood of full and timely receipt by any of the relevant Noteholders of interest on the Privileged Notes and the likelihood of receipt by any relevant Noteholder of principal of the Privileged Notes on the relevant due date specified in the relevant Final Terms and (ii) in respect of Moody's, the expected loss which the investors are exposed to in respect of the Privileged Notes.

#### **Subsidiaries**

According to article L.515-17 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. Dominique ANDRO, chairman of the board of directors (*président du conseil d'administration*), Mr. Hervé CROSNIER, chief executive officer (*directeur général*) and Mr. Jean-Luc LE PACHE, 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 seven (7) members.

<u>Name and Position</u>	<u>Date of appointment</u>
Mr. Dominique ANDRO Chairman of the board of directors	13 December 2013
Mr. Hervé CROSNIER Chief executive officer	13 December 2013
Mr. Jean-Luc LE PACHE Vice chief executive officer	13 December 2013
Mr. Gérard BAYOL Representative of Arkéa Banque Entreprises et Institutionnels	22 October 2010
Mr. André LAMANDE	22 October 2010
Mr. Jean-Luc FONTAINE	22 October 2010
Mr. Christian CADIOU	22 October 2010

Mr. Dominique ANDRO, chairman of the board of directors, is also vice chief executive officer (*directeur général délégué*) of Crédit Mutuel Arkéa.

Mr. Hervé CROSNIER, chief executive officer of the Issuer, is also deputy chief executive officer (*directeur général adjoint*) of Crédit Mutuel Arkéa.

Mr. Jean-Luc LE PACHE, vice chief executive officer of the Issuer, is also deputy to the deputy chief executive officer in charge of the development support division (*adjoint au directeur général adjoint chargé du pôle supports au développement*) of Crédit Mutuel Arkéa.

Mr. Gérard BAYOL is also vice chief executive officer (*directeur général délégué*) of Crédit Mutuel Arkéa and chairman of the management board (*président du directoire*) of Arkéa Banque Entreprises et Institutionnels.

Mr. André LAMANDE is also member of the board of the federation 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 Guiscriff*).

Mr. Jean-Luc FONTAINE is also member of the board of a *Caisse locale* (the *Caisse locale de Rennes Ste Anne-St Martin*).

Mr. Christian CADIOU is also member of the supervisory board (*conseil de surveillance*) of Arkéa Banque Entreprises et Institutionnels and member of the board of a *Caisse locale* (the *Caisse locale de Brest Bellevue-Quizac*).

#### *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 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 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 and their private interests.

#### **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) deputy statutory auditors (*Commissaires aux comptes suppléants*) in compliance with applicable laws and regulations.

As from 22 October 2010, the statutory auditors of the Issuer are:

- (a) Deloitte & Associés, 185 avenue Charles de Gaulle, 92524 Neuilly-sur-Seine, France; and
- (b) KPMG Audit FS I, Immeuble Le Palatin, 3 cours du Triangle, 92939 Paris La Défense, France.

They are regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux comptes*.

SA Sterenn, 2 rue Rosemonde Gérard, BP 27, 29801 Brest Cedex 9, France, was statutory auditor of the Issuer as from 10 December 2001 until 22 October 2010 (excluded). SA Sterenn is a member of the *Compagnie Nationale des Commissaires aux Comptes*.

**Specific controller (*Contrôleur spécifique*)**

The Issuer has appointed, in accordance with articles L.515-30 to L.515-31 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.515-30 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.

## MATERIAL CONTRACTS AND RELATIONSHIP BETWEEN CRÉDIT MUTUEL 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.515-22 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**") 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, in accordance with article 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, which sets forth the terms and conditions upon which Crédit Mutuel Arkéa 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;
- the Issuer has entered into an hedging strategy letter with Crédit Mutuel Arkéa, which sets forth the hedging strategy of the Issuer to cover any interest rate and/or currency risks arising from the mismatches between (i) the amounts of principal and interest payable by the Issuer under any series of Privileged Notes in the relevant Specified Currency and (ii) the amounts in Euros corresponding to interest and principal to be received by the Issuer under its assets; and
- 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.515-19 of the French Monetary and Financial Code.

## 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)*

**Final Terms dated [●]**



**Crédit Mutuel Arkéa Public Sector SCF**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of French Law Privileged Notes]  
(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 17 December 2013 which was approved by the *Commission de surveillance du secteur financier* in Luxembourg (the "**CSSF**") on 17 December 2013[, 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 Directive 2003/71/EC dated 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended (the "**Prospectus Directive**").

This document constitutes the final terms of the French law Privileged Notes (the "**Final Terms**") described herein for the purposes of article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the French law Privileged Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus and these Final Terms are available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and of the Issuer ([www.cmarkea.com/en/investisseurs.html](http://www.cmarkea.com/en/investisseurs.html)) during a period of twelve (12) months from the date of the Base Prospectus, and during normal business hours at the registered office of the Issuer and at the specified office(s) of the Paying Agent(s) where copies may be obtained. [In addition<sup>1</sup>, the Base Prospectus and these Final Terms are available for viewing [on/at] [●].]

*The following alternative language applies if the first (1<sup>st</sup>) 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 set forth in the base prospectus dated 31 August 2011 which was approved by the *Commission de surveillance du secteur financier* in Luxembourg (the "**CSSF**") on 31 August 2011 (the "**2011 Conditions**"). The 2011 Conditions are incorporated by reference in the base prospectus dated 17 December 2013 which was approved by the CSSF in Luxembourg on 17 December 2013[, 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 Directive 2003/71/EC of the European Parliament and of the Council dated 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended (the "**Prospectus Directive**").

This document constitutes the final terms of the French law Privileged Notes (the "**Final Terms**") described herein for the purposes of article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus (including the 2011 Conditions incorporated by reference therein). Full information on the Issuer and the offer of the French law Privileged Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus and the 2011 Conditions. The Base Prospectus and these Final Terms are available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and of the Issuer ([www.cmarkea.com/en/investisseurs.html](http://www.cmarkea.com/en/investisseurs.html)) during a period of twelve (12) months from the date of the Base Prospectus, and during normal business hours at the registered office of the Issuer and at the specified office(s) of the Paying Agent(s) where copies may be obtained. [In addition<sup>2</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.]*

- |    |       |  |   |
|----|-------|--|---|
| 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 ( <i>assimilées</i> ), form a single series and be interchangeable for trading purposes with the [[Currency]] [Aggregate Nominal |

<sup>1</sup> If the French law Privileged Notes are admitted to trading on a Regulated Market other than the Luxembourg Stock Exchange.

<sup>2</sup> If the French law Privileged Notes are admitted to trading on a Regulated Market other than the Luxembourg Stock Exchange.

		Amount of Tranche] [Title of French Law Privileged Notes]] on [●]]
2.	<b>Specified Currency:</b>	[●]
3.	<b>Aggregate Nominal Amount of French law Privileged Notes:</b>	
	(i) Series:	[●]
	(ii) Tranche:	[●]
4.	<b>Issue Price:</b>	[●] 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 ( <i>if applicable</i> )]
5.	<b>Specified Denominations:</b>	[●] <sup>3</sup> ( <i>one (1) denomination only for Dematerialised Privileged Notes</i> )  ( <i>not less than €100,000 or its equivalent in other currency at the Issue Date when the French law Privileged Notes are admitted to trading on a Regulated Market of the European Union in circumstances which require the publication of a prospectus under the Prospectus Directive</i> )
6.	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[[●] / Issue Date / Not Applicable]
7.	<b>Final Maturity Date:</b>	[●]  ( <i>specify date or (for Floating Rate Privileged Notes) Interest Payment Date falling in or nearest to the relevant month and year</i> )
8.	<b>Interest Basis/Rate of Interest:</b>	[[●] per cent. Fixed Rate]  [[EURIBOR, LIBOR, EUR CMS or other] +/- [●] per cent. Floating Rate]  [Zero Coupon Privileged Notes]
9.	<b>Redemption/Payment Basis:</b>	[Subject to any purchase and cancellation or early redemption, the French law Privileged Notes will be redeemed at the Final Maturity Date at [[100 per cent.] / [[●] per cent.]] of the Aggregate Nominal Amount]  [Instalment]
10.	<b>Change of Interest Basis:</b>	[Applicable / Not Applicable]  ( <i>if applicable, specify the date when any fixed to floating rate change occurs or refer to paragraphs 13 and 14 below and provide the information in these</i> )

<sup>3</sup> French law Privileged Notes denominated in sterling in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitute a contravention of Section 19 of the FSMA and having a maturity of less than one (1) year must have a minimum denomination of Sterling 100,000 (or its equivalent in other currencies).

paragraphs)

11. **Put/Call Options:** [Noteholder Put]  
[Issuer Call]  
[Not Applicable]
12. **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

13. **Fixed Rate Privileged Note Provisions:** [Applicable / Not Applicable]  
*(if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate(s) of Interest: [●] per cent. *per annum* [payable [annually / semi-annually / quarterly / monthly / [●]] in arrears]
- (ii) Interest Payment Date(s): [●] in each year up to and including the Final Maturity Date  
*(this may need to be amended in the case of long or short coupon)*
- (iii) Fixed Coupon Amount(s): [●] per [[●] in] Specified Denomination
- (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 in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*



<b>14.</b>	<b>Floating Rate Privileged Notes Provisions:</b>	[Applicable / Not Applicable]
		<i>(if not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Interest Period(s):	[●]
(ii)	Specified Interest Payment Dates:	[●]
(iii)	First Interest Payment Date:	[●]
(iv)	Interest Period Date:	[[●] / 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]  <i>(Insert "unadjusted" if the application of the relevant business day convention is not intended to affect the Interest Amount)</i>
(vi)	Business Centre(s):	[●]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination / FBF Determination / ISDA Determination]
(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	[[●] / Not Applicable]
(ix)	Screen Rate Determination:	[Applicable / Not Applicable]
	• Benchmark:	[●]  <i>(specify Benchmark [EURIBOR, LIBOR, EUR CMS or other] and months [e.g. EURIBOR 3 months])</i>  <i>(if the Rate of Interest is determined by linear interpolation in respect of an Interest Period, insert the relevant interest period(s) and the relevant two rates used for such determination)</i>
	• Relevant Time:	[●]
	• Interest Determination Date(s):	[●]
	• Primary Source:	[[●] <i>(specify relevant screen page)</i> / Reference Banks]
	• Reference Banks (if Primary Source is "Reference Banks"):	[●]
	• Designated Maturity	[●]  <i>(only relevant where Benchmark is EUR CMS)</i>
	• Relevant Financial Centre:	[Paris / London / Euro-zone / [●] <i>(specify the financial centre most closely connected to the</i>

	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)
(x) FBF Determination:	[Applicable / Not Applicable]
• Floating Rate ( <i>Taux Variable</i> ):	<p>[●]</p> <p>(specify Benchmark [EURIBOR, LIBOR, EUR CMS or other] and months [e.g. EURIBOR 3 months])</p> <p>(if the Rate of Interest is determined by linear interpolation in respect of an Interest Period, insert the relevant interest period(s) and the relevant two rates used for such determination)</p> <p>(additional information if necessary)</p>
• Floating Rate Determination Date ( <i>Date de détermination du Taux Variable</i> ):	[●]
(xi) ISDA Determination:	[Applicable / Not Applicable]
• Floating Rate Option:	<p>[●]</p> <p>(specify Benchmark [EURIBOR, LIBOR, EUR CMS or other] and months [e.g. EURIBOR 3 months])</p> <p>(if the Rate of Interest is determined by linear interpolation in respect of an Interest Period, insert the relevant interest period(s) and the relevant two rates used for such determination)</p> <p>(additional information if necessary)</p>
• Designated Maturity:	[●]
• Reset Date:	[●]
(xii) Margin(s):	[+/-][●] per cent. <i>per annum</i>
(xiii) Minimum Rate of Interest:	[Not Applicable / [●] per cent. <i>per annum</i> ]
(xiv) Maximum Rate of Interest:	[Not Applicable / [●] per cent. <i>per annum</i> ]
(xv) Day Count Fraction:	<p>[Actual/365-FBF</p> <p>Actual/365 / Actual/Actual / Actual/Actual-ISDA / Act/Act / Act/Act-ISDA</p> <p>Actual/Actual-FBF</p> <p>Actual/Actual-ICMA / Act/Act-ICMA</p>

	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>15. Zero Coupon Privileged Notes Provisions:</b>	[Applicable / Not Applicable]
	<i>(if not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Amortisation Yield:	[●] per cent. <i>per annum</i>
(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

<b>16. Call Option:</b>	[Applicable / Not Applicable]
	<i>(if not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(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 Conditions) <sup>4</sup> :	[●]

<sup>4</sup> If setting notice periods which are different to those provided in the Terms and Conditions, consider the practicalities of distribution of information through intermediaries, for instance clearing systems, as well as any other notice requirements which may apply, for example as between the Issuer and the Fiscal Agent.

- 17. 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 Conditions)<sup>5</sup>: [●]
- 18. Final Redemption Amount of each French law Privileged Note:** [[●] per [[●] in] Specified Denomination / Not Applicable]
- 19. 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: [●]
- 20. 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

- 21. 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

<sup>5</sup> If setting notice periods which are different to those provided in the Terms and Conditions, consider the practicalities of distribution of information through intermediaries, for instance clearing systems, as well as any other notice requirements which may apply, for example as between the Issuer and the Fiscal Agent.

(40) days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]

**22. 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 14 (v) relate*)]

**Adjusted Payment Date:**

[[Not Applicable] / [The next following business day unless it would thereby fall into the next calendar month, in which such event, such date shall be brought forward to the immediately preceding business day] / [The immediate preceding business day] / [●]<sup>6</sup>]

**23. 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*)

**24. Masse:**

[[Full Masse] / [Contractual Masse] shall apply]  
(*note that (i) in respect of any Tranche of French law Privileged Notes issued outside France, Condition 11(b) (Contractual Masse) may be elected by the Issuer and (ii) in respect of any Tranche of French law Privileged Notes issued inside France, Condition 11(a) (Full Masse) shall apply*)

(i) Representative:

[●] (*specify name and address*)

(ii) Alternative representative:

[●] (*specify name and address*)

(iii) Remuneration of Representative:

[●]

(*if applicable specify amount and payment date*)

**GENERAL**

The aggregate principal amount of French law Privileged Notes issued has been translated into Euro at the rate of [●] per cent. producing a sum of:

[Not Applicable/ [●]]

---

<sup>6</sup> In the market practice, if any date for payment in respect of Fixed Rate Privileged Notes, Receipt or Coupon is not a Business Day, the holder shall not be entitled to payment until the next following Business Day (as defined in Condition 8(g)).

## RESPONSIBILITY

(*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 Crédit Mutuel 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*) 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: [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: [●]
- (iv) Additional publication of Base Prospectus and Final Terms: [Not Applicable / [●] (*please provide for additional methods of publication in respect of an admission to trading on a regulated market other than the Luxembourg Stock Exchange.*)]

### 2. RATING

- Ratings: [Not Applicable / The French law Privileged Notes to be issued have been rated:
- S&P: [●]
- Moody's: [●]]
- (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.)
- Each of the above rating agencies is established in the European Union, registered under Regulation (EC) no. 1060/2009 of the European Parliament and of the Council dated 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**") and included in the list of credit rating agencies published on the European Securities and Markets Authority (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.

### 3. [NOTIFICATION]

The *Commission de surveillance du secteur financier*, which is the Luxembourg competent authority for the purpose of the Prospectus Directive [has been requested to provide/has provided - *include first alternative for an issue which 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*] 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 Directive.]

### 4. [OTHER ADVISORS]

*If advisors are mentioned in these Final Terms, include a declaration which specifies the capacity in which the advisors have acted.*

### 5. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE]

*Include a description of any interest, including conflicting ones, 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 as discussed in section "Subscription and Sale", 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".]*

### 6. [FIXED RATE PRIVILEGED NOTES ONLY-YIELD]

Indication of Yield: ☐ *per annum*

### 7. 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, *société anonyme* ☐ [Yes / No]

Name(s) and address(es) of any clearing system(s) other than Euroclear Bank and Clearstream Banking, *société anonyme* 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): ☐



## 8. DISTRIBUTION

Method of distribution: [Syndicated / Non-syndicated]

(i) If syndicated, names of Managers: [Not Applicable / [●]]

(ii) Stabilising Manager(s) (if any): [Not Applicable / [●]]

If non-syndicated, name and address of Dealer: [Not Applicable / [●]]

U.S. selling restrictions: 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 are not applicable to Dematerialised Privileged Notes*)

## TAXATION

*For the avoidance of doubt, it is specified that the expression "Privileged Notes" will only include French law Privileged Notes, in the following section.*

*The following is an overview limited to certain tax considerations in France, in Luxembourg and in the United States relating to the payments made in respect of Privileged Notes that may be issued under the Programme and specifically contains information on taxes on the income from the securities withheld at source. This overview is based on the laws in force in France, in the Grand Duchy of Luxembourg and in the United States as of the date of this Base Prospectus and as applied by the tax authorities and is subject to any changes in law or different interpretation. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Privileged Notes. Each prospective holder or beneficial owner of Privileged Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposal of the Privileged Notes in light of its particular circumstances.*

### 1. EU Savings Taxation Directive

Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "**Savings Taxation Directive**") requires each Member State as from 1 July 2005 to provide to the tax authorities of another Member State details of payments of interest and other similar income within the meaning of the Savings Taxation Directive made by a paying agent within its jurisdiction to (or, under certain circumstances, to the benefit of) an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria instead impose a thirty-five per cent. (35%) withholding tax on any payment of interest within the meaning of the Savings Taxation Directive, unless the beneficiary of interest payments elects for the exchange of information (the end of this transition period depending on the conclusion of some other agreements relating to the exchange of information with some other countries). Several countries and territories not members of the European Union, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland applies, unless the beneficiary of interest payments elects for the exchange of information).

The Luxembourg Government has announced its intention to introduce, as of 1 January 2015, automatic exchange of information with respect to the Savings Taxation Directive.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Privileged Note as a result of the imposition of such withholding tax.

The European Commission proposed some amendments to the Savings Taxation Directive which could, if they were adopted, amend or expand the scope of some requirements described above.

### 2. France

#### *Implementation of the EU Savings Taxation Directive in France*

The Savings Taxation Directive has been implemented in French law by article 242 *ter* of the French *Code général des impôts* (the "**French General Tax Code**") and articles 49 I *ter* to 49 I *sexies* of Schedule III to the French General Tax Code. Article 242 *ter* of the French General Tax Code imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

#### *French withholding tax*

Payments of interest and other revenues made by the Issuer with respect to the Privileged Notes will not be subject to the withholding tax set out under article 125 A III of the French General Tax Code unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non-coopératif*) within the meaning of article 238-0 A of the French General Tax Code (a "**Non-Cooperative State**").

If such payments under the Privileged Notes are made in a Non-Cooperative State, a seventy-five per cent. (75%) withholding tax will be applicable (subject (where relevant) to certain exceptions described below and to

the more favourable provisions of any applicable double tax treaty) by virtue of article 125 A III of the French General Tax Code.

Notwithstanding the foregoing, the seventy-five per cent. (75%) withholding tax provided by article 125 A III of the French General Tax Code will not apply in respect of a particular issue of French law Privileged Notes if the Issuer can prove that the principal purpose and effect of such issue of Privileged Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the official doctrine published by French tax authorities on 12 September 2012 (*Bulletin Officiel des Finances Publiques-Impôts* - BOI-INT-DG-20-50-20120912 Section no. 990), an issue of Privileged Notes will be deemed to have a qualifying purpose and effect, and accordingly will be able to benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Privileged Notes, if such Privileged Notes are:

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

Furthermore, by virtue of article 238 A of the French General Tax Code, interest and other revenues paid by or on behalf of the Issuer with respect to such Privileged Notes are not deductible from the Issuer's taxable income if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to article 109 of the French General Tax Code, in which case such non-deductible interest or other revenues may be subject to the withholding tax set out under article 119 *bis* of the French General Tax Code, at a rate of thirty per cent. (30%) or seventy-five per cent. (75%). Such withholding tax may nonetheless be reduced according to the provisions of the applicable tax treaty.

However, neither the non-deductibility set out under Article 238 A of the French General Tax Code (*Code général des impôts*) nor the withholding tax set out in Article 119 *bis* 2 of the French General Tax Code (*Code général des impôts*) will apply in respect of the issue of Privileged Notes if the Issuer can prove that it can benefit from the Exception and that the relevant interest or revenues relate to genuine transactions and are not an abnormal or exaggerated amount. Pursuant to the official doctrine published by French tax authorities on 12 September 2012 (*Bulletin Officiel des Finances Publiques – Impôts* – BOI-INT-DG-20-50-20120912, Section no. 550 and BOI-ANX-000364-20120912, Section no. 20), an issue of Privileged Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Privileged Notes, if such Privileged Notes qualify to one (1) of the three (3) above-mentioned classifications.

#### *Payments made to French resident individuals*

Pursuant to article 9 of the 2013 French finance law (*loi de finances pour 2013*, no. 2012-1509 of 29 December 2012) subject to certain limited exceptions, interest and other similar incomes received as from 1 January 2013 by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a twenty-four per cent. (24%) withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of fifteen and a half per cent. (15.5%) on interest and other similar incomes paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

### **3. Luxembourg**

#### *Luxembourg taxation*

*Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), solidarity surcharge (contribution au fonds pour l'emploi) as well as personal income tax (impôt sur le revenu) generally. Corporate holders of Privileged Notes may further be subject to net wealth tax (impôt sur la fortune) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.*

#### *Luxembourg tax residency of the holders of Privileged Notes*

A holder of Privileged Notes will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding of the Privileged Notes, or the execution, performance, delivery and/or enforcement of the Privileged Notes.

#### *Luxembourg Withholding tax*

##### Resident holders of Privileged Notes

Under the Luxembourg law dated 23 December 2005 (the "**Law**"), a ten per cent. (10%) withholding tax is levied as of 1 January 2006 on interest payments (or similar income) made by a Luxembourg paying agent to or for the immediate benefit of a Luxembourg resident individual. This withholding tax also applies on accrued interest received upon disposal, redemption or repurchase of the Privileged Notes. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth.

Further, a Luxembourg resident individual who acts in the course of the management of his/her private wealth and who is the beneficial owner of an interest payment made by a paying agent established outside Luxembourg in a Member State of the European Union or of the European Economic Area or in a jurisdiction having concluded an agreement with Luxembourg in connection with the Savings Taxation Directive, may also opt for a final ten per cent. (10%) levy. In such case, the ten per cent. (10%) levy is calculated on the same amounts as for the payments made by Luxembourg resident paying agents. The option for the ten per cent. (10%) levy must cover all interest payments made by the paying agent to the Luxembourg resident beneficial owner during the entire civil year.

##### Non-resident holders of Privileged Notes

Under Luxembourg tax law currently in force and subject to the application of the Luxembourg laws of 21 June 2005 implementing the Savings Taxation Directive (the "**Laws**") and several agreements concluded between Luxembourg and certain dependant territories of the European Union, there is no withholding tax on payments of interest (including accrued but unpaid interest) made to a Luxembourg non-resident holder of Privileged Notes, repayment of the principal, or redemption or exchange of the Privileged Notes.

Under the Laws, a Luxembourg based paying agent (within the meaning of the Savings Taxation Directive) is required, since 1 July 2005, to withhold tax on interest and other similar income (including reimbursement premium received at maturity) paid by it to (or under certain circumstances, to the benefit of) an individual or a residual entity (a "**Residual Entity**") in the sense of article 4.2. of the Savings Taxation Directive (i.e. an entity without legal personality except for (i) a Finnish *avoin yhtiö* and *kommandiittiyhtiö* / *öppet bolag* and *kommanditbolag* and (ii) a Swedish *handelsbolag* and *kommanditbolag*, and whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, a UCITS recognised in accordance with Council Directive 85/611/EEC), resident or established in another Member State of the European Union, unless the beneficiary of the interest payment elects for an exchange of information. The same regime applies to payments to individuals or Residual Entities resident in any of the following territories: Aruba, the British Virgin Islands, Guernsey, the Isle of Man, Jersey, Montserrat and the Netherlands Antilles.

As from 1 July 2011, the withholding tax is of thirty-five per cent. (35%). The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain other countries.

In each case described here above, responsibility for the withholding tax will be assumed by the Luxembourg paying agent.

#### 4. United States Foreign Account Tax Compliance Act ("FATCA")

FATCA imposes a new withholding and information reporting regime on certain non-U.S. financial institutions ("**FFIs**") that are not deemed to be in compliance or otherwise exempt. The intent of FATCA is to prevent cross-border tax evasion by United States persons by forcing FFIs to disclose information on its United States account holders to the U.S. Internal Revenue Service ("**IRS**") or otherwise face a potential thirty per cent. (30%) penalty withholding tax with respect to certain payments made to it, provided that those payments have a jurisdictional nexus to the United States.

Under final FATCA regulations, an FFI can become FATCA compliant and thus avoid the penalty withholding tax by entering into an agreement with the IRS to become a "participating FFI". If the FFI becomes a participating FFI it will agree to, among other things, undertake a due diligence operation to identify its United States account holders, provide information annually with respect to those account holders, and to withhold on "passthru payments" that it makes to non-participating FFIs and to recalcitrant account holders (each a "**Recalcitrant Holder**"). The term "**passthru payments**" include both "withholdable payments" and "foreign passthru payments". Withholdable payments are, in general, limited to payments from sources within the United States. Under a controversial notice, the term "**foreign passthru payments**" would have included an amount equal to the payment multiplied by a passthru payment percentage, which would be a percentage based on the payor's U.S. assets divided by its total assets. However, the final FATCA regulations did not adopt this approach and the definition of the term foreign passthru payments is currently reserved.

In general, the new withholding regime will be phased in beginning 1 July 2014 for withholdable payments and may also apply to foreign passthru payments, but in no event earlier than 1 January 2017. FATCA Withholding will potentially be required unless the withholding agent can reliably associate the payment with applicable documentation requirements certifying that the payee is exempt from FATCA withholding (e.g., Forms W-8 and W-9 or other suitable or successor forms). Additionally, no amount is required to be withheld on instruments that are "grandfathered obligations" even if payments are made on that instrument after 30 June 2014. Grandfathered obligations include (i) any obligation that is outstanding on 1 July 2014 and, (ii) solely for purposes of a foreign passthru payment, any obligation that is executed on or before the date that is six (6) months after the date on which final regulations defining the term foreign passthru payment are filed with the Federal Register. In this paragraph, the term "**obligation**" includes instruments treated as indebtedness for U.S. Federal income tax purposes, but does not include instruments treated as equity for U.S. Federal income tax purposes. If an obligation is materially modified on or after the grandfathering date and is deemed to be reissued under certain income tax regulations issued by the IRS, the previously discussed exemptions relating to grandfathered obligations would not apply.

The United States and a number of other jurisdictions (such as France) have announced their intention to negotiate intergovernmental agreements ("**IGAs**") to facilitate the implementation of FATCA. Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary", "withholding foreign partnership" or "withholding foreign trust" regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a participating FFI on payments made to recalcitrant account holders in certain instances and on foreign passthru payments. A Reporting FI governed by a Model 2 IGA may also have to withhold on payments made to noncompliant (or "non-participating FFIs"). Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. Pursuant to an anti-abuse rule in the case of significant non-compliance by a Reporting FI, the United States reserves the right to deny the benefits of an IGA to that institution. The United States and France have signed an agreement (the "**US-France IGA**") based largely on the Model 1 IGA.

The Issuer expects to be treated as a Reporting FI pursuant to the US-France IGA and does not anticipate being required to deduct amounts in respect of FATCA withholding on payments it makes. However, there can be no assurance that the Issuer will be treated as a Reporting FI, or that it would in the future be exempt from FATCA withholding on payments it makes. For example, the Issuer and financial institutions through which payments on the Privileged Notes are made could potentially be subject to FATCA withholding if (i) the payments are deemed to be from U.S. sources; (ii) one financial institution in the chain of payments is a FATCA withholding agent (e.g., a participating FFI); and (iii) any subsequent FFI through or to which payment on such Privileged Notes is made is not a participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA (i.e., not exempt from FATCA withholding) or an investor is a Recalcitrant Holder. If an amount in respect of FATCA withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Privileged Notes, neither the Issuer nor any paying agent nor any other person would, pursuant

to the conditions of the Privileged Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

The above discussion is based in part on existing regulations and other forms of guidance, all of which are subject to change. Thus, Noteholders should consult their own tax advisor to obtain a detailed explanation of FATCA and to learn how this legislation might affect their investment in their particular circumstances.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

## 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 17 December 2013, 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 the 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 French *Autorité des marchés financiers*.

#### United States of America

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 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

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Privileged Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Privileged Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- (b) at any time to fewer than one hundred and fifty (150) natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within article 3(2) of the Prospectus Directive,

provided that no such offer of Privileged Notes referred to in paragraphs (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to article 3 of the Prospectus Directive or supplement a prospectus pursuant to article 16 of the Prospectus Directive.

For the purposes of this provision, the expressions (i) "**offer of Privileged Notes to the public**" in relation to any Privileged Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Privileged Notes to be offered so as to enable an investor to decide to purchase or subscribe the Privileged Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and (ii) "**Prospectus Directive**" means Directive 2003/71/EC of the European Parliament and of the Council dated 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended, including by Directive 2010/73/EU of the European Parliament and of the Council dated 24 November 2010 and includes any relevant implementing measure in each Relevant Member State.

### United Kingdom

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 Financial Services and Markets Act 2000 (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, 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 Directive 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 Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

### **France**

Each of the Dealers and the Issuer has represented and agreed that it has not offered, sold or otherwise transferred and will not offer, sell or otherwise transfer, 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 and such offers, sales, transfers and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French Monetary and Financial Code.

This Base Prospectus, prepared in connection with the Privileged Notes to be issued under the Programme, has not been submitted to the clearance procedures of the French *Autorité des marchés financiers*.

### **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 such offering of the Privileged Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") 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, and no Privileged Notes will be offered, sold or delivered, directly or indirectly, in the Republic of Italy in an offer to the public and copies of this Base Prospectus, the relevant Final Terms or any other offering material relating to the Privileged Notes may not, and will not, be distributed in the Republic of Italy, unless an exemption applies. Accordingly, each Dealer has represented and agreed not to effect any offering, marketing, solicitation or selling activity of the Privileged Notes in the Republic of Italy except:

- (a) to qualified investors (*investitori qualificati*), as defined in article 34-ter, paragraph 1(b) of the Issuers' Regulation; or
- (b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under 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, CONSOB Regulation no. 16190 of 29 October 2007, all as amended; and

- (ii) 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.

#### **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 such further action for that purpose is required.

This Base Prospectus has not been, and will not be filed with 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*).

## GENERAL INFORMATION

- (1) This Base Prospectus has been approved by the *Commission de surveillance du secteur financier*, as competent authority in Luxembourg for the purposes of the Prospectus Directive. It 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.

Application may also be made to the competent authority of any other member state of the EEA for French law Privileged Notes to be admitted to trading on any other Regulated Market or any other stock exchange in a member state of the EEA.

- (2) 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 of its members and/or the chief executive officer (*directeur général*) and, with the approval of the latter, to any other person, the power to decide on the issue of such Privileged Notes within a period of one (1) year.

For this purpose, on 13 December 2013, 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 other currencies) for the period running from 13 December 2013 and ending on 12 December 2014 (included) and (ii) delegated to Dominique Andro, chairman of the board of directors (*président du conseil d'administration*) of the Issuer, Hervé Crosnier, chief executive officer (*directeur général*) of the Issuer and Jean-Luc Le Pache, chief executive officer (*directeur général délégué*) of the Issuer, the power to issue such Privileged Notes.

- (3) Pursuant to articles L.515-20 and R.515-13, IV of the French *Code monétaire et financier*, 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 time of issue of such Privileged Notes).
- (4) As of the date of this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer nor any material adverse change in the prospects of the Issuer since 31 December 2012.
- (5) 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 and/or its group's financial position or profitability.
- (6) Save as disclosed in section "*Material Contracts and Relationship Between Crédit Mutuel Arkéa Public Sector SCF and Crédit Mutuel Arkéa*" on page 60 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's 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.
- (7) The Issuer does not intend to provide post-issuance transaction information regarding the French law Privileged Notes to be admitted to trading and the performance of the underlying collateral, except if required by law or regulations.
- (8) 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, Luxembourg (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.

- (9) 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 the non-consolidated financial statements of the Issuer for the two (2) fiscal years ended 31 December 2011 and 31 December 2012. The Issuer does not produce consolidated financial statements.
- (10) 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 in accordance with the Prospectus Directive, 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 of the Issuer ([www.cmarkea.com/en/investisseurs.html](http://www.cmarkea.com/en/investisseurs.html)).

In addition, if the French law Privileged Notes are listed and 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) the Regulated Market of the Member State of the EEA where the French law Privileged Notes have been admitted to trading or (y) the competent authority of the Member State of the EEA where the French law Privileged Notes have been admitted to trading.

- (11) 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 at the specified office(s) of the Paying Agent(s):
  - (a) the by-laws 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 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);
  - (d) 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;
  - (e) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus;
  - (f) any document incorporated by reference in this Base Prospectus; 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, including the certificate of the *contrôleur spécifique* in respect of each issue of Privileged Notes in a principal amount equal to or above €500,000,000 (or its equivalent in any other currency at the time of issue of such Privileged Notes).

*Issuer*

**Crédit Mutuel Arkéa Public Sector SCF**  
1, rue Louis Lichou  
29480 Le Relecq Kerhuon  
France

*Arranger and Permanent Dealer*

**Crédit Agricole Corporate and Investment Bank**  
9, quai du Président Paul Doumer  
92920 Paris La Défense Cedex  
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 Valhubert  
75013 Paris  
France

*Luxembourg Paying Agent, Calculation Agent and Luxembourg Listing Agent  
in respect of the French law Privileged Notes*

**CACEIS Bank Luxembourg**  
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

**KPMG Audit FS I**  
Immeuble Le Palatin,  
3, cours du Triangle  
92939 Paris La Défense  
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 Bureau Francis Lefebvre**  
1-3, villa Emile Bergerat  
92522 Neuilly-sur-Seine Cedex  
France