



BPCE

EUR 1,000,000,000 Undated Deeply Subordinated Fixed to Floating Rate Notes

Issue price: 100.00 per cent

The EUR 1,000,000,000 Undated Deeply Subordinated Fixed to Floating Rate Notes (the “Notes”) of BPCE (the “Issuer”) will be issued outside the Republic of France on 17 March 2010 (the “Issue Date”) and will bear interest at a fixed rate of 9.00 per cent per annum (the “Fixed Interest Rate”) from and including the Issue Date to but excluding 17 March 2015, payable annually in arrear on 17 March (each, a “Fixed Rate Interest Payment Date”), beginning on 17 March 2011 and ending on 17 March 2015. Thereafter, the Notes will bear interest at a floating rate (the “Floating Interest Rate”), payable annually in arrear on or about 17 March of each year (each, a “Floating Rate Interest Payment Date”), commencing on 17 March 2016, each such date being subject to adjustment as further described herein. The Floating Interest Rate will be equal to the twelve-month Euribor plus a Margin (6.533 per cent. per annum up to (but excluding) the Step-up Date (i.e. 17 March 2020) and thereafter 8.533 per cent. per annum from and including the Step-up Date (i.e. 17 March 2020)), as further described.

Payment of interest on the Notes will be compulsory if the Issuer pays dividends on any classes of shares, on other equity securities issued by the Issuer or on other deeply subordinated notes or any other securities which rank *pari passu* with the Notes, in each cases to the extent categorised as Tier 1 Capital and in certain other circumstances described herein. Otherwise, the Issuer may elect, and in certain circumstances shall be required, not to pay interest falling due on the Notes. Any interest not paid shall be forfeited and no longer be due and payable by the Issuer. Interest accrued may also be reduced and forfeited if the Issuer’s total risk-based consolidated capital ratio falls below required levels and in certain other circumstances. (See “Terms and Conditions of the Notes – Interest and Interest Suspension”).

The Notes are undated and have no final maturity. The Notes may, at the option of the Issuer but subject to the prior approval of the *Secrétariat général de la Commission bancaire* (“SGCB”), be redeemed at par (in whole but not in part) on 17 March 2015 (the “First Call Date”) and on any Interest Payment Date thereafter. In addition, the Notes may, in case of certain taxation or regulatory events, be redeemed at par on any Interest Payment Date (in whole but not in part), subject to the prior approval of the SGCB. The principal amount of each Note may be written down to a minimum amount of one cent of one euro if the Issuer’s total risk-based consolidated capital ratio falls below required levels, subject to reinstatement in certain cases described herein. The Notes are subordinated to substantially all of the Issuer’s other obligations, including in respect of ordinarily subordinated debt instruments. (See “Terms and Conditions of the Notes – Status of the Notes and Subordination”).

The Luxembourg *Commission de Surveillance du Secteur Financier* (the “CSSF”) is the competent authority in Luxembourg for the purpose of Directive n°2003/71/EC (the “Prospectus Directive”) and the Luxembourg law on prospectuses for securities of 10 July 2005, for the purpose of approving this Prospectus. Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange (the “Luxembourg Stock Exchange”) and to be traded on the regulated market of the Luxembourg Stock Exchange, which is an EU regulated market within the meaning of Directive 2004/39/EC (the “EU regulated market of the Luxembourg Stock Exchange”). This prospectus constitutes a prospectus (the “Prospectus”) for the purposes of Article 5.3 of the Directive Prospectus.

The Notes have been assigned a rating of “Baa3” by Moody’s Investors Service, Inc. and “BBB-” by Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

See “Risk Factors” below for certain information relevant to an investment in the Notes.

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

The Notes will be issued in dematerialised bearer form in the denomination of EUR 50,000 each. The Notes will, at all times, be represented in book entry form (*dématérialisé*) in the books of the Account Holders in compliance with Article L.211-3 and Article L.211-4 of the French *Code monétaire et financier*. No physical document of title will be issued in respect of the Notes.

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

JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

BARCLAYS CAPITAL

CREDIT SUISSE

NATIXIS

Prospectus dated 15 March 2010

RESPONSIBILITY STATEMENT

The Issuer (whose registered office appears on page 73 of this document) accepts responsibility for the information contained (or incorporated by reference) in this Prospectus. The Issuer, having taken all reasonable care to ensure that such is the case, confirms that the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Prospectus has been prepared for the purpose of giving information with regard to the Issuer, Groupe BPCE SA and Groupe BPCE and the Notes and the listing of the Notes on the Official List of the Luxembourg Stock Exchange. No person has been authorised to give any information or to make any representations other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Joint Lead Managers (as defined in “Subscription and Sale” herein). This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates. Neither the delivery of this Prospectus nor any sale hereunder shall create, under any circumstances, any implication that there has been no change in the affairs of the Issuer since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

INVESTORS SHOULD SATISFY THEMSELVES THAT THEY UNDERSTAND ALL THE RISKS ASSOCIATED WITH MAKING INVESTMENTS IN THE NOTES. PROSPECTIVE INVESTORS THAT HAVE ANY DOUBT WHATSOEVER AS TO THE RISKS INVOLVED IN INVESTING IN THE NOTES SHOULD CONSULT THEIR PROFESSIONAL ADVISORS.

This Prospectus has been prepared by the Issuer for use by the Joint Lead Managers in making offers and sales of the Notes outside the United States to non-U.S. Persons in reliance on Regulation S under the Securities Act.

Each purchaser of the Notes will be deemed to have represented and agreed that it understands that the Notes have not been registered under the Securities Act, and the Notes may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. Person, except in accordance with Regulation S under the Securities Act.

EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS THE NOTES OR POSSESSES OR DISTRIBUTES THIS PROSPECTUS AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED BY IT FOR THE PURCHASE, OFFER OR SALE BY IT OF THE NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NEITHER THE ISSUER NOR THE JOINT LEAD MANAGERS SHALL HAVE ANY RESPONSIBILITY THEREFOR.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Joint Lead Managers or any affiliate of any of them, to subscribe for or purchase, any Notes in any jurisdiction by any person to whom it is unlawful to make such an offer or invitation in such jurisdiction. This Prospectus may only be used for the purposes for which it has been published.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about, and to observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Prospectus and other offering material relating to the Notes, see “Subscription and Sale”.

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

In connection with the issue of the Notes, the Joint Lead Managers (the “**Stabilising Managers**”) (or persons acting on behalf of the Stabilising Managers) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Managers (or persons acting on behalf of the Stabilising Managers) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time,

but must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted in accordance with applicable laws and rules.

Forward-Looking Statements

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

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

CERTAIN TERMS USED IN THIS PROSPECTUS

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

“**Banques Populaires**” means 20 *Banques Populaires* (made up of 18 regional banks, CASDEN Banque Populaire and Crédit Coopératif) that are currently part of the Groupe Banque Populaire, and which will become part of the Groupe BPCE after the Combination Transactions.

“**BFBP**” means the Banque Fédérale des Banques Populaires, a French *société anonyme*, which is now named Banques Populaires Participations.

“**BFBP Group**” means the BFBP and its consolidated subsidiaries and associates, prior to the completion of the Combination Transactions.

“**BPCE**” means BPCE, a French *société anonyme*.

“**CNCE Group**” means the CNCE and its consolidated subsidiaries and associates, prior to the completion of the Combination Transactions.

“**Caisses d’Epargne**” means the 17 *Caisses d’Epargne et de Prévoyance* that are currently part of the Caisses d’Epargne Group, and which will become part of the Groupe BPCE after the Combination Transactions.

“**CNCE**” means the Caisse Nationale des Caisses d’Epargne et de Prévoyance, a French *société anonyme*, which is now named Caisses d’Epargne Participations.

“**Combination Transactions**” means the contribution by CNCE and BFBP of certain assets and businesses, and certain related transactions, all of which took place on 31 July 2009, all as further described herein under “The Combination Transactions” and in the BPCE Registration Document (defined under “Documents Incorporated by Reference”).

“**Groupe Banque Populaire**” means the consolidated group formed by the BFBP Group, the Banques Populaires and certain affiliated entities, in each case prior to the Combination Transactions.

“**Groupe BPCE**” means the Groupe BPCE SA, the Banques Populaires, the Caisses d’Epargne and certain affiliated entities, after the completion of the Combination Transactions.

“**Groupe BPCE SA**” means BPCE and its consolidated subsidiaries and associates, following the completion of the Combination Transactions.

“**Groupe Caisse d’Epargne**” means the consolidated group formed by the CNCE Group, the Caisses d’Epargne and certain affiliated entities, in each case prior to the Combination Transactions

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OVERVIEW

This overview must be read as an introduction to this Prospectus. Any decision by any investor to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference..

The Issuer

Introduction: The Combination Transactions

On 31 July 2009, the *Caisse Nationale des Caisses d'Epargne et de Prévoyance* ("CNCE") and the *Banque Fédérale des Banques Populaires* ("BFBP"), the lead banks of two French mutual banking groups, contributed certain businesses and related assets and liabilities to BPCE (the contributions and certain related transactions are referred to in this Prospectus as the "Combination Transactions"). Prior to the Combination Transactions, BPCE had no significant activities, assets or liabilities.

BPCE

BPCE is the central body of the Groupe BPCE, the second largest banking group in France (excluding the French Postal Bank) in terms of 2008 retail net banking income (based on pro forma figures) and number of branches as of 31 December 2008. The Groupe BPCE had €1,028.8 billion of consolidated assets and €47.8 billion of consolidated shareholders equity (€44.0 billion group share), in each case as of 31 December 2009. The Groupe BPCE had €21.2 billion of consolidated net banking income for the year ended 31 December 2009.

As the central body (*organe central*) of the Groupe BPCE, BPCE's role (defined by French Law no. 2009-715 dated 18 June 2009) is to coordinate policies and exercise certain supervisory functions with respect to the regional banks and other affiliated entities, and to ensure the liquidity and solvency of the entire group. BPCE has established a financial solidarity mechanism, supported by a dedicated guarantee fund which stood at €920 million at the end of 2009, under which each network bank and each affiliated French credit institution in the Groupe BPCE (including BPCE) benefits from an undertaking from all of the network banks and BPCE to provide financial support as needed. As a result, BPCE's credit is effectively supported by the financial strength of the entire group.

The Groupe BPCE

The Groupe BPCE is a mutual banking group that includes primarily the following (in addition to BPCE as central body):

- *Two French retail banking networks:* the Caisse d'Epargne network, which includes 17 regional banks known as the "Caisses d'Epargne et de Prévoyance" (or the "Caisses d'Epargne") and the Banque Populaire Network, which includes 20 banks known as the "Banques Populaires" (18 regional banks, CASDEN Banque Populaire and Crédit Coopératif). Taken together, the two retail bank groups constitute one of the strongest banking networks in France.
- *Natixis:* which is the corporate and investment banking, solutions and services arm of the Groupe BPCE. The Natixis group has three core business lines: corporate and investment banking, investment solutions (including asset management, insurance and private banking) and specialized financial services. Natixis also owns 20 per cent non-voting interests in the regional banks in the Banque Populaire and Caisse d'Epargne networks. Natixis is listed on Euronext Paris. BPCE holds approximately 71.5% of the share capital of Natixis (excluding treasury shares), and the remainder continues to be held by the public.

- *Specialized Affiliates of BPCE:* including affiliates with activities in insurance (GCE Assurances and an interest in CNP Assurances), international retail banking (Financière Océor and several BFBP affiliates) and French retail banking (Société Marseillaise de Crédit and BCP).

The Groupe BPCE also includes a number of specialized affiliates that were not contributed to BPCE in the Combination Transactions, including Crédit Foncier de France (a leading real estate and public housing lender), Banque Palatine (which provides banking services tailored to managers of small businesses), and a number of entities that are active in the real estate field, such as Nexity, a leading real estate developer (41% interest, with the remainder held by its management and the public), and Foncia, a leading real estate brokerage and property management group. BPCE has announced that it intends to merge with the holding companies that own the group's interests in these affiliates, except the interest in Nexity, which will continue to be held by the Caisses d'Épargne.

The Groupe BPCE SA

BPCE holds a 71.5% interest in Natixis (excluding treasury shares), and the interests in the specialized affiliates of BPCE described above. It does not hold any direct financial interest in the regional banks, although it holds an indirect interest through Natixis, which holds 20% non-voting equity interests in each of the regional banks.

The Groupe BPCE SA (meaning BPCE and its consolidated subsidiaries and associates) had consolidated net banking income of €6.5 billion in 2009, consolidated assets of €613.0 billion as of 31 December 2009 and consolidated shareholders equity of €28.5 billion (€23.2 billion group share) as of 31 December 2009.

All of BPCE's ordinary shares are held by the regional banks – half by the Caisses d'Épargne and half by the Banques Populaires (the regional banks are in turn owned directly or indirectly by over 7 million cooperative shareholders (as of December 31, 2008), primarily customers). In addition, 30% of the share capital of BPCE is held in the form of non-voting preference shares issued to the *Société de Prise de Participation de l'Etat* ("SPPE"), a company that is wholly-owned by the French State. SPPE subscribed to BPCE warrants that may be exercised five years after their issuance (if they remain outstanding) for new ordinary BPCE shares representing a maximum voting interest of 20%. The preference shares and the warrants will be redeemable by BPCE at any time after one year following their issuance.

BPCE has a two-tier governance structure, with a supervisory board with 18 members that are elected by the voting shareholders, and a management board that is appointed by the supervisory board. Under a protocol signed by CNCE, BFBP and the French State on 24 June 2009 (the "BPCE Protocol"), the French State nominated four members of the supervisory board (two of whom must be independent). The remaining members were nominated by the regional banks, with equal numbers nominated by the banks in each network.

Capital Adequacy Ratios

The Tier 1 capital ratios of the Groupe BPCE and the Groupe BPCE SA as of 31 December 2009 (based on Basel II / CRD Standards) were 9.1% and 9.6%, respectively.

Risk Factors Relating to the Issuer

Prior to making an investment decision, prospective investors should read this Prospectus and consider carefully the matters discussed under “Risk Factors” below. There are certain factors that may affect the Issuer’s ability to fulfill its obligations under the Notes. In particular, prospective investors should consider the following risk factors related to the Issuer:

- Risks that Groupe BPCE may not achieve the financial objectives in its recently announced strategic plan;
- Risks that BPCE and the Groupe BPCE may not achieve the expected synergies from the Combination Transactions;
- Risks that integration process may be difficult and could disrupt operations or could prove to be more costly than anticipated;
- Risks relating to the guarantee in favor of Natixis provided by BPCE;
- Risks inherent to banking activities including credit risks, market, liquidity and financing risks, operational risks and insurance risks;
- Risks relating to adverse global economic and market conditions;
- Risks that legislative action and other measures taken by governments and regulators in France or globally may not stabilize the financial system;
- Risks that BPCE may be required to contribute funds to the entities that are part of the financial solidarity mechanism that encounter financial difficulties, including some entities in which BPCE holds no economic interest;
- Risks related to the impact of the reform of the distribution of the “Livret A” passbook savings account on the revenues and net income of the Caisses d’Epargne;
- A substantial increase in new provisions or losses greater than the level of previously recorded provisions could adversely affect BPCE’s results of operations and financial condition; and
- Other factors described under “Risk Factors”.

The Notes

Description:	EUR 1,000,000,000 Undated Deeply Subordinated Fixed to Floating Rate Notes, the proceeds of which will constitute Tier 1 Capital, subject to the limits on the portion of the Issuer's Tier 1 Capital that may consist of hybrid securities in accordance with Applicable Banking Regulations as interpreted by the <i>Secrétariat général de la Commission bancaire</i> (the “SGCB”). The initial principal amount of the Notes could exceed those limits at the time the Notes are issued.
Joint Bookrunners and Joint-Lead Managers:	Barclays Bank PLC, Credit Suisse Securities (Europe) Limited and Natixis.
Principal Amount:	EUR 1,000,000,000.
Issue Price:	100.00 per cent.
Fiscal Agent, Principal Paying Agent and Calculation Agent:	Deutsche Bank AG, London Branch
Luxembourg Paying Agent:	Deutsche Bank Luxembourg S.A.
Denomination:	EUR 50,000.
Maturity:	The Notes are undated perpetual obligations in respect of which there is no fixed redemption or maturity date.
Status of the Notes:	<p>The Notes are deeply subordinated notes (constituting <i>obligations</i> under French law) issued pursuant to the provisions of Article L.228-97 of the French <i>Code de commerce</i>.</p> <p>The principal and interest on the Notes (which constitute <i>obligations</i> under French law) are direct, unconditional, unsecured, undated and deeply subordinated obligations of the Issuer and rank, and will rank <i>pari passu</i> among themselves <i>pari passu</i> with all other present and future deeply subordinated notes of the Issuer but shall be subordinated to the present and future <i>prêts participatifs</i> granted to the Issuer and present and future <i>titres participatifs</i>, ordinarily subordinated notes and unsubordinated notes issued by the Issuer. In the event of liquidation, the Notes shall rank in priority to any payments to holders of any classes of shares and of any other equity securities issued by the Issuer.</p> <p>See “Terms and Conditions of the Notes – Definitions” for definitions of the terms used in the preceding paragraph.</p>
Regulatory Treatment:	The proceeds of the issue of the Notes will be treated, for regulatory purposes, as consolidated <i>fonds propres de base</i> for the Issuer. <i>Fonds propres de base</i> (“ Tier 1 Capital ”) shall have the meaning given to that term in Article 2 of <i>Règlement</i> no. 90-02, dated 23 February 1990, as amended, of the <i>Comité de la Réglementation Bancaire et Financière</i> (the “ CRBF Regulation ”) or otherwise recognised as <i>fonds propres de base</i> by SGCB. The CRBF Regulation should be read

in conjunction with the press release of the Bank for International Settlements dated 27 October 1998 concerning instruments eligible for inclusion in Tier 1 Capital (the “**BIS Press Release**”).

Interest:

Interest on the Notes will be payable from and including 17 March 2010 (the “**Issue Date**”) at a rate of 9.00 per cent per annum annually in arrear on 17 March in each year (each, a “**Fixed Rate Interest Payment Date**”), commencing on 17 March 2011 until on or about 17 March 2015 (included) and thereafter at EURIBOR 12 months + a Margin (of 6.533 per cent. per annum up to (but excluding) the Step-up Date and thereafter 8.533 per cent. per annum from and including the Step-up Date) payable annually in arrear on or about 17 March in each year commencing on or about 17 March 2016, as more fully described herein

Payments of Interest:

Payment of interest on any Interest Payment Date will be compulsory if such Interest Payment Date constitutes a Compulsory Interest Payment Date.

“**Compulsory Interest Payment Date**” means each Interest Payment Date as to which at any time during a period of one-year prior to such Interest Payment Date:

- the Issuer has declared or paid a dividend (whether in cash, shares or any other form but excluding a dividend paid in newly issued shares), or more generally made a payment of any nature, on any class of share capital or on other equity securities issued by the Issuer, or on other deeply subordinated notes or any other securities that rank *pari passu* with the Notes, in each such case to the extent such instrument is categorized as Tier 1 Capital, unless such payment on other deeply subordinated notes or any other securities that rank *pari passu* with the Notes was required to be made as a result of a dividend or other payment having been made on any class of share capital or on other equity securities issued by the Issuer; or
- the Issuer has redeemed, either by cancellation or by means of *amortissement* (as defined in Article L.225-198 of the French *Code de commerce*), repurchased or otherwise acquired any shares, whatever classes of shares, if any, they belong to, or any other equity securities issued by the Issuer, by any means,

provided, however, that if a Supervisory Event has occurred during the Interest Period immediately preceding such Interest Payment Date, such Interest Payment Date shall only be a Compulsory Interest Payment Date if such Supervisory Event had occurred prior to the relevant event described in the sub-paragraphs above.

On any other Interest Payment Date (i.e., on any Optional Interest Payment Date), the Issuer may, at its option, elect not to pay interest in respect of the Notes accrued to that date. Any interest not paid on such date shall be forfeited and no longer be due and payable by the Issuer.

In the event that a Supervisory Event occurs during the Interest Period immediately preceding an Optional Interest Payment Date, the amount of A Interest (as defined below), if any, in respect of each Note shall automatically be suspended, and no interest on the Notes shall accrue and be payable by the Issuer with respect to the remaining period in such Interest Period or any other Interest Period during the period starting on the date of the Supervisory Event and ending on the date of the End of Supervisory Event. The amount of A Interest may be reduced to absorb losses as described below.

Such A Interest may be paid on the next succeeding Optional Interest Payment Date occurring as from the date of the End of Supervisory Event.

“**A Interest**” is only applicable with respect to an Interest Period whose Interest Payment Date is an Optional Interest Payment Date and means, with respect to the period from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of the occurrence of a Supervisory Event, the amount of interest accrued on the Notes during such period.

Supervisory Event:

Supervisory Event means the first date on which either of the following events occurs: (i) the risk-based consolidated capital ratio of the Issuer and its consolidated subsidiaries, calculated in accordance with the Applicable Banking Regulations, falls below the minimum percentage required in accordance with Applicable Banking Regulations, or (ii) the notification by the SGCB to the Issuer, that the SGCB has determined, in its sole discretion, that the foregoing clause (i) of this definition would apply in the near term.

End of Supervisory Event:

End of Supervisory Event means, following a Supervisory Event, the first date on which either of the following events occurs: (i) if the Supervisory Event occurred pursuant to clause (i) of the definition of Supervisory Event, the total risk-based consolidated capital ratio of the Issuer and its consolidated subsidiaries, calculated in accordance with the Applicable Banking Regulations, complies with the minimum percentage required in accordance with Applicable Banking Regulations, or (ii) if the Supervisory Event occurred pursuant to clause (ii) of the definition of Supervisory Event, the notification by the SGCB to the Issuer, that it has determined, in its sole discretion, in view of the financial condition of the Issuer, that the circumstances which resulted in the Supervisory Event have ended.

Loss Absorption:

The amount of A Interest, if any, and thereafter, if necessary, the Principal Amount of the Notes may be reduced following a Supervisory Event (unless the Issuer first completes a capital increase or certain other transactions). The amount by which A Interest and, as the case may be, the then Principal Amount are reduced, will be equal to the amount of the insufficiency of the share capital increase or any other proposed measures aiming at an increase of the Tier 1 Capital to remedy the Supervisory Event.

For the avoidance of doubt, the first remedy to the Supervisory Event shall be a share capital increase. See “Terms and Conditions of the Notes – Loss Absorption and Return to Financial Health”.

Return to Financial Health:

Return to Financial Health means a positive Consolidated Net Income recorded for at least two consecutive financial years reported following the End of Supervisory Event. The Principal Amount of the Notes shall be reinstated following a Return to Financial Health, to the extent any such reinstatement does not trigger the occurrence of a Supervisory Event.

Whether or not a Return to Financial Health has occurred, the Issuer shall increase the Principal Amount of the Notes up to the Original Principal Amount in certain circumstances, including payment of dividends on share capital, redemption of the Notes or liquidation of the Issuer.

Early Redemption:

The Notes may be redeemed (in whole but not in part) on the First Call Date (17 March 2015) and on any Interest Payment Date thereafter, at the option of the Issuer. Any such redemption will be at the Original Principal Amount plus accrued and unpaid interest.

The Issuer will also have the right, and in certain circumstances the obligation, to redeem the Notes at par on any Interest Payment Date (in whole but not in part) in case of imposition of withholding tax, in case of loss of deductibility for corporate income tax purposes and for regulatory reasons (i.e. loss of Tier 1 Capital status of the Notes). Any such redemption will be at a price equal to the Original Principal Amount plus accrued and unpaid interest.

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

Risk Factors relating to the Notes:

There are risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes and risk factors which are material for the purpose of assessing the risks associated with the Notes, including the following (each of which is described in more detail under “Risk Factors”):

- (a) The Notes are deeply subordinated obligations and will be subordinated to all the Issuer's existing and future indebtedness (except other deeply subordinated obligations);
- (b) The principal amount of the Notes may be reduced to absorb losses of the Issuer;
- (c) There are certain restrictions on payments under the Notes;
- (d) There is no limitation on issuing or guaranteeing debt;
- (e) The Notes are undated securities;
- (f) The Notes may be redeemed under certain circumstances (including for taxation, regulatory and other reasons); and
- (g) There is no prior market for the Notes.

Taxation:	The Notes will, upon issue, benefit from an exemption from deduction for withholding tax as provided in “Terms and Conditions of the Notes”. If French law shall require any such deduction, the Issuer shall, to the extent permitted by law and subject to certain exceptions, pay additional amounts.
Negative Pledge:	There is no negative pledge in respect of the Notes.
Event of Default:	There will be an event of default in the event of the judicial liquidation (<i>liquidation judiciaire</i>) or liquidation for any other reason of the Issuer, in which case the rights of the Noteholders will be to the Original Principal Amount of the Notes plus accrued and unpaid interest.
Representation of Noteholders:	The Noteholders will be grouped automatically for the defense of their respective common interests in a <i>masse</i> governed by the provisions of the French <i>Code de commerce</i> subject to certain exceptions and provisions (the “ Masse ”). The Masse will be a separate legal entity, and will be acting in part through one representative (the “ Representative ”) and in part through a general assembly of the Noteholders.
Form of Notes:	<p>The Notes will, upon issue, be entered in the books of Euroclear France, which shall credit the accounts of the Account Holders, including Euroclear and the depositary bank for Clearstream, Luxembourg.</p> <p>The Notes will be issued in bearer dematerialised form (<i>au porteur</i>) and will, at all times, be represented in book entry form in compliance with Article L.211-3 and Article L.211-4 of the French <i>Code monétaire et financier</i>. No physical document of title will be issued in respect of the Notes.</p>
Listing and Admission to Trading:	Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the EU regulated market of the Luxembourg Stock Exchange. Such listing is expected to occur on the Issue Date.
Selling Restrictions:	There are restrictions on the sale of the Notes and the distribution of offering material in various jurisdictions. See “Subscription and Sale”.
Rating:	The Notes have been assigned a rating of “Baa3” by Moody’s Investors Service, Inc. and “BBB-” by Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.
Governing Law:	French law.

RISK FACTORS

Prior to making an investment decision, prospective investors should consider carefully all of the information set out and incorporated by reference in this Prospectus, including in particular the following risk factors. This section is not intended to be exhaustive and prospective investors should make their own independent evaluations of all risk factors and should also read the detailed information set out elsewhere in this Prospectus. Terms defined in “Terms and Conditions of the Notes” below shall have the same meaning where used below. Certain documents incorporated by reference in this Prospectus also contain useful information pertaining to the risk factors relating to the Issuer and its operations. See “Documents Incorporated by Reference”.

Risks Related to the Issuer

Risks Relating to the Combination Transactions and Groupe BPCE’s Strategic Plan

Group BPCE may not realize the objectives in its recently announced strategic plan

On 25 February 2010, Groupe BPCE announced a strategic plan for 2010-2013 that contemplates a number of initiatives, including a focus on commercial banking activities and the core customer-based business of Natixis, the implementation of significant cost and revenue synergies, and the simplification of Groupe BPCE’s structure. In connection with the strategic plan, Groupe BPCE announced a number of financial targets. These financial objectives were established primarily for purposes of planning and allocation of resources, are based on a number of assumptions, and do not constitute projections or forecasts of anticipated results. The actual results of Groupe BPCE are likely to vary (and could vary significantly) from these targets for a number of reasons, including the materialization of one or more of the risk factors described in the present section. If Groupe BPCE does not realize its objectives, then its financial condition and the value of the Notes could be adversely affected.

BPCE and the Groupe BPCE may not achieve the expected synergies from the Combination Transactions.

The group intends to seek significant synergies from the Combination Transactions, which it hopes will result in lower aggregate costs, more efficient operations and better opportunities for business development. If the Groupe BPCE does not achieve the expected synergies from the Combination Transactions, the actual benefits will be lower than anticipated, and the results of operations and financial condition of the Groupe BPCE SA and the Groupe BPCE will be adversely affected.

The ability of the group to realize anticipated synergies will depend on a number of factors, many of which are beyond the control of BPCE and the entities in the Groupe BPCE. The group may fail to achieve expected synergies for any number of reasons, including difficulties encountered in the integration process, disruptions caused by the unique structure of the new group or the materialization of risks relating to ordinary banking activities. Any of these factors, among others, could result in the actual level of business development and/or cost synergies being lower than anticipated.

The integration process may be difficult and could disrupt operations or could prove to be more costly than anticipated.

While the Caisses d’Epargne and the Banques Populaires continue to operate autonomously with separate brands and product development strategies, they are integrating a number of functions (such as performing market studies and certain information technology functions). Realization of the anticipated benefits from the Combination Transactions depends in part upon whether the operations of the Caisses d’Epargne Group and the Banques Populaires Group in these areas can be integrated in an efficient and effective manner. Integrating the operations of a combined business, even in limited areas, is a complex and lengthy process.

Successful integration requires, among other things, the satisfactory coordination of business efforts, the retention of key management personnel and professionals, effective hiring and training policies and the alignment of information and software systems. Difficulties may be encountered in combining operations that could result in higher integration costs and lower savings or revenues than expected. Moreover, the integration of the operations of the Groupe Caisse d'Epargne with those of the Groupe Banque Populaire in the targeted areas could interfere with the activities of one or more of their businesses and divert management's attention from other aspects of their operations, which could have an adverse effect on their operations and results.

The results of operations and financial condition presented in the unaudited pro forma and historical financial information may not be indicative of the future performance of the Groupe BPCE SA or Groupe BPCE.

BPCE's unaudited pro forma financial information incorporated by reference in this Prospectus, and that of the Groupe BPCE, has been prepared as if the Combination Transactions had occurred as of dates that are earlier than the date on which the Combination Transactions actually took place. The unaudited pro forma financial information for the two groups was prepared on the basis of a number of assumptions, and do not reflect the results of operations or financial condition which the Groupe BPCE SA or the Groupe BPCE would have had if the Combination Transactions had actually taken place on the earlier dates described therein. In addition, there can be no assurance that the results indicated by the pro forma financial information are representative of the future results or performance of the Groupe BPCE SA or the Groupe BPCE.

In addition, the unaudited consolidated financial information for the Groupe BPCE as of and for year ended December 31, 2009, incorporated by reference in this document, have been presented on the basis of merger accounting, based on the January 1, 2009 effective date of the Combination Transactions for accounting purposes. In accordance with IFRS, the Combination Transactions are effective for accounting purposes as of this date even though they were not realized (and the group did not operate on a combined basis) until July 31, 2009.

Risks Relating to the Structure of the Groupe BPCE SA and the Groupe BPCE

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

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

To assist BPCE in assuming its central body liabilities and to ensure mutual support within the Groupe BPCE, a guarantee fund has been established to cover liquidity and solvency risks, with an amount of €920 million at the end of 2009. The regional banks and the entities in the affiliated group will be required to make additional contributions to the guarantee fund from their future profits. While the guarantee fund will provide a substantial source of resources to fund the financial solidarity mechanism, there can be no assurance that it will be sufficient for this purpose. If the guarantee fund turns out to be insufficient, BPCE will be required to make up the shortfall.

BPCE does not have voting rights in shareholders meetings of the Caisses d'Epargne and the Banques Populaires

BPCE's financial strength is derived in significant part from the regional retail banks, both as a result of the support undertakings in the financial solidarity mechanism, and as a result of BPCE's non-voting equity interest in the regional retail banks (through Natixis, which holds 20% non-voting equity interests in the regional retail banks). While BPCE has significant powers to monitor and supervise the regional retail banks in its capacity as central body of the Groupe BPCE, it does not have any voting power in respect of decisions that require the consent of shareholders of the regional banks.

In the event of a disagreement between the Banques Populaires, the Caisses d'Epargne and/or the French State, the business or operations of the Groupe BPCE SA could be subject to significant disruptions.

A protocol signed by CNCE, BFBP and the French State on 24 June 2009 (the "BPCE Protocol"), established a mechanism for the appointment of members of the supervisory board and of the management board of BPCE, as well as the implementation of various corporate governance measures. Of the 18 members of the BPCE Supervisory Board, seven have been nominated by the Caisses d'Epargne, seven have been nominated by the Banques Populaires, and four have been nominated by the French State (including two independent members). In addition, the BPCE Protocol provides (and the bylaws of BPCE will provide) that certain decisions deemed essential require the approval of 15 out of 18 members of the supervisory board (meaning a favorable vote from at least one representative of each of the Caisses d'Epargne, the Banques Populaires and the French State). These "Essential Decisions" include the nomination and removal of the Chairman and other members of the Management Board and the decision to name one (or two) Management Board members as Chief Executive Officer; any purchase of equity interests, other investments or divestitures involving an amount greater than €1 billion; any increase in BPCE's authorized capital with a waiver of preferential subscription rights; any merger, contribution or spin-off transactions to which BPCE is a party; any proposal to BPCE's shareholders to modify BPCE's bylaws, corporate governance or the rights of holders of preference shares; and any other decision involving a significant change to the Supervisory Board's functions that would affect the rights of holders of BPCE's preference shares. The BPCE Protocol does not (and BPCE's bylaws will not) contain a mechanism for definitively resolving any disagreement. In the event of deadlock, the management board may be unable to obtain supervisory board approval to proceed with planned actions. The business of the Groupe BPCE SA or the Groupe BPCE may therefore be subject to significant disruptions in the event that the Banques Populaires, the Caisses d'Epargne and/or the French State are unable to resolve any differences concerning the relevant group's development.

BPCE is subject to certain risks as a result of the guarantee in favor of Natixis provided by BPCE.

BPCE has provided Natixis with a guarantee to protect Natixis from the risk of future losses and the volatility of results linked to a segregated portfolio of sensitive and non-strategic assets that is being managed by Natixis in run-off mode. The guarantee, which is in part in the form of a total return swap and in part in the form of a financial guarantee, was provided in order to reduce the impact of future value adjustments and provisions in respect of these assets on the financial results of Natixis, which have been significantly affected by such value adjustments and provisions since the beginning of the global financial crisis. The principal terms of the guarantee are described in the BPCE First Update, which is incorporated by reference in this Offering Memorandum. See "Documents Incorporated by Reference."

The effect of the guarantee is to shift the large majority of the risk of future value adjustments and provisions from Natixis to BPCE. Because Natixis is a consolidated subsidiary of BPCE, the guarantee will not have any impact on the consolidated net banking income, operating income or cost of risk of the Groupe BPCE or the Groupe BPCE SA. However, the guarantee will have an impact on the share of net income attributable to minority interests and, correspondingly, to net income attributable to equity holders of the parent and shareholders' equity. As a result, the results of operations and financial condition of the Groupe BPCE and the

Groupe BPCE SA could be adversely affected if significant value adjustments and provisions are recorded in respect of the underlying assets in the future.

Risks Relating to the Activities of BPCE

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

There are four main categories of risks inherent in BPCE's activities (including those of the Groupe BPCE SA and the Groupe BPCE), which are summarized below. The risk factors that follow elaborate on or give specific examples of these different types of risks (including the impact of the current financial crisis), and describe certain additional risks faced by BPCE.

- *Credit Risk.* Credit risk is the risk of financial loss relating to the failure of a counterparty to honor its contractual obligations. The counterparty may be a bank, a financial institution, an industrial or commercial enterprise, a government and its various entities, an investment fund, or a natural person. Credit risk arises in lending activities and also in various other activities where BPCE is exposed to the risk of counterparty default, such as its trading, capital markets, derivatives and settlement activities. Credit risk also arises in connection with the factoring businesses of BPCE, although the risk relates to the credit of the counterparty's customers, rather than the counterparty itself.
- *Market and Liquidity Risk.* Market risk is the risk to earnings that arises primarily from adverse movements of market parameters. These parameters include, but are not limited to, foreign exchange rates, bond prices and interest rates, securities and commodities prices, derivatives prices and prices of all other assets such as real estate.
- *Liquidity is also an important component of market risk.* In instances of little or no liquidity, a market instrument or transferable asset may not be negotiable at its estimated value (as is the case for some categories of assets in the current market environment). A lack of liquidity can arise due to diminished access to capital markets, unforeseen cash or capital requirements or legal restrictions.
- Market risk arises in trading portfolios and in non-trading portfolios. In non-trading portfolios, it encompasses:
 - the risk associated with asset and liability management, which is the risk to earnings arising from asset and liability mismatches in the banking book or in the insurance business. This risk is driven primarily by interest rate risk;
 - the risk associated with investment activities, which is directly connected to changes in the value of invested assets within securities portfolios, which can be recorded either in the income statement or directly in shareholders equity; and
 - the risk associated with certain other activities, such as real estate, which is indirectly affected by changes in the value of negotiable assets held in the normal course of business.
- *Operational Risk.* Operational risk is the risk of losses due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Internal processes include, but are not limited to, human resources and information systems, risk management and internal controls (including fraud prevention). External events include floods, fires, windstorms, earthquakes or terrorist attacks.

- *Insurance Risk.* Insurance risk is the risk to earnings due to mismatches between expected and actual claims. Depending on the insurance product, this risk is influenced by macroeconomic changes, changes in customer behavior, changes in public health, pandemics, accidents and catastrophic events (such as earthquakes, windstorms, industrial disasters, or acts of terrorism or war).

The current situation in international financial markets, with its impact on the global economic situation, has already heightened, and is likely to continue to heighten, some or all of the risk inherent in the activities of BPCE.

Financial market conditions, in particular in the primary and secondary debt market, and deteriorating economic conditions could have a material adverse impact on BPCE's earnings and financial condition.

The activities, earnings and financial condition of the entities in the Groupe BPCE SA and the Groupe BPCE (particularly Natixis and, to a lesser extent, CNCE) have been affected, and those of the Groupe BPCE SA and the Groupe BPCE could in the future be affected, by the significant and unprecedented disruptions that have recently been experienced in the financial markets, in particular in the primary and secondary debt markets, and by deteriorating overall economic conditions. Reflecting concern about the stability of the financial markets generally and the strength of counterparties, many lenders and institutional investors reduced or ceased providing funding to borrowers, including to other financial institutions. This market turmoil and tightening of credit led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, increased market volatility, steep declines in stock market indices and widespread reduction of business activity generally. The resulting economic pressure on consumers and lack of confidence in the financial markets has adversely affected the results of operations and financial condition of financial institutions globally, including those in the Groupe BPCE. The primary impacts of the current financial market conditions on BPCE are the following:

- Recent conditions in the debt markets have included reduced liquidity and increased credit risk premiums. These conditions, which increased the cost and reduce the availability of debt funding, may return or worsen in the future. BPCE's cost of debt is also dependent on its maintaining high investment-grade credit ratings. Since BPCE, to a large extent, dependent on the availability of debt funding to finance operations, disruptions in the debt markets or a reduction in its credit ratings could have an adverse impact on the group's earnings and financial condition, particularly in the short-term. In addition, BPCE depends on the international debt markets to maintain group capital ratios (through the issuance of subordinated debt and hybrid capital securities), and disruptions in these markets may render the issuance of these securities costly or, in an extreme case, might make it impossible to issue such securities on reasonable terms, thereby affecting the capital ratios of BPCE and its ability to expand its businesses.
- The secondary debt markets also continue to experience significant disruptions resulting from reduced investor demand for loans and debt-backed securities (known as collateralized debt obligations or CDOs) and increased investor yield requirements for those loans and securities. Beginning in mid-2007, higher interest rates, falling property prices and a significant increase in the number of subprime mortgages originated in 2005 through the beginning of 2007 contributed to dramatic increases in mortgage delinquencies and defaults in the United States. These conditions resulted in the disappearance of trading markets for many CDOs and other complex assets, resulting in significant uncertainty regarding asset values and substantial write downs on the books of global financial institutions. These

conditions also affected other markets as financial institutions sold other assets to meet liquidity or capital requirements.

- As a result, financial service institutions were weakened, and investor confidence eroded, which affected the sources of liquidity available to financial institutions. The erosion of confidence and the resulting liquidity crisis was exacerbated by the failure of Lehman Brothers, which filed for bankruptcy protection in September 2008. While the liquidity crisis for financial institutions has eased somewhat in recent months, there remains significant uncertainty, and conditions could once again deteriorate in the future.
- The reduction in the availability of credit had a significant impact on the overall level of economic activity, particularly in the United States and Europe, an impact that could continue despite efforts by central banks and economic policy makers to implement measures designed to stimulate the economy and the banking sector. The decline in asset values has led to reduced consumer activity and lower investment, placing further strain on the global economy, leading to a substantial increase in unemployment and a global recession. As a consequence, the risk of default by borrowers has increased, and the creditworthiness of companies and individuals seeking new financing has decreased.

These conditions have affected and may continue to affect the activities of the Groupe BPCE SA and the Groupe BPCE in a number of ways, including reducing the availability of securitization and syndication markets to finance new loan production, reducing opportunities for the capital markets divisions of Natixis to earn commissions from structuring new securitization transactions, reducing performance-based fees in the asset management businesses of Natixis, reducing earnings from distribution of life insurance and mutual fund products, and essentially halting leveraged buy-out (“LBO”) market activity. The economic outlook also had a significant negative effect on stock market index levels (which have only recently begun to recover) and, consequently, on the value of securities held by entities in the Groupe BPCE SA and the Groupe BPCE in their trading book, as well as the outlook for Natixis to earn commissions from equity brokerage and capital markets activities and performance-related fees from asset management activities.

The corporate and investment banking business of Natixis has recorded significant write downs and provisions on assets particularly affected by the financial crisis, such as CDOs and assets guaranteed by monoline insurers. Natixis continues to hold significant assets that are affected by the financial crisis. In addition, in 2008 CNCE suffered an extraordinary trading loss from a position in complex equity derivatives, which was discovered as part of CNCE’s compliance monitoring process. The loss from unwinding this position was significantly affected by the extraordinary volatility in the markets at the time. See the management report in the GCE 2008 Annual Report for further details.

There can be no assurance that the write downs and provisions recorded by Natixis (or other entities in the Groupe BPCE SA or the Groupe BPCE) will be sufficient to cover the entire loss in value of assets held by it (or them), or that it (or they) will not suffer additional losses in the future, particularly if market conditions remain disrupted or deteriorate.

Natixis may not be able to wind down its operations that are impacted by the financial crisis efficiently

Natixis is in the process of phasing down certain activities that were affected by the financial crisis, particularly corporate and investment banking activities that involved incurring proprietary risks, including exposure to structured product risks in France and internationally. The phase-down may include the sale of assets affected by the crisis to the extent market conditions permit. Natixis may find itself unable to phase down these activities as quickly or efficiently as it hopes, either because there are no buyers willing to pay a

reasonable price for the relevant assets or activities, or because there is no liquid market for the relevant assets, or because the ongoing obligations of Natixis make a sale or phase-down impracticable. If Natixis is unable to wind down these business as planned, then it will not achieve (or will only partially achieve) its objective of reducing its exposure to market volatility and diversifying its revenue and income base. This could have a material adverse effect on the results of operations and financial condition of the Groupe BPCE SA.

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

In response to the financial crisis, governments and regulators in France, Europe, the United States and other jurisdictions have enacted legislation and taken other measures to help stabilize the financial system and increase the flow of credit to the economy. More recently, legislation and regulation has been enacted or proposed with a view to introducing a number of changes, some permanent, in the global financial environment. While the objective of these new measures is to avoid a recurrence of the financial crisis, the impact of the new measures could be to change substantially the environment in which BPCE and other financial institutions operate.

The new measures that have been or may be adopted include more stringent capital requirements, taxes on financial transactions, bank assets and liabilities and employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly proprietary trading), restrictions on certain types of financial products such as derivatives, and the creation of new and strengthened regulatory bodies. The vast majority of the new measures are proposals that are under discussion and that are subject to revision. As a result, it is not possible to predict which new measures will ultimately be adopted, what their final form will be or what impact they will have on Groupe BPCE or Groupe BPCE SA. Certain proposed measures (such as those relating to new capital requirements) have not yet been adapted to banking groups that operate in mutual structures; while BPCE believes that the adaptation of these measures is mainly a technical issue, if the adaptation is not done correctly, the impact on Groupe BPCE and Groupe BPCE SA could be significant.

In addition, there can be no assurance as to the future impact that these measures and related actions will have on the financial markets. The failure of these measures and related actions to stabilize the financial markets could lead to further decreases in investor and consumer confidence, renewed market volatility and decline, and further economic disruption and, as a result, could have an adverse effect on the results of operations and financial condition of the Groupe BPCE SA and Groupe BPCE).

BPCE and its corporate and investment banking subsidiary, Natixis, must maintain high credit ratings, or their business and profitability could be adversely affected

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

The net banking income of the Caisses d'Epargne may be affected by changes to the rules governing the Livret A (a regulated savings account formerly distributed only by the Caisses d'Epargne and La Banque Postale)

The French government has modified the rules applicable to the Livret A, a regulated savings account developed by the French government to finance publicly subsidized housing. Since 1 January 2009, all authorized French financial institutions may offer the Livret A to their customers. Until then, only the Caisses d'Epargne and the Banque Postale (a subsidiary of the Groupe La Poste) were authorized to distribute the Livret A. This modification was made following a decision by the European Commission in May 2007, according to which the previous regime was declared incompatible with community competition law.

The Livret A offers depositors a fixed interest rate that is not subject to tax. The deposits collected by the banks are transferred to the Caisse des Dépôts et Consignations, which centralizes the funds and uses them to finance social housing. The financial institutions distributing the Livret A receive a commission at a rate that is fixed by the government. In 2008, the Groupe Caisse d'Epargne recorded €740 million in net banking income for its distribution of the Livret A.

The reform has led to a reduction in the market share of the Caisses d'Epargne for Livret A deposits, which is likely to continue, and which could affect the total amount of commissions that they receive (although the reduction has so far been partly offset by Livret A deposits of the Banques Populaires network). The reform also includes a reduction in commission rates from 1.0% to 0.6% (subject, for the Caisses d'Epargne, to an additional commission received during a transition period, set at 0.3% in 2009 and 2010 and 0.1% in 2011). The commission will also only be based on the funds transferred to the Caisse des Dépôts et Consignations, which, when the reform is complete, will represent about 70% of the funds collected from Livret A depositors and not 100% as was the case before the reform.

The reform of the distribution system could have an adverse effect on the net banking income of the Caisses d'Epargne, which would in turn affect the share in the income of the Caisses d'Epargne that BPCE records in respect of its indirect equity interest (20% share of income from associates through Natixis, before deducting minority interests). The benefits realized by the Banques Populaires may be insufficient to compensate fully for the adverse impact on the Caisses d'Epargne.

A substantial increase in new provisions or losses greater than the level of previously recorded provisions could adversely affect BPCE's results of operations and financial condition.

In connection with its lending activities, the entities in the Groupe BPCE periodically establish provisions for loan losses, which are recorded in their income statement under cost of risk. Their overall level of provisions is based upon their assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. For further information on provisioning policies and its treatment of doubtful loans of the entities in the Groupe BPCE, see the discussions of risk management in the GCE 2008 Annual Report, the GBP 2008 Annual Report and the BPCE Reference Document. Although the entities in the group endeavor to establish an appropriate level of provisions, the group's lending businesses may have to increase their provisions for loan losses in the future as a result of increases in non-performing assets, deteriorating economic conditions leading to increases in defaults and bankruptcies, or for other reasons. Any significant increase in provisions for loan losses or a significant change in the group's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the provisions allocated with respect thereto, would have an adverse effect on BPCE's results of operations and financial condition.

The ability of the entities in the Groupe BPCE to attract and retain qualified employees is critical to the success of the group's business and failure to do so may materially affect its performance.

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

Future events may be different than those reflected in the management assumptions and estimates used in the preparation of the financial statements of the entities in the Groupe BPCE, which may cause unexpected losses in the future.

Pursuant to IFRS rules and interpretations in effect as of the present date, the entities in the Groupe BPCE SA and the Groupe BPCE are required to use certain estimates in preparing their financial statements, including accounting estimates to determine loan loss reserves, reserves related to future litigation, and the fair value of certain assets and liabilities, among other items. Should the estimated values for such items prove substantially inaccurate, particularly because of significant and unexpected market movements, or if the methods by which such values were determined are revised in future IFRS rules or interpretations, the Groupe BPCE SA and the Groupe BPCE may experience unexpected losses.

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

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

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

The Groupe BPCE SA and the Groupe BPCE may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns.

Market downturns, such as the current one, are likely to lead to a decline in the volume of transactions that group entities (particularly Natixis) execute for their customers and as a market maker, and, therefore, to a decline in net banking income from these activities. In addition, because the fees that group entities (particularly Natixis) charge for managing their customers' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its customers' portfolios or increases the

amount of withdrawals would reduce the revenues such entities receive from the distribution of mutual funds and other financial savings products (for the Caisses d'Epargne and Banques Populaires), or from asset management and private banking businesses (for Natixis).

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

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

Changes in exchange rates can significantly affect BPCE's results.

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

An interruption in or a breach of the information systems of entities in the Groupe BPCE, or those of third parties, may result in lost business and other losses.

As with most other banking groups, the Groupe BPCE SA and the Groupe BPCE rely heavily on communications and information systems to conduct their business, as their activities require them to process a large number of increasingly complex transactions. Any failure or interruption or breach in security of these systems could result in failures or interruptions in customer relationship management, general ledger, deposit, trading and/or loan organization systems. If the information systems failed, even for a short period of time, the affected group entities would be unable to serve some customers' needs in a timely manner and could thus lose their business. Likewise, a temporary shutdown of information systems, despite back-up recovery systems and contingency plans, could result in considerable information retrieval and verification costs, and even a decline in proprietary businesses if, for instance, such a shutdown occurs during the implementation of hedging policies. The inability of the group's systems to accommodate an increasing volume of transactions could also constrain its ability to expand its businesses. The groups also face the risk of operational failure or termination of any of the clearing agents, exchanges, clearing houses, depositaries or other financial intermediaries or outside vendors they use to execute or facilitate its securities transactions. As their interconnectivity with customers grows, group entities may also increasingly face the risk of operational failure with respect to its customers' systems.

Unforeseen events can interrupt BPCE's operations and cause substantial losses and additional costs.

Unforeseen events like severe natural disasters, pandemics, terrorist attacks or other states of emergency can lead to an abrupt interruption of operations of entities in the Groupe BPCE SA and the Groupe

BPCE, and, to the extent not partially or entirely covered by insurance, can cause substantial losses. Such losses can relate to property, financial assets, trading positions and key employees. Such unforeseen events may additionally disrupt the group's infrastructure, or that of third parties with which it conducts business, and can also lead to additional costs (such as relocation costs of employees affected) and increase' costs (such as insurance premiums). Such events may also make insurance coverage for certain risks unavailable and thus increase the group's global risk.

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

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

BPCE is subject to extensive supervisory and regulatory regimes in France and in the many countries around the world in which the group operates; regulatory actions and changes in these regulatory regimes could adversely affect the group's business and results.

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

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which group entities operate;
- general changes in regulatory requirements, for example, prudential rules relating to the capital adequacy framework, such as the modifications that were recently made to implement the Basel II requirements and those that are being proposed as part of the Basel III process;
- changes in rules and procedures relating to internal controls;
- changes in the competitive environment and pricing practices;
- changes in the financial reporting environment;

- limitations on employee compensation;
- expropriation, nationalization, price controls, exchange controls, confiscation of assets and changes in legislation relating to foreign ownership; and
- any adverse change in the political, military or diplomatic environments creating social instability or an uncertain legal situation capable of affecting the demand for the products and services offered by the group.

Tax laws and their interpretation in France and in the countries in which BPCE does business may significantly affect BPCE's results.

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

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

The risk management techniques and strategies of the Groupe BPCE SA and the Groupe BPCE may not effectively limit its risk exposure in all economic market environments or against all types of risk, including risks that the group fails to identify or anticipate. The group's risk management techniques and strategies may also not effectively limit its risk exposure in all market patterns. These techniques and strategies may not be effective against certain risks, particularly those that the group has not previously identified or anticipated. Some of the group's qualitative tools and metrics for managing risk are based upon its use of observed historical market behavior. The group's risk managers apply statistical and other tools to these observations to arrive at quantifications of its risk exposures. These tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors the group did not anticipate or correctly evaluate in its statistical models or from unexpected and unprecedented market movements. This would limit the group's ability to manage its risks. The group's losses could therefore be significantly greater than the historical measures indicate. In addition, the group's quantified modeling does not take all risks into account. The group's qualitative approach to managing those risks could prove insufficient, exposing it to material unanticipated losses. In addition, while no material issue has been identified to date, the risk management systems are subject to the risk of operational failure, including fraud. See "Risk Management" and the related sections of the GCE 2008 Annual Report, the GBP 2008 Annual Report and the BPCE Reference Document for a more detailed discussion of the policies, procedures and methods that group entities use to identify, monitor and manage its risks.

BPCE's hedging strategies may not prevent losses.

If any of the variety of instruments and strategies that the group uses to hedge its exposure to various types of risk in its businesses is not effective, the group may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the group holds a long position in an asset, it may hedge that position by taking a short position in an asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the group may only be partially

hedged, or these strategies may not be fully effective in mitigating the group's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments, such as the ones currently experienced in international financial markets since the second half of 2007, may also affect the group's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in reported earnings.

BPCE may have difficulty in identifying, executing and integrating an external growth policy in its acquisitions or joint ventures.

BPCE's development strategy may include external growth transactions in the medium term, particularly in the European and international retail banking sector. Even though BPCE expects to review the companies it will acquire or joint ventures into which it will enter, it is generally not feasible for these reviews to be comprehensive in all respects. As a result, BPCE may have to assume unanticipated liabilities, an acquisition or joint venture may not perform as well as expected, the synergies expected may not be realized in whole or in part, or the transaction may give rise to costs that are higher than foreseen. In addition, it might have difficulty integrating any entity with which it combines its operations. Failure to complete announced business combinations or failure to integrate acquired businesses or joint ventures successfully into the businesses of BPCE could materially adversely affect the group's profitability. It could also lead to departures of key employees, or lead to increased costs and reduced profitability if BPCE felt compelled to offer them financial incentives to remain. In the case of joint ventures, BPCE is subject to additional risks and uncertainties in that it may be dependent on, and subject to liability, losses or reputational damage relating to, systems, controls and personnel that are not under its control. In addition, conflicts or disagreements between BPCE and its joint venture partners may negatively impact the benefits intended to be achieved by the joint venture.

Intense competition, both in BPCE's home market of France, where it has the largest single concentration of its businesses, as well as internationally, could adversely affect the group's net banking income and profitability.

Competition is intense in all of the primary business areas of the Groupe BPCE in France and in the other countries in which the group conducts business. The group competes on the basis of a number of factors, including transaction execution, its products and services, innovation, reputation and price. If the group is unable to continue to respond to the competitive environment in France or in its other major markets with attractive product and service offerings that are profitable, it may lose market share in important areas of its business or incur losses on some or all of its activities. In addition, downturns in the global economy or in the economy of the group's major markets could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for the group and its competitors.

BPCE's profitability and business prospects could be adversely affected by reputational and legal risk.

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

Risks Related to the Notes

Independent Review and Advice

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment

policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. A prospective investor may not rely on BPCE or the Joint Lead Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

The Notes are deeply subordinated obligations.

BPCE's obligations under the Notes are deeply subordinated obligations of BPCE, which are the lowest-ranking debt instruments of BPCE, ranking *pari passu* among themselves and with all other present and future deeply subordinated obligations of BPCE, but subordinated to the present and future *prêts participatifs* granted to BPCE and present and future *titres participatifs*, ordinarily subordinated notes and unsubordinated notes issued by BPCE. In the event of liquidation, BPCE's obligations under the Notes shall rank in priority only to any classes of shares of BPCE and any other equity securities issued by BPCE.

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

Write-down mechanism following Supervisory Event

The Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Tier 1 Capital for the Issuer, subject to the limits on the portion of the Issuer's Tier 1 Capital that may consist of hybrid securities in accordance with Applicable Banking Regulations and the interpretations of the SGCB. Such eligibility depends upon a number of conditions being satisfied and which are reflected in the terms and conditions of the Notes. One of these relates to the ability of the Notes and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, in certain circumstances and/or upon the occurrence of certain events, payments of interest under the Notes may be restricted and, in certain cases, forfeited and the amount of A Interest and the Principal Amount of the Notes may be reduced.

Restrictions on Payment

For so long as the compulsory interest provisions do not apply, the Issuer may elect, and in certain circumstances shall be required, not to pay interest falling due on the Notes on any Interest Payment Date. Any interest not so paid on any such Interest Payment Date shall be forfeited and shall therefore no longer be due and payable by the Issuer, save as otherwise provided. (See "Terms and Conditions of the Notes – Interest and Interest Suspension").

In addition, in certain circumstances, payment of interest will be suspended automatically upon the occurrence of a Supervisory Event. (See "Terms and Conditions of the Notes – Interest and Interest Suspension").

The A Interest and the Principal Amount of the Notes may be reduced, as required, on one or more occasions following a Supervisory Event. (See "Terms and Conditions of the Notes – Loss Absorption and Return to Financial Health").

Eligibility as Tier 1 Capital depends upon a number of conditions being satisfied and under certain circumstances, payments of interest under the Notes may be restricted.

The Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Tier 1 Capital for BPCE, subject to the limits on the portion of BPCE's Tier 1 capital that may consist of hybrid securities in accordance with Applicable Banking Regulations and the interpretations of the SGCB.

Such eligibility depends upon a number of conditions being satisfied, which are reflected in the terms and conditions of the Notes. In particular, Noteholders could suffer suspension of interest and reduction of interest and principal under certain circumstances, and interest payments may be forfeited under certain circumstances, as discussed further below.

One of the conditions to Tier 1 eligibility relates to the ability of the Notes and the proceeds of their issue to be available to absorb any losses of BPCE. Accordingly, if BPCE's financial condition were to deteriorate so that a Supervisory Event occurred (meaning that BPCE's consolidated capital adequacy ratios fall below required minimum levels or the SGCB believes such an event is likely to occur), the Noteholders could suffer direct and materially adverse consequences, including suspension of interest and reduction of interest and principal. If BPCE were liquidated (whether voluntarily or involuntarily), Noteholders could suffer the loss of their entire investment.

In addition, for so long as the compulsory interest provisions do not apply, BPCE may elect, and in certain

circumstances will be required, not to pay interest falling due on the Notes on any Interest Payment Date. Any interest not so paid on any such Interest Payment Date will be forfeited and shall therefore no longer be due and payable by BPCE, unless otherwise provided.

Noteholders have no right to require redemption of the Notes.

The Notes are undated securities, with no specified maturity date. BPCE is under no obligation to redeem the Notes at any time (except as provided in "Terms and Conditions of the Notes – Redemption and Purchase"). The Noteholders have no right to require redemption of the Notes, except if a judgment is issued for the insolvent judicial liquidation (*liquidation judiciaire*) of BPCE or if BPCE is liquidated for any other reason.

Fixed Rate

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

Floating Rate

Unless previously redeemed, the Notes will bear interest at a floating rate as from on or about the First Call Date. The floating rate then applicable to the Notes will comprise (i) a reference rate and (ii) a margin to be added to such base rate. The relevant margin will increase as from the Step-up Date and there will be a periodic adjustment of the reference rate (every twelve months) which will change in accordance with general market conditions. Accordingly, the market value of the 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 Notes upon the next periodic adjustment of the relevant reference rate.

Fixed to Floating Rate

The Notes initially bear interest at a fixed rate; conversion from a fixed rate to a floating rate then takes place automatically. The conversion of the interest rate will affect the secondary market and the market value of the Notes since the conversion 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 Notes may be less favourable than then prevailing spreads on comparable floating rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes.

There are no events of default under the Notes, except in the event of liquidation of BPCE

The Notes do not provide for events of default allowing acceleration of the Notes, except in the event of a liquidation of BPCE. Accordingly, if BPCE fails to meet any obligations under the Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default,

the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment or principal of, or interest on, the Notes will be the institution of proceedings to enforce such payment.

The Notes do not restrict BPCE's ability to incur additional indebtedness, to guarantee indebtedness or to pledge its assets.

There is no restriction on the amount of debt that BPCE may issue or guarantee. BPCE and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank senior in priority of payment to the Notes. If BPCE's financial condition were to deteriorate, the holders of the Notes could suffer direct and materially adverse consequences, including suspension of interest, the reduction of the principal amount of the Notes and, if BPCE were liquidated (whether voluntarily or involuntarily), loss by holders of the Notes of their entire investment. In addition, the Notes do not contain any "negative pledge" or similar clause, meaning that BPCE may pledge its assets to secure other obligations without granting similar security in respect of the Notes.

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

The Notes are undated obligations in respect of which there is no fixed redemption date. Nevertheless, the Notes may be redeemed at the option of BPCE, in whole but not in part, on the First Call Date and on any Interest Payment Date thereafter and on any Interest Payment Date for certain tax or regulatory reasons. See "Terms and Conditions of the Notes – Redemption and Purchase". In certain circumstances for taxation reasons (see "Terms and Conditions of the Notes – Redemption and Purchase"), BPCE will be required to redeem the Notes in whole (but not in part). In each case, early redemption of the Notes is subject to the prior approval of the SGCB. There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Notes.

Redemption for regulatory reasons

The Issuer may redeem the Notes in whole (but not in part) if, as a result of any change in French law, or any change in the official application or interpretation thereof, the proceeds of the Notes cease to be eligible as Tier 1 Capital for the Issuer. Any redemption of the Notes will be subject to Condition 6.2 of the Notes (Redemption and Purchase) subject to the prior approval of the SGCB.

Redemption for taxation reasons

The Issuer may, and in certain circumstances shall be required to, redeem the Notes in whole (but not in part) if (i) interest payment under the Notes was but is no longer tax deductible by the Issuer for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes as a result of a change in French tax law or interpretation of such law becoming effective after the issue date of the Notes or (ii) the Issuer becomes obliged to pay additional amounts in respect of French withholding tax as a result of a change in French tax law or official application or interpretation of such law becoming effective after the issue date of the Notes or (iii) the Issuer is prevented by French law from making payment to the Noteholders of the full amounts then due and payable (including any additional amounts which would be payable pursuant to Condition 8 (Taxation) but for the operation of such French law). Any redemption of the Notes will be subject to Condition 6.2 of the Notes (Redemption and Purchase), subject to the prior approval of the SGCB.

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

Currency risk

Prospective investors of the Notes should be aware that an investment in the Notes may involve exchange rate risks. The Notes may be denominated in a currency other than the currency of the purchaser's home

jurisdiction. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Notes.

Any decline in the credit ratings of the Issuer or changes in rating methodologies may affect the market value of the Notes.

The credit ratings of the Issuer are an assessment of its ability to pay its obligations, including those on the offered Notes. Consequently, actual or anticipated declines in the credit ratings of the Issuer may affect the market value of the Notes. The Issuer expects that two credit rating agencies will assign credit ratings to the Notes on issue. The 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 Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. In addition, the rating agencies may change their methodologies for rating securities with features similar to the Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Notes, sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

Moody's (one of the credit rating agencies expected to assign a rating to the Notes) released a consultation paper entitled "Moody's Proposed Changes to Bank Subordinated Capital Ratings" dated 16 June 2009, in which the rating agency requested market feedback on potential changes to its bank hybrid rating methodology. Should Moody's implement this revised methodology as proposed, the ratings assigned or expected to be assigned to the Notes could potentially be negatively affected.

Market Value of the Notes

The market value of the Notes will be affected by the creditworthiness of BPCE and a number of additional factors, including market interest and yield rates.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are listed. The price at which a holder of Notes will be able to sell the Notes may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

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

There is currently no existing market for the Notes, and there can be no assurance that any market will develop for the Notes or that Noteholders will be able to sell their Notes in the secondary market. There is no obligation to make a market in the Notes. While application shall be made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange, there can be no assurance that an active market will develop for the Notes.

In addition, BPCE is a new issuer and has no other debt securities that trade in the secondary market (although it will assume the obligations of CNCE and BFBP under their outstanding debt securities). The interest rate on the Notes was determined on the basis of discussions between BPCE and the Joint Lead Managers, but this determination was made in a context of greater uncertainty than a similar determination in respect of a seasoned issuer. Accordingly, the interest rates on the Notes may not reflect the yields at which the Notes will trade in the secondary market, if a secondary trading market develops for the Notes.

No voting rights

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

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial notes such as the Notes. The tax impact on an individual noteholder may differ from the situation described for Noteholders generally. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

French Insolvency Law

Under French insolvency law as amended by ordinance n°2008-1345 dated 18 December 2008 which came into force on 15 February 2009, holders of debt securities are automatically grouped into a single assembly of holders (the “**Assembly**”) during a preservation procedure (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer, in order to defend their common interests. The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (EMTN) and regardless of their governing law. The Assembly deliberates on the draft safeguard (*projet de plan de sauvegarde*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

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

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

Change of law

The Terms and Conditions of the Notes are based on the laws of France in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of France or administrative practice after the date of this Prospectus. Furthermore, the Issuer operates in a heavily regulated environment and has to comply with extensive regulations in France and elsewhere. No assurance can be given as to the impact of any possible judicial decision or change in French law or the official application or interpretation of French law after the date of this Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents, which have been previously published or are published simultaneously with this Prospectus and that have been filed with the Luxembourg competent authority for the purpose of the Prospectus Directive and the relevant implementing measures in the Grand Duchy of Luxembourg, and shall be incorporated in, and form part of, this Prospectus (together, the “**Documents Incorporated by Reference**”):

- (a) the English translation of the Groupe Caisse d’Epargne 2008 registration document (*document de référence*) (the “**GCE 2008 Annual Report**”), a French version of which was filed with the *Autorité des marchés financiers* (“**AMF**”) under registration N° D.09-0212, dated 8 April 2009;
- (b) the English translation of the Groupe Banque Populaire 2008 registration document (*document de référence*) (the “**GBP 2008 Annual Report**”), a French version of which was filed with the AMF under registration N° D.09-0315, dated 27 April 2009;
- (c) the English translation of the BPCE 2009-01 registration document (*document de référence 2009-01*) (the “**BPCE Registration Document**”), which contains the unaudited financial statements of each of Groupe Banque Populaire and Groupe Caisse d’Epargne for the six-month period ended 30 June 2009, a French version of which was filed with the AMF under registration number N° R.09-076, dated 28 September 2009;
- (d) the English translation of the update of the BPCE Registration Document (*actualisation du document de référence*) (the “**BPCE First Update**”), a French version of which was filed with the AMF under registration N° D.09-0666-A01, dated November 18, 2009;
- (e) the information contained under the heading “Statutory Financial Statements of BPCE” appearing on pages F-1 to F-6 of the Issuer’s Exchange Offering Memorandum (the “**EOM Statutory Financial Statements**”), which contains an English translation of the audited annual financial statements for BPCE (formerly known as GCE NAO) for the years ended 31 December 2007 and 2008, dated and approved by the CSSF on 3 July 2009; and
- (f) the press release entitled “**2009 results and 2010-2013 strategic plan of Groupe BPCE**” (except for the paragraph entitled “2010-2013: a strategy based on developing the Commercial Banking division and Natixis, and focused on unlocking the potential of the new group”, which is not incorporated by reference) and the slide presentation entitled “**2009 Annual Results**” each dated February 25, 2010, containing full-year and fourth quarter 2009 results for the Groupe BPCE and the Groupe BPCE SA.

The pro forma financial information for 2008 in the documents referred to in paragraph (f) reflects certain adjustments compared to previously published information (including in the BPCE Registration Document), which is deemed to be superseded for purposes of this Prospectus to the extent inconsistent with the information in the documents referred to in paragraph (f).

Notwithstanding the foregoing,

(A) the following statements shall not be deemed incorporated herein:

- the statement by Mr. François Pérol, President of the Management Board of the Groupe Caisse d’Epargne, on page 510 of the GCE 2008 Annual Report referring to the *lettre de fin de travaux* of the statutory auditors;

- the statement by Mr. Philippe Dupont, President of the Groupe Banque Populaire, on page 598 of the GBP 2008 Annual Report referring to the *lettre de fin de travaux* of the statutory auditors;
- the statement by Mr. François Pérol, *Président* of the *Directoire* of the Issuer, on page 409 of the BPCE Registration Document referring to the *lettre de fin de travaux* of the statutory auditors;
- the statement by Mr. François Pérol, *Président* of the *Directoire* of the Issuer, on page 32 of the BPCE First Update referring to the *lettre de fin de travaux* of the statutory auditors; and
- the Statutory Auditors' reports on the unaudited pro forma financial information for Groupe BPCE and Groupe BPCE SA, each dated 28 September 2009, on pages 374 and 390, respectively, of the BPCE Registration Document.

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

The Documents Incorporated by Reference are available on the websites of the Issuer (www.bpce.fr) and of the Luxembourg Stock Exchange (www.bourse.lu). The Documents Incorporated by Reference will also be available free of charge to the public at the specified office of the Fiscal Agent.

Below are tables that reference the topics from the Documents Incorporated by Reference which are incorporated by reference in this Prospectus.

GCE 2008 Annual Report

Information Incorporated by Reference	Page Reference
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EOM Statutory Financial Statements

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2009 results and 2010-2013 strategic plan of Groupe BPCE

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2009 Annual Results

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RECENT DEVELOPMENTS

On 12 October 2009, BPCE published a press release relating to its deeply subordinated notes and preferred shares issues subscribed by the *Société de Prise de Participation de l'Etat*, and described in the overview of this Prospectus and in the BPCE Registration Document. The purpose of the press release was to confirm that these issuances were approved by the European Commission under European rules relating to state aid, and that no restructuring plan or other onerous conditions were imposed in connection with such approval.

Specifically, in the press release, BPCE confirmed that:

- it has received, through the French Ministry of Economy, Industry and Employment, all necessary consents from the European Commission (final approval received on 8 May 2009) regarding the temporary regulatory capital injection by the French State as part of the plan of the French Government to support the economy, which was implemented in 2008 for all the major French banks,

- the approval from the European Commission has no condition attached in terms of restructuring plan, exercise of call options or payment of coupons on deeply subordinated Tier 1 notes issued by BPCE,

- there is no procedure or investigation conducted by the European Commission in terms of state aid regarding Groupe BPCE.

TERMS AND CONDITIONS OF THE NOTES

The issue outside the Republic of France of the Euro (“EUR”) 1,000,000,000 Deeply Subordinated Fixed to Floating Rate Notes (the “Notes”) was decided on 10 March 2010 by Roland Charbonnel, *Directeur des Emissions et de la Communication Financière* of BPCE (the “Issuer”), acting pursuant to a resolution of the Management Board (*directoire*) of the Issuer dated July 31, 2009. The Notes are issued with the benefit of a fiscal agency agreement (the “Fiscal Agency Agreement”) dated on or about 17 March 2010 between the Issuer, Deutsche Bank, London Branch as fiscal agent (the “Fiscal Agent”, which expression shall, where the context so admits, include any successor for the time being of the Fiscal Agent), as calculation agent (the “Calculation Agent”, which expression shall, where the context so admits, include any successor for the time being of the Calculation Agent) and Deutsche Bank Luxembourg, S.A. as Luxembourg paying agent (the “Paying Agent”, which expression shall, where the context so admits, include any successor for the time being of the Paying Agent). Reference below to the “Agents” shall be to the Fiscal Agent, the Paying Agent and/or the Calculation Agent, as the case may be. Copies of the Fiscal Agency Agreement are available for inspection at the specified offices of the Agents. References below to “Conditions” are, unless the context otherwise requires, to the numbered paragraphs below.

1 DEFINITIONS

For the purposes of these Conditions:

“A Interest” has the meaning set forth in Condition 4.4 (*Interest Payable*).

“Actual/360” means, in respect of any period, the actual number of days in the relevant period divided by 360.

“Actual/Actual - ICMA” means,

(A) If the Calculation Period is equal to or shorter than the Fixed Interest Period during which it falls, the number of days in such Calculation Period divided by the product of (x) the number of days in such Fixed Interest Period and (y) the number of Fixed Interest Periods normally ending in any year; or

(B) If the Calculation Period is longer than one Fixed Interest Period, the sum of:

(1) the number of days in such Calculation Period falling in the Fixed Interest Period in which the Calculation Period begins divided by the product of (x) the number of days in such Fixed Interest Period and (y) the number of Fixed Interest Periods normally ending in any year; and

(2) the number of days in such Calculation Period falling in the next Fixed Interest Period divided by the product of (x) the number of days in such Fixed Interest Period and (y) the number of Fixed Interest Periods normally ending in any year.

“Accrued Interest” means interest accrued on the Notes since the most recent Interest Payment Date in respect of the Principal Amount.

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

“Calculation Period” means any period of time (from and including the first day of such period to but excluding the last) in respect of the calculation of an amount of interest on any Note.

“Compulsory Interest Payment Date” means each Interest Payment Date prior to which the Issuer has, at any time during a period of one-year prior to such Interest Payment Date:

(i) declared or paid a dividend (whether in cash, shares or any other form), or more generally made a payment of any nature, on any classes of shares, on other equity securities issued by the Issuer or on other deeply subordinated notes or any other securities which rank *pari passu* with the Notes, in each case to the extent categorised as Tier 1 Capital, unless such payment on other deeply subordinated notes or other securities which rank *pari passu* with the Notes was required to be made as a result of a dividend or other payment having been made on any classes of shares or on other equity securities issued by the Issuer; or

(ii) redeemed, either by cancellation or by means of *amortissement* (as defined in Article L. 225-198 of the French *Code de commerce*), repurchased or otherwise acquired any shares, whatever classes of shares, if any, they belong to, or any other equity securities issued by the Issuer, by any means,

provided, however, that if a Supervisory Event occurred during the Interest Period immediately preceding such Interest Payment Date, such Interest Payment Date shall only be a Compulsory Interest Payment Date if such Supervisory Event occurred prior to the relevant event described in the two subparagraphs above.

“Consolidated Net Income” means the consolidated net income (excluding minority interests) of the Issuer as calculated and set out in the consolidated accounts of the Issuer (whether audited annual or unaudited, but having been subject to a “limited review”, semi-annual).

“End of Supervisory Event” means, following a Supervisory Event (as defined below), the first date of either of the following events: (i) the total risk-based consolidated capital ratio of the Issuer and its consolidated subsidiaries and affiliates, calculated in accordance with the Applicable Banking Regulations, complies with the minimum percentage required in accordance with Applicable Banking Regulations, or, (ii) if the Supervisory Event occurred pursuant to clause (ii) of the definition of Supervisory Event below, the notification by the SGCB, in its sole discretion, to the Issuer, that it has determined, in view of the financial condition of the Issuer, that the circumstances which resulted in the Supervisory Event have ended.

“Euro-zone” means the region comprised of member states of the European Union which have adopted or adopt the Euro in accordance with the Treaty establishing the European Community, as amended.

“financial year” means a twelve-month financial period ending on 31 December.

“First Call Date” means 17 March 2015.

“Fixed Interest Amount” means the amount of interest, if any, payable in respect of the Notes in accordance with Condition 4.2 (*Fixed Interest Rate*).

“Fixed Interest Period” means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Fixed Rate Interest Payment Date and each successive period beginning on (and including) a Fixed Rate Interest Payment Date and ending on (but excluding) the next succeeding Fixed Rate Interest Payment Date until and (including) the last Fixed Rate Interest Payment Date.

“Fixed Interest Rate” has the meaning set forth in Condition 4 (*Interest and Interest Suspension*).

“Fixed Rate Interest Payment Date” has the meaning set forth in Condition 4 (*Interest and Interest Suspension*).

“Floating Interest Period” means the period beginning on (and including) 17 March 2015 (being the First Call Date) and ending on (but excluding) the first Floating Rate Interest Payment Date and each

successive period beginning on (and including) a Floating Rate Interest Payment Date and ending on (but excluding) the next succeeding Floating Rate Interest Payment Date.

“**Floating Interest Rate**” has the meaning set forth in Condition 4 (*Interest and Interest Suspension*).

“**Floating Rate Interest Amount**” means the amount of interest, if any, payable in respect of the Notes in accordance with Condition 4.3 (*Floating Interest Rate*).

“**Floating Rate Interest Payment Date**” has the meaning set forth in Condition 4 (*Interest and Interest Suspension*).

“**Interest Amount**” means the Fixed Interest Amount and the Floating Rate Interest Amount.

“**Interest Payment Date**” means the Fixed Rate Interest Payment Dates and the Floating Rate Interest Payment Dates.

“**Interest Period**” means the Fixed Rate Interest Periods and the Floating Interest Periods.

“**Interest Rate**” means the Fixed Interest Rate and the Floating Interest Rate.

“**Interim Period**” means a six-month financial period ending on 30 June or 31 December.

“**Issue Date**” has the meaning set forth in Condition 4.1 (*General*).

“**Loss Absorption**” has the meaning set forth in Condition 5.1 (*Loss Absorption*).

“**Margin**” means 6.533 per cent. per annum until and excluding the Step-up Date (not including the step-up margin that shall amount to 50% of the initial credit spread, with a cap of 2 per cent.) and 8.533 per cent. per annum from and including the Step-up Date (including the step-up margin that shall amount to 50 per cent. of the initial credit spread, with a cap of 2 per cent.).

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

“**Optional Interest Payment Date**” means any Interest Payment Date other than a Compulsory Interest Payment Date.

“**Original Principal Amount**” means the nominal amount of each Note on the Issue Date, not taking into account any reduction of the Principal Amount of the Notes or any Reinstatement pursuant to Condition 5 (*Loss Absorption and Return to Financial Health*).

“**Principal Amount**” means at any time the principal amount of the Notes, calculated on the basis of the Original Principal Amount of the Notes as the same may have been reduced under Condition 5.1 (*Loss Absorption*) and/or reinstated under Condition 5.2 (*Return to Financial Health*).

“**Reinstatement**” has the meaning set forth in Condition 5.2 (*Return to Financial Health*).

“**Replacement Supervisory Authority**” means any other authority having supervisory authority with respect to the Issuer, it being specified that any reference to the SGCB shall be construed as including any Replacement Supervisory Authority.

“**Return to Financial Health**” has the meaning set forth in Condition 5.2 (*Return to Financial Health*).

“**SGCB**” means the *Secrétariat général de la Commission bancaire* which reference shall, where applicable, include any other authority having supervisory authority with respect to the Issuer.

“**Step-up Date**” means 17 March 2020.

“**Supervisory Event**” means the first date of either of the following events: (i) the total risk-based consolidated capital ratio of the Issuer and its consolidated subsidiaries and affiliates, calculated in

accordance with the Applicable Banking Regulations, falls below the minimum percentage required in accordance with Applicable Banking Regulations, or (ii) the notification by the SGCB, in its sole discretion, to the Issuer, that it has determined, in view of the financial condition of the Issuer, that the foregoing clause (i) would apply in the near term.

“**TARGET2 Business Day**” means a day on which the TARGET2 System is operating.

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

“**Tier 1 Capital**” has the meaning set forth in Condition 3 (*Status of the Notes and subordination*).

2 **FORM, DENOMINATIONS AND TITLE**

The Notes are issued in dematerialised bearer form (*au porteur*) in denomination of EUR 50,000. Title to the Notes will be evidenced in accordance with Article L. 211-3 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

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

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

3 **STATUS OF THE NOTES AND SUBORDINATION**

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

The proceeds of the issue of the Notes will be treated for regulatory purposes as consolidated *fonds propres de base* for the Issuer. *Fonds propres de base* (“**Tier 1 Capital**”) shall have the meaning given to it in Article 2 of *Règlement n° 90-02* dated 23 February 1990, as amended, of the *Comité de la Réglementation Bancaire et Financière* (the “**CRBF Regulation**”), or otherwise recognised as *fonds propres de base* by the SGCB, or any Replacement Supervisory Authority. The CRBF Regulation should be read in conjunction with the press release of the Bank for International Settlements dated 27 October 1998 concerning instruments eligible for inclusion in Tier 1 Capital (the “**BIS Press Release**”). The French language version of the BIS Press Release is attached to the report published annually by the SGCB entitled “*Modalités de calcul du ratio international de solvabilité*”.

The principal and interest on the Notes (which constitute *obligations* under French Law) constitute direct, unconditional, unsecured, undated and deeply subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present and future deeply subordinated notes of the Issuer but shall be subordinated to the present and future *prêts participatifs* granted to the Issuer and present and future *titres participatifs*, ordinarily subordinated notes and unsubordinated notes issued by the Issuer. In the event of liquidation, the Notes shall rank in priority to any payments to holders of any classes of shares and of any other equity securities issued by the Issuer.

If the Original Principal Amount has been reduced in the context of one or more loss absorption(s) pursuant to Condition 5.1 (*Loss Absorption*), the rights of the Noteholders are calculated on the basis of the Original Principal Amount, to the extent that all other creditors of the Issuer (including

unsubordinated creditors of the Issuer, holders of ordinarily subordinated notes issued by the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer and holders of *titres participatifs* issued by the Issuer) have been or will be fully reimbursed, as ascertained by the liquidator.

If any judgment is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or in the event of the liquidation of the Issuer for any other reason, the rights of the Noteholders will be calculated on the basis of the Original Principal Amount of the Notes together with Accrued Interest and any other outstanding payments under the Notes.

There is no negative pledge in respect of the Notes.

4 INTEREST AND INTEREST SUSPENSION

4.1 General

The Notes bear interest on their Principal Amount from (and including) 17 March 2010 (the “**Issue Date**”) at (i) a fixed rate of 9.00 per cent. per annum (the “**Fixed Interest Rate**”) payable annually in arrear on 17 March of each year (each a “**Fixed Rate Interest Payment Date**”) from (and including) 17 March 2011 to (and including) the First Call Date and (ii) thereafter at the floating interest rate as determined by the Calculation Agent in accordance with Condition 4.3 (*Floating Interest Rate*) below (the “**Floating Interest Rate**”) payable annually in arrear on or about 17 March of each year (each a “**Floating Rate Interest Payment Date**”) commencing on the Floating Rate Interest Payment Date on or about 17 March 2016; *provided, however, that*, if any Floating Rate Interest Payment Date would otherwise fall on a date which is not a TARGET2 Business Day, it will be postponed to the next TARGET2 Business Day unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding TARGET2 Business Day.

For the avoidance of doubt

- (i) in respect of Fixed Interest Periods, Interest Amounts will not be adjusted if an Interest Payment Date is not a TARGET2 Business Day;
- (ii) in respect of Floating Interest Periods, Interest Amounts will be adjusted if an Interest Payment Date is not a TARGET2 Business Day.

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

4.2 Fixed Interest Rate

4.2.1 The amount of interest (the “**Fixed Interest Amount**”) payable on each Fixed Rate Interest Payment Date will be the product of the then Principal Amount of such Note and the Fixed Interest Rate, and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards).

4.2.2 If interest is required to be calculated in respect of a Fixed Interest Period where the then Principal Amount of a Note is less than its Original Principal Amount for a portion thereof, it shall be calculated by the Calculation Agent by applying the Fixed Interest Rate to the then Principal Amount of such Note and multiplying such product by the Actual/Actual – ICMA day count fraction for each relevant portion of the Interest Period, adding the results for all such portions and rounding the resulting

figure, if necessary, to the nearest cent (half a cent being rounded upwards). The Calculation Agent will cause such Fixed Interest Amount to be notified to the Issuer, the Fiscal Agent and the Luxembourg Stock Exchange and any other stock exchange on which the Notes are for the time being listed and will cause the publication thereof in accordance with Condition 11 (*Notices*) as soon as possible after its calculation but in no event later than the fourth TARGET2 Business Day thereafter.

4.3 Floating Interest Rate

4.3.1 The Notes bear interest at the Floating Interest Rate from and including the First Call Date, payable on each Floating Rate Interest Payment Date. The Floating Interest Rate for each Floating Interest Period will be determined by the Calculation Agent on the following basis:

- (a) the Calculation Agent will determine the rate for deposits in Euro for a period equal to the relevant Floating Interest Period which appears on the Reuters page EURIBOR01 (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of 11:00 a.m., (Brussels time), on the second TARGET2 Business Day before the first day of the relevant Floating Interest Period (the “**Floating Rate Interest Determination Date**”); and
- (b) if such rate does not appear on the relevant screen page, the Calculation Agent will:
 - (A) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market to provide a quotation of the rate at which deposits in Euro are offered by it at approximately 11.00 a.m. (Brussels time) on the Floating Rate Interest Determination Date to prime banks in the Euro-zone interbank market for a period equal to the relevant Floating Interest Period and in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; and
- (c) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in the Euro-zone, selected by the Calculation Agent, at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Floating Interest Period for loans in Euro to leading European banks for a period equal to the relevant Floating Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Floating Interest Rate for such Floating Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Floating Interest Period, the Floating Interest Rate applicable to the Notes during such Floating Interest Period will be the sum of the Margin and the rate

or (as the case may be) arithmetic mean last determined in relation to the Notes in respect of a preceding Floating Interest Period.

4.3.2 Determination of Floating Interest Rate and calculation of Floating Rate Interest Amount by the Calculation Agent

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Brussels Time) on each Floating Rate Interest Calculation Date in relation to each Floating Interest Period, calculate the Floating Rate Interest Amount payable in respect of each Note for such Floating Interest Period. The Floating Rate Interest Amount will be calculated by applying the Floating Rate Interest Rate for such Floating Interest Period to the Principal Amount of such Note as determined, if the Principal Amount of the Notes is less than the Original Principal Amount for a portion of such Floating Interest Period, from time to time within such Floating Interest Period, multiplying the product by the Actual/360 day count fraction for each relevant portion of such Interest Period, adding the results for all such portions and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

4.3.3 Publication of Floating Interest Rate and Floating Rate Interest Amount

The Calculation Agent will cause the Floating Interest Rate and the Floating Interest Amount for each Floating Interest Period and the relevant Floating Rate Interest Payment Date to be notified to the Issuer, the Fiscal Agent and the Luxembourg Stock Exchange and any other stock exchange on which the Notes are for the time being listed and the Calculation Agent will cause publication thereof in accordance with Condition 11 (*Notices*) as soon as possible after their calculation but in no event later than the fourth TARGET2 Business Day thereafter and no later than the first day of the Floating Interest Period. The Floating Rate Interest Payment Date so published may subsequently be amended (or appropriate arrangements made by way of adjustment).

4.4 Interest Payable

4.4.1 On Optional Interest Payment Dates

(i) Payment of Interest on Optional Interest Payment Dates

The Issuer may pay interest on any Optional Interest Payment Date. The Issuer may elect not to pay interest on any Optional Interest Payment Date in particular with a view to allowing the Issuer to ensure the continuity of its activities without weakening its financial structure. Interest with respect to any Interest Period shall accrue on the Principal Amount, on the basis of the number of days elapsed during the relevant Interest Period, in accordance with Conditions 4.2.2 or 4.3.2.

Save as otherwise provided, any interest not paid on an Optional Interest Payment Date shall be forfeited and shall therefore no longer be due and payable by the Issuer.

(ii) Occurrence of a Supervisory Event

Subject to the relevant Interest Payment Date being an Optional Interest Payment Date, in the event that a Supervisory Event has occurred during the Interest Period preceding such Optional Interest Payment Date:

- Interest with respect to the period between the preceding Interest Payment Date and the Supervisory Event shall accrue on the Principal Amount of the Notes, on the basis of the number of days elapsed between such preceding Interest Payment Date and such Supervisory Event (the **A Interest**). However, the payment of such A Interest shall automatically be suspended. In addition, the amount of A Interest may be reduced to absorb losses pursuant to Condition 5.1 (*Loss Absorption*). A Interest may be payable in accordance with the provisions of paragraph (iii) below.
- No Interest shall accrue nor be payable by the Issuer with respect to any Interest Period during the period starting on the date of the Supervisory Event and ending on the date of the End of Supervisory Event.

(iii) After End of Supervisory Event

Subject to the relevant Interest Payment Date being an Optional Interest Payment Date, in respect of any Interest Payment Date which occurs as from the End of Supervisory Event, interest will accrue and be calculated as follows:

- As from the date of the End of Supervisory Event until the next succeeding Interest Payment Date, interest shall accrue on the Principal Amount, on the basis of the number of days elapsed between the date of End of Supervisory Event and the next succeeding Interest Payment Date.
- Interest with respect to any succeeding Interest Period shall accrue on the Principal Amount, on the basis of the number of days elapsed during the relevant Interest Period.

Interest calculated in accordance with the above provisions may be paid on any relevant Interest Payment Date(s) occurring as from the date of the End of Supervisory Event (included).

Any interest accrued during such period not paid by the Issuer on the relevant Interest Payment Date(s) will be forfeited.

At the option of the Issuer, any A Interest, to the extent not reduced to absorb losses pursuant to Condition 5.1 (*Loss Absorption*), may be paid on the first Interest Payment Date following the End of Supervisory Event, to the extent any such payment would not trigger the occurrence of a Supervisory Event. Any A Interest not paid by the Issuer on the first Interest Payment Date following the End of Supervisory Event will be forfeited.

4.4.2 On Compulsory Interest Payment Dates

The Issuer will pay interest on any Compulsory Interest Payment Date, notwithstanding any other provision of the Terms and Conditions.

Interest payable on any Compulsory Interest Payment Date will always be calculated on the basis of the entire relevant Interest Period.

Interest payable on any Compulsory Interest Payment Date will be calculated on the basis of the then Principal Amount, in accordance with Conditions 4.2.2 or 4.3.2.

5 LOSS ABSORPTION AND RETURN TO FINANCIAL HEALTH

5.1 Loss Absorption

In the event that the occurrence of the Supervisory Event requires, in the opinion of the SGCB, a strengthening of the regulatory capital of the Issuer, the management board of the Issuer will convene an extraordinary shareholders' meeting during the three months following the occurrence of the Supervisory Event in order to propose a share capital increase or any other measure to remedy the Supervisory Event.

If the share capital increase or any other proposed measures are not accepted by the extraordinary shareholders' meeting of the Issuer, or if the share capital increase adopted by such extraordinary shareholders' meeting is insufficiently subscribed to remedy the Supervisory Event in full, or if the Supervisory Event remains on the last day of the relevant Interim Period during which the Supervisory Event has occurred, the management board of the Issuer will implement within ten days following the last day of the relevant Interim Period a reduction of the amount of A Interest, and if necessary of the Principal Amount of the Notes so as to enable the Issuer to continue its activities.

A loss absorption pursuant to this Condition will firstly be implemented by a partial or full reduction in the amount of A Interest. If the total reduction of A Interest is not sufficient for the purposes of such loss absorption, a further loss absorption will be implemented by partially or fully reducing the Principal Amount.

For the avoidance of doubt, the first remedy to the Supervisory Event will be the share capital increase. Absorption of losses will first be set off against any classes of shares and of any other equity securities issued by the Issuer in relation to the measures adopted by the extraordinary shareholders' meeting of the Issuer to remedy the Supervisory Event as described above and thereafter, and to the extent it is not sufficient, then against the then A Interest and the then Principal Amount of the Notes as herein described.

Notwithstanding any other provision of the Terms and Conditions of the Notes, the nominal value of each Note shall never be reduced to an amount lower than one cent of one euro.

Such reductions will be made without prejudice to the rights of the Noteholders under Condition 5.2 (*Return to Financial Health*) below and to the rights of the Noteholders to obtain the payment of amounts due under the Notes in accordance with the provisions of the Terms and Conditions.

Accrued Interest payable on any Compulsory Interest Payment Date is not subject to reduction in accordance with this Condition 5.1 (*Loss Absorption*).

The amount by which A Interest and, as the case may be, the Principal Amount are reduced, will be equal to the amount of losses which, following a Supervisory Event, has not been set off against the shareholders funds (*capitiaux propres*) of the Issuer (as set out in the consolidated accounts of the Issuer), following the implementation of the measures adopted by the extraordinary shareholders' meeting (as described above).

In the event the Issuer has other deeply subordinated notes or other securities which rank *pari passu* with the Notes outstanding, such reduction will be applied on a pro-rata basis among them.

In the event the Issuer has other deeply subordinated notes or other securities which rank *pari passu* with the Notes outstanding, which may also be subject to a loss absorption within ten days following the last day of the relevant Interim Period in accordance with their terms, the

reduction implemented within ten days following the last day of the relevant Interim Period will be applied on a pro-rata basis among them.

Further, in the event the Issuer has other deeply subordinated notes or other securities which rank *pari passu* with the Notes outstanding, which may only be subject to a loss absorption within ten days following the last day of the relevant financial year during which the Supervisory Event has occurred in accordance with their terms, any reduction related to the Notes implemented within ten days following the last day of a six-month financial period ending on 30 June will not exceed the reduction that would have been made if all other deeply subordinated notes or other securities which rank *pari passu* with the Notes outstanding had been reduced on a pro-rata basis among them at that time.

It is also specified that, on the tenth calendar day following the last day of the financial year during which the Supervisory Event has occurred, the implementation of any loss absorption(s) related to the Notes pursuant to this Condition shall not result in an aggregate reduction exceeding, at such date, the prorata reduction of the other deeply subordinated notes or other security which rank *pari passu* with the Notes issued by the Issuer.

A Interest and the Principal Amount of the Notes pursuant to the above provision may be reduced on one or more occasions, as required.

No payments of principal or premium will be made to holders of shares of the Issuer, of any classes whatsoever, or of any other equity securities issued by the Issuer, before all amounts due, but unpaid, to all Noteholders under the Notes have been paid by the Issuer.

Notice of any Supervisory Event and of any End of Supervisory Event shall be given to the Noteholders in accordance with Condition 11 (*Notices*). Such notice shall be given as soon as practicable, following the occurrence of a Supervisory Event and of any End of Supervisory Event.

Notice of any reduction of A Interest or of the Principal Amount shall be given to the Noteholders in accordance with Condition 11 (*Notices*). Such notice shall be given at least seven days prior to the relevant reduction of Accrued Interest or of the Principal Amount.

5.2 Return to Financial Health

If a positive Consolidated Net Income (as defined above) is recorded for at least two consecutive fiscal years following the End of Supervisory Event (a “**Return to Financial Health**”), the Issuer shall increase the Principal Amount of the Notes up to the Original Principal Amount (a “**Reinstatement**”) to the extent any Reinstatement (either up to the Original Principal Amount or up to any other amount lower than the Original Principal Amount) does not trigger the occurrence of a Supervisory Event.

Such Reinstatement shall be made on one or more occasions in the conditions described above until the then Principal Amount of the Notes has been reinstated to the Original Principal Amount as from the Return to Financial Health (save in the event of occurrence of another Supervisory Event).

A Reinstatement shall not exceed the amount of the latest Consolidated Net Income of the Issuer.

In the event the Issuer has other deeply subordinated notes or other securities which rank *pari passu* with the Notes outstanding and which may also benefit from a reinstatement in accordance with their terms, a Reinstatement will be applied on a pro-rata basis with other

reinstatements made on such other deeply subordinated notes or other securities which rank *pari passu* with the Notes.

For the avoidance of doubt, any A Interest that has been reduced pursuant to Condition 5.1 shall not be reinstated pursuant to this Condition 5.2.

However, in any event, whether or not a Return to Financial Health has occurred, the Issuer shall increase the Principal Amount of the Notes up to the Original Principal Amount prior to:

- (i) any declaration or payment of a dividend (whether in cash, shares or any other form), or more generally any payment of any nature, by the Issuer, on any classes of shares, on other equity securities issued by the Issuer or on other deeply subordinated notes or any other securities which rank *pari passu* with the Notes, unless such payment on other deeply subordinated notes or other securities which rank *pari passu* with the Notes was required to be made as a result of a dividend or other payment having been made on any classes of shares or on other equity securities issued by the Issuer; or
- (ii) any redemption, either by cancellation or by means of *amortissement* (as defined in Article L. 225-198 of the French *Code de commerce*), repurchase or acquisition of any shares, whatever classes of shares, if any, they belong to, or of any other equity securities issued by the Issuer, by any means; or
- (iii) any optional redemption by the Issuer of (1) the Notes, in accordance with Condition 6.2(a) (*General Call Option*) or 6.2(b) (*Redemption for Taxation Reasons or Regulatory Reasons*), or (2) any other deeply subordinated notes or other securities which rank *pari passu* with the Notes, in accordance with their terms.

No payments of principal or premium will be made to holders of shares of the Issuer, of any classes whatsoever, or of any other equity securities issued by the Issuer before all amounts due, but unpaid, to all Noteholders under the Notes have been paid by the Issuer.

Notice of any Return to Financial Health shall be given to the Noteholders in accordance with Condition 11 (*Notices*). Such notice shall be given as soon as practicable, following the occurrence of a Return to Financial Health. Notice of any Reinstatement shall be given to the Noteholders in accordance with Condition 11 (*Notices*). Such notice shall be given at least seven days prior to the relevant Reinstatement.

6 REDEMPTION AND PURCHASE

The Notes may not be redeemed otherwise than in accordance with this Condition 6 (*Redemption and Purchase*).

6.1 No Final Redemption

The Notes are undated securities in respect of which there is no fixed redemption or maturity date.

6.2 Issuer's Call Options Subject to the Approval of the SGCB

(a) General Call Option

On the First Call Date and on any Interest Payment Date thereafter, the Issuer, subject to having given not less than 30, and not more than 60, days' prior notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 11 (*Notices*), and subject to the prior approval of the SGCB, may, at its option, redeem

all but not some of the Notes at their Original Principal Amount, together with any amounts outstanding thereon, including Accrued Interest.

(b) Redemption for Taxation Reasons or Regulatory Reasons

- (i) 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, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8 (*Taxation*) below, the Issuer may, at its option, on any Interest Payment Date, subject to having given not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 11 (*Notices*) and, subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes at their Original Principal Amount together with any amounts outstanding thereon including Accrued Interest provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes.
- (ii) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8 (*Taxation*) below, then the Issuer shall forthwith give notice of such fact to the Paying Agent and the Issuer shall upon giving not less than seven days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 11 (*Notices*) and, subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes then outstanding at their Original Principal Amount together with any amounts outstanding thereon including Accrued Interest on the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes, provided that if such notice would expire after such Interest Payment Date the date for redemption pursuant to such notice of Noteholders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes and (ii) 14 days after giving notice to the Fiscal Agent as aforesaid.
- (iii) If, by reason of any change in French law, any change in the official application or interpretation of such law, or any other change in the tax treatment of the Notes, becoming effective after the Issue Date, interest payment under the Notes is no longer tax-deductible by the Issuer for French corporate income tax (*impôt sur les bénéfices des sociétés*) purposes, the Issuer may, at its option, on any Interest Payment Date, subject to having given not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 11 (*Notices*), and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes at their Original Principal Amount together with any amounts outstanding thereon including Accrued Interest, provided that the due date for redemption of which notice

hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make such payment with interest payable being tax deductible for French corporate income tax (*impôt sur les bénéfices des sociétés*) purposes.

- (iv) If, by reason of any change in French law, any change in the official application or interpretation of such law, becoming effective after the Issue Date, the proceeds of the Notes cease to qualify as Tier 1 Capital, the Issuer may, at its option, on any Interest Payment Date, subject to having given not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 11 (*Notices*), and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes at their Original Principal Amount together with amounts outstanding thereon including Accrued Interest, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest date on which the proceeds of the Notes could qualify as Tier 1 Capital.

6.3 Purchases

The Issuer may at any time purchase Notes in the open market or otherwise at any price provided that the prior approval of the SGCB shall have to be obtained.

6.4 Cancellation

All Notes which are purchased or redeemed by the Issuer pursuant to paragraphs 6.2 (*Issuer's Call Options Subject to the Approval of the SGCB*) to 6.3 (*Purchases*) of this Condition 6 (*Redemption and Purchase*) will be cancelled.

7 PAYMENTS AND CALCULATIONS

7.1 Method of Payment

Payments in respect of principal and interest on the Notes will be made in Euro by credit or transfer to a Euro denominated account (or any other account to which Euro may be credited or transferred) specified by the payee with a bank in a country within the TARGET2 System. Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments validly made to such Account Holders in favour of Noteholders will be an effective discharge of the Issuer and the Principal Paying Agent, as the case may be, in respect of such payment.

Payments in respect of principal and interest on the Notes will, in all cases, be made subject to any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable in respect of such payments but without prejudice to the provisions of Condition 8 (*Taxation*). No commission or expenses shall be charged by the Issuer or the Paying Agent to the Noteholders in respect of such payments.

7.2 Payments on Business Days

If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day (as defined below), payment shall not be made of the amount due and credit or transfer instructions shall not be given in respect thereof until the next following Business Day, unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding Business Day, and the Noteholder shall only be entitled to

any interest or other sums in respect of any postponed payment in accordance with Condition 4.1 (*General*).

For the purposes of this Condition, “**Business Day**” means any day which is a TARGET2 Business Day.

7.3 Fiscal Agent, Paying Agent and Calculation Agent

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

FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

LUXEMBOURG PAYING AGENT

Deutsche Bank Luxembourg, S.A.
2, boulevard Konrad Adenauer
L-1115 Luxembourg
The Grand-Duchy of Luxembourg

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent, Calculation Agent and/or appoint a substitute Fiscal Agent, Paying Agent, Calculation Agent or approve any change in the office through which the Fiscal Agent, the Calculation Agent or the Paying Agent acts, provided that there will at all times be (i) a Fiscal Agent having a specified office in a European city, and (ii) so long as any Note is outstanding, a Calculation Agent having a specified office in a European city. If the Calculation Agent is unable or unwilling to continue to act as such or if the Calculation Agent fails to make any calculations in relation to the Notes, the Issuer shall appoint some other leading European bank engaged in the Euro inter-bank market (acting through its principal office in the Euro-zone) to act in its place, subject to having given notice to the Noteholders in accordance with Condition 11 (*Notices*) not more than 45 nor less than 30 days prior to such appointment. The Calculation Agent may not resign its duties without a successor having been so appointed. Any notice of a change in Fiscal Agent, Paying Agent, Calculation Agent or their specified office shall be given to Noteholders as specified in Condition 11 (*Notices*).

7.4 Certificates to be final

All certificates, communications, opinion, determinations, calculation, quotations and decisions given, expressed, made or obtained for the purpose of the provisions of these Conditions whether by the Calculation Agent or the relevant banks in the Euro-zone interbank market (or any of them) shall (in the absence of wilful default or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agent, and all the Noteholders. No Noteholder shall (in the absence as aforesaid) be entitled to proceed against the Calculation Agent in connection with the exercise or non-exercise by them of their powers, duties and discretions.

8 TAXATION

8.1 Withholding Tax

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

8.2 Additional Amounts

If French law should require that payments of principal or interest in respect of any Note be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required; *provided, however*, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note:

- (a) to, or to a third party on behalf of, a Noteholder who is subject to such taxes, duties, assessments or other governmental charges in respect of such Note by reason of his having some present or former connection with the Republic of France other than the mere holding of such Note; or
- (b) to, or to a third party on behalf of, a Noteholder who could avoid such deduction or withholding by making a declaration of non-residence or similar claim for exemption or reduction of the applicable deduction or withholding but fails to do so; or
- (c) more than 30 days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to such additional amounts on the last day of such period of 30 days; or
- (d) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC as may be amended from time to time or any law implementing or complying with, or introduced in order to conform to, such Directive as may be amended from time to time; or
- (e) to, or to a third party on behalf of, a Noteholder who would be able to avoid such withholding or deduction if payments were made by another Paying Agent in a Member State of the European Union.

For this purpose, the “**Relevant Date**” in relation to any Note means whichever is the later of (A) the date on which the payment in respect of such Note first becomes due and payable, and (B) if the full amount of the moneys payable on such date in respect of such Note has not been received by the Paying Agent on or prior to such date, the date on which notice is given in accordance with Condition 11 (*Notices*) to Noteholders that such moneys have been so received.

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

8.3 Additional Information

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

9 EVENT OF DEFAULT

If any judgment shall be issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason then the Notes shall become immediately due and payable, in accordance with Condition 3 (*Status of the Notes and subordination*).

10 REPRESENTATION OF THE NOTEHOLDERS

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

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

10.1 Legal Personality

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

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

10.2 Representative

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

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

The following person is designated as Representative of the Masse:

MURACEF
5, rue Masseran
75007 Paris
France
Represented by its *Directeur Général*

The following person is designated as Alternative Representative of the Masse:

Mr. Hervé-Bernard VALLEE
5, rue Masseran
75007 Paris
France

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by the Alternative Representative and all references to the "Representative" will be deemed to be references to the "Alternative Representative". The Alternative Representative shall have the same powers as the Representative.

In the event of death, incompatibility, resignation or revocation of the Alternative Representative, a replacement will be elected by a meeting of the general assembly of the Noteholders.

The Representative will not be entitled to any remuneration

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

10.3 Powers of the Representative

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

The Representative may not interfere in the management of the affairs of the Issuer

10.4 General Assemblies of Noteholders

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

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

Each Noteholder has the right to participate in general assemblies in person or by proxy. Each Note carries the right to one vote.

10.5 Powers of General Assemblies

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

A general assembly may further deliberate on any proposal relating to the modification of the Terms and Conditions of the Notes including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that a general assembly may not increase amounts payable by Noteholders, nor establish any unequal treatment between the Noteholders, nor decide to convert the Notes into shares, and that no amendment to the terms and conditions of the Notes may be approved until the consent of the SGCB has been obtained in relation to such amendment.

Meetings of a general assembly may deliberate validly on first convocation only if Noteholders present or represented hold at least a fifth of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by the Noteholders attending such meeting or represented thereat. In accordance with Article R. 228-71 of the French *Code de Commerce*, the right of each Noteholder to participate in general assemblies will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the third business day in Paris preceding the date set for the meeting of the relevant general assembly.

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

10.6 Information to the Noteholders

Each Noteholder or representative thereof will have the right, during the 15 day period preceding the holding of each general assembly, 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 assembly, which will be available for inspection at the principal office of the Issuer, at the specified office of the Paying Agent and at any other place specified in the notice of the general assembly given in accordance with Condition 11 (*Notices*).

10.7 Expenses

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

11. NOTICES

Any notice to the Noteholders will be valid if delivered to the Noteholders through Euroclear France, Euroclear or Clearstream, Luxembourg, for so long as the Notes are cleared through such Clearing Systems and so long as the Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and for so long as the rules of such exchange so require, on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any such notice shall be deemed to have been given on the date of such delivery or, if delivered more than once or on different dates, on the first date on which such delivery is made.

12 PRESCRIPTION

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

13 FURTHER ISSUES

The Issuer may from time to time, subject to the prior written approval of the SGCB but without the consent of the Noteholders, issue further notes to be assimilated (*assimilées*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated (*assimilées*) notes will for the defence of their common interests be grouped in a single Masse having legal personality.

14 GOVERNING LAW AND JURISDICTION

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

In relation to any legal action or proceeding arising out of or in connection with the Notes, the Issuer irrevocably submits to the jurisdiction of the competent courts in Paris.

USE OF PROCEEDS

The Issuer intends to use the net proceeds of the issuance of the Notes to increase its regulatory capital and for general corporate purposes.

TAXATION

The information contained in this section is not intended as tax advice and does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser of the Notes. It is based upon tax laws (including tax treaties) and administrative decrees in the relevant jurisdictions as in effect as of the date hereof, which are subject to change, potentially with retroactive or retrospective effect.

The following summary does not address the tax treatment of Notes that are held by Noteholders who are concurrently shareholders of the Issuer.

Prospective purchasers of the Notes are advised to consult their own advisors as to the tax consequences of an investment in the Notes.

European Union

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

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

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

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

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

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

Luxembourg

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

Luxembourg non-resident individuals

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

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

Luxembourg resident individuals

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

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

France

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

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

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

Furthermore, interest and other revenues on the Notes may no longer be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French General Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the French General Tax Code, at a rate of 25% or 50%. The tax withheld first, if any, by virtue of Article 125 A III of the French General Tax Code should be creditable against such second withholding tax (within the limit of such tax).

Notwithstanding the foregoing, the Law provides that neither the 50% withholding tax nor the non-deductibility will apply in respect of a particular issue of notes if the relevant issuer can prove that the principal purpose and effect of such issue of notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the “**Exception**”). Pursuant to the ruling no. 2010/11 (*rescrit*) of the French tax authorities dated 22 February 2010, an issue of notes will benefit from the Exception without the relevant issuer having to provide any proof of the purpose and effect of such issue of notes, if such 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 other than in a Non-cooperative State. For this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(iii) admitted, at the time of their issue, to the operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositories or operators that are not located in a Non-Cooperative State.

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

SUBSCRIPTION AND SALE

Underwriting Arrangements

Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, and Natixis (the “**Joint Lead Managers**”) have, pursuant to a Subscription Agreement dated 15 March 2010 (the “**Subscription Agreement**”), agreed with the Issuer (subject to satisfaction of certain conditions) to procure subscription, failing which, to subscribe and pay for the Notes at a price equal to 100.00 per cent of their nominal amount. In addition, the Issuer has agreed to reimburse the Joint Lead Managers in respect of certain of their legal and other expenses incurred in connection with the issue of the Notes. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

General Restrictions

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

France

Each of the Joint Lead Managers has agreed that no prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with the offering of the Notes that has been approved by the *Autorité des marchés financiers* or by the competent authority of another State that is a contracting party to the Agreement on the European Economic Area and notified to the *Autorité des marchés financiers*. Each of the Joint Lead Managers has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, the Notes to the public in France, and has not distributed or caused to be distributed, and will not distribute or cause to be distributed, to the public in France, the Prospectus or any other offering material relating to the Notes, and that such offers, sales and distributions have been, and will only be, made in France to (i) persons licensed to provide investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in, and in accordance with, Articles L.411-2, and D.411-1 to D.411-4 of the French *Code monétaire et financier* and applicable regulations thereunder, except that qualified investors shall not include individuals. The direct or indirect distribution to the public in France of any Notes so acquired may be made only as provided by Articles L.411-1 to L.411-4, L.412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.

United Kingdom

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

(i) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the

issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer were not an authorised person, apply to the Issuer; and

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

United States

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

Each Joint Lead Manager has represented and agreed that:

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

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

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

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

Italy

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

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

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

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993 as amended (the “**Banking Act**”);

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

Switzerland

Each Joint Lead Manager has acknowledged that the Notes may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd., and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

GENERAL INFORMATION

1. The total estimated costs for the admission to listing on the Luxembourg Stock Exchange are EUR 12,000.
2. The Notes have been accepted for clearance through Euroclear France, Euroclear and Clearstream, Luxembourg with the Common Code number of 049590776. The International Securities Identification Number (ISIN) for the Notes is FR0010871269 . The address of Euroclear France is 155, rue Réaumur, 75081 Paris Cedex 02, France. The address of Euroclear is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, 1855 Luxembourg, Grand-Duchy of Luxembourg.
3. The issue of the Notes has been authorised pursuant to a decision of Roland Charbonnel, *Directeur des Émissions et de la Communication Financière* of the Issuer on 10 March 2010, acting pursuant to a resolution of the management board (*Directoire*) of the Issuer dated 31 July 2009.
4. So long as any of the Notes is outstanding, copies of the audited non-consolidated accounts of the Issuer for the years ended 31 December 2008 and 31 December 2007, the constitutional documents (*statuts*) of the Issuer, this Prospectus (including the Documents Incorporated by Reference and any supplement hereto) and any reports, letters and other documents included herein may be obtained free of charge, or will be available for inspection, at the registered office of the Issuer during usual business hours on any weekday (except Saturdays, Sundays and public holidays), and copies of the Fiscal Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours on any weekday (except Saturdays, Sundays and public holidays). The Prospectus and all Documents Incorporated by Reference are also available on the websites of the Luxembourg Stock Exchange (www.bourse.lu) and of the Issuer (www.bpce.fr).
5. Mazars, statutory auditors of the Issuer, have audited and rendered an unqualified audit report on the accounts of the Issuer for the years ended 31 December 2007 and 2008. The French auditors carry out their duties in accordance with the principles of *Compagnie Nationale des Commissaires aux Comptes* (CNCC).
6. On 2 July 2009, BPCE appointed PricewaterhouseCoopers Audit and KPMG Audit, a division of KPMG S.A. as its independent additional statutory auditors. Mazars, PricewaterhouseCoopers Audit and KPMG Audit, a division of KPMG S.A., are members of the *Compagnie Régionale des Commissaires aux comptes de Versailles*.

BFBP and Groupe Banque Populaire's consolidated financial statements as of and for the years ended 31 December 2006 and 2007 have been audited by Salustro Reydel (a member of KPMG International) and Constantin Associés, and as of and for the year ended 31 December 2008 have been audited by PricewaterhouseCoopers Audit and KPMG Audit, a division of KPMG S.A. CNCE and Groupe Caisse d'Épargne's consolidated financial statements as of and for the years ended 31 December 2007 and 2008 have been audited by PricewaterhouseCoopers Audit and Mazars.
7. Except as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer, Groupe BPCE SA and/or Groupe BPCE since 30 June 2009, and there has been no material adverse change in the prospects of the Issuer, Groupe BPCE SA and/or Groupe BPCE since 31 December 2008.
8. Except as disclosed in this Prospectus, there are no governmental, legal or arbitration proceedings pending or, to the Issuer's knowledge, threatened against the Issuer, or any subsidiary of the Issuer during the 12 months prior to the date hereof which may have, or have had in the recent past, a

significant effect, in the context of the issue of the Notes, on the financial position or profitability of the Issuer, Groupe BPCE SA and/or Groupe BPCE.

9. There is no explicit yield to maturity. The Notes do not carry a fixed date for redemption and the Issuer is not obliged, and under certain circumstances is not permitted, to make payments on the Notes at the full stated rate.
10. At the date of this Prospectus, there is no conflict of interest that is material to the issue of the Notes.

REGISTERED OFFICE OF THE ISSUER

BPCE

50, avenue Pierre Mendès France
75201 Paris Cedex 13
France

FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

LUXEMBOURG LISTING AGENT AND LUXEMBOURG PAYING AGENT

Deutsche Bank Luxembourg, S.A.

2, boulevard Konrad Adenauer
L-1115 Luxembourg
The Grand-Duchy of Luxembourg

LEGAL ADVISORS TO THE ISSUER

as to French law

Cleary Gottlieb Steen & Hamilton LLP

12, rue de Tilsitt
75008 Paris
France

LEGAL ADVISORS TO THE JOINT LEAD MANAGERS

as to French law

Linklaters LLP

25, rue de Marignan
75008 Paris
France

AUDITORS TO THE ISSUER

Mazars

Exaltis
61 rue Henri Regnault
92075 La Défense Cedex
France

PricewaterhouseCoopers Audit

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

KPMG Audit

Department of KPMG S.A.
1 Cours Valmy
92923 La Défense Cedex
France