

Prospectus dated 17 April 2014



LA BANQUE POSTALE

Series No: 18

Tranche: 1

Issue of €750,000,000 Fixed to Fixed Reset Rate

Subordinated Tier 2 Notes due 23 April 2026

Under the € 10,000,000,000

Euro Medium Term Note Programme

The €750,000,000 Fixed to Fixed Reset Rate Subordinated Tier 2 Notes (the "Notes") will be issued by La Banque Postale (the "Issuer") on 23 April 2014 (the "Issue Date") under its €10,000,000,000 Euro Medium Term Note Programme (the "Programme"). The principal of the Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer, as described in Condition 3 (*Status of the Notes*) in "Terms and Conditions of the Notes". The interest payable under the Notes will not be subordinated.

The Notes are subordinated notes of the Issuer issued pursuant to the provisions of Article L. 228-97 of the French *Code de Commerce*.

The Notes shall bear interest at the applicable Rate of Interest from (and including) the Issue Date and interest shall be payable annually in arrear on 23 April in each year commencing on 23 April 2015. The amount of interest per Principal Amount payable on each interest payment date in relation to an Interest Period falling in the period from (and including) the Issue Date to (but excluding) 23 April 2021 (the "Reset Date") will be €2,750. The rate of interest for each Interest Period occurring after the Reset Date will be equal to the Reset Rate of Interest which amounts to the sum of (a) the 5-year Mid-Swap Rate plus (b) the Margin (1.520%), as determined by the Calculation Agent, as described in "Terms and Conditions of the Notes".

In accordance with French law, notably the requirement to obtain an express legislative authorisation for each guarantee, the Notes do not benefit from any guarantee of any kind, direct or indirect, from the French State.

This document (the "Prospectus") constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC of 4 November 2003 (the "Prospectus Directive") as amended.

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed on 23 April 2026 (the "Maturity Date") at €100,000 each. The Issuer may, subject to the prior approval of the *Secrétariat général de l'Autorité de contrôle prudentiel et de résolution*, redeem the Notes in whole, but not in part, at their Principal Amount, together with all interest accrued to the date fixed for redemption on the Optional Redemption Date (Call), being the Reset Date, or upon the occurrence of a Capital Event, a Withholding Tax Event, a Tax Deduction Event or a Gross-Up Event (each term as defined in "Terms and Conditions of the Notes").

The Notes are governed by the laws of the Republic of France.

The Notes are issued in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L. 211-3 and R. 211-1 of the French *Code monétaire et financier* by book-entries (*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 which shall credit the accounts of the Account Holders.

Application has been made to the *Autorité des marchés financiers* (the "AMF") in France for approval of this Prospectus in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive on the prospectus to be published when securities are offered to the public or admitted to trading in France.

Application has been made for the Notes to be admitted to trading on Euronext Paris. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. Such admission to trading is expected to occur as of the Issue Date or as soon as practicable thereafter.

The Notes have been rated BBB by Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("S&P"). The long term debt of the Issuer has been assigned a rating of A (with a stable outlook) by S&P on 12 November 2013 and A+ (with a stable outlook) by Fitch Ratings Ltd ("Fitch") on 27 July 2013. Each of S&P and Fitch is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). As such each of S&P and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time.

This Prospectus and the documents incorporated by reference in this Prospectus will be available on the websites of the Issuer (www.labanquepostale.fr) and the AMF (www.amf-france.org).

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

Structuring Advisor
BNP PARIBAS

Joint Lead Managers
Barclays
BNP PARIBAS

Société Générale Corporate & Investment Banking
UBS Investment Bank

*This Prospectus constitutes a prospectus for the purposes of Article 5.3 of the Prospectus Directive in respect of, and for the purpose of giving information with regard to, the Issuer, the Issuer and its consolidated subsidiaries taken as a whole ("**La Banque Postale Group**") which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.*

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference as described in "Documents Incorporated by Reference" below. This Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Prospectus.

The Joint Lead Managers (as defined in "Subscription and Sale" below) have not separately verified the information contained or incorporated by reference herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Joint Lead Managers as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Notes. The Joint Lead Managers accept no liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Notes.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Lead Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that (i) there has been no change in the affairs of the Issuer or La Banque Postale Group since the date hereof or that there has been no adverse change in the financial position of the Issuer or La Banque Postale Group since the date hereof and (ii) the information contained or incorporated by reference in this Prospectus is correct as at any time subsequent to its date. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer during the life of the Notes nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers.

In connection with the issue and sale of Notes, neither the Issuer nor its affiliates will, unless agreed to the contrary in writing, act as a financial advisor to any Noteholder.

Neither this Prospectus nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as recommendations by the Issuer or any of the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase the Notes. Each investor contemplating purchasing the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Joint Lead Managers to any person to subscribe for or to purchase the Notes.

This Prospectus does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such offer or a solicitation by anyone not authorised so to act.

The distribution of this Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus or Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of the Notes in the United States, France and the United Kingdom (see "Subscription and Sale" below).

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or jurisdiction of the United States, and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons, as defined in Regulation S under the Securities Act ("**Regulation S**") (see "Subscription and Sale" below).*

*This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus in relation to the offer of those Notes may only do so in circumstances in which no obligation*

arises for the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Joint Lead Manager have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Joint Lead Manager to publish or supplement a prospectus for such offer.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and/or the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer and/or the Joint Lead Managers which is intended to permit a public offering of Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, France and the United Kingdom, see "Subscription and Sale" below.

IN CONNECTION WITH THE ISSUE OF THE NOTES, BNP PARIBAS AS STABILISING MANAGER (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF THIRTY (30) DAYS AFTER THE ISSUE DATE OF THE NOTES AND SIXTY (60) DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

In this Prospectus, references to "euro", "EURO", "Euro", "EUR" and "€" refer to the currency introduced at the start of the third stage of *European* economic and monetary union pursuant to the Treaty on the Functioning of the European Union and as amended by the Treaty of Amsterdam.

FORWARD-LOOKING STATEMENTS

The 2012 Reference Document and the 2013 Reference Document (as defined below) contain forward-looking statements. The Issuer and La Banque Postale Group may also make forward-looking statements in their audited annual financial statements, in their interim financial statements, in their offering circulars, in press releases and other written materials and in oral statements made by their officers, directors or employees to third parties. Statements that are not historical facts, including statements about the Issuer's and/or La Banque Postale Group's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and the Issuer and La Banque Postale Group undertake no obligation to update publicly any of them in light of new information or future events.

PRESENTATION OF FINANCIAL INFORMATION

Most of the financial data presented or incorporated by reference in this Prospectus is presented in euro.

La Banque Postale consolidated financial statements for the years ended 31 December 2013 and 31 December 2012 have been prepared in accordance with international financial reporting standards ("**IFRS**") as adopted by the European Union. La Banque Postale Group's fiscal year ends on 31 December and references in the 2013 Reference Document and 2012 Reference Document (both as defined below) to any specific fiscal year are to the twelve-month period ended 31 December of such year.

Due to rounding, the numbers presented or incorporated by reference throughout this Prospectus, the 2013 Reference Document and the 2012 Reference Document (defined below) may not add up precisely, and percentages may not reflect precisely absolute figures.

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RISK FACTORS

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

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

I. RISK RELATING TO THE NOTES

These are certain factors which are material for the purpose of assessing the risks associated with the Notes.

Assessment of Investment Suitability

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risk of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (d) understand thoroughly the Terms and Conditions of the Notes and be familiar with the behaviour of financial markets and of any financial variable which might have an impact on the return on the Notes; and
- (e) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Prospective purchasers should also consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Notes.

Holders of subordinated Notes generally face an enhanced performance risk compared to holders of senior notes as well as an enhanced risk of loss in the event of the Issuer's insolvency

The Issuer's obligations under the principal of the Notes are direct, unconditional, unsecured and subordinated and will rank *pari passu* among themselves and *pari passu* with all other present and future direct, unconditional, unsecured and ordinary subordinated indebtedness of the Issuer, as more fully described in the "Terms and Conditions of the Notes." The interest payable under the Notes will not be subordinated.

Subject to applicable law, in the event of the voluntary liquidation of the Issuer, bankruptcy proceedings, or any other similar proceedings affecting the Issuer, the rights of the Noteholders to payment under the principal of the Notes will be subordinated to the full payment of the unsubordinated creditors (including depositors) of the Issuer and, subject to such payment in full, such Noteholders will be paid in priority to *prêts participatifs* granted to the Issuer, *titres participatifs* issued by the Issuer and any deeply subordinated obligations of the Issuer (*obligations dites "super subordonnées"* i.e. *engagements subordonnés de dernier rang*), if and to the extent that there is still cash available for those payments.

There will be no negative pledge in respect of the Notes.

There is a substantial risk that investors in subordinated notes such as the Notes will lose all or some of their investment should the Issuer become insolvent. Thus, Noteholders face an enhanced performance risk compared to holders of senior notes.

In the event of incomplete payment of unsubordinated creditors and subordinated creditors ranking ahead of the claims of the Noteholders, the obligations of the Issuer in connection with the principal of the Notes will be terminated. The Noteholders shall be responsible for taking all steps necessary for the orderly accomplishment of any collective proceedings or voluntary liquidation in relation to any claims they may have against the Issuer.

Redemption at the option of the Issuer

The Issuer may, subject to the prior approval of the *Secrétariat général de l'Autorité de contrôle prudentiel et de résolution* ("**ACPR**"), redeem the Notes in whole, but not in part, at their Principal Amount, together with all interest accrued to the date fixed for redemption upon the occurrence of a Capital Event, a Withholding Tax Event, a Tax Deduction Event, a Gross-Up Event or on the Optional Redemption Date (Call) (as defined in "Terms and Conditions of the Notes").

If any such event occurs, this may limit the market value of the Notes and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

The yield received upon redemption may be lower than expected (in particular if the market interest rates decrease), and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, the Noteholder may not receive the total amount of the capital invested. In addition, investors who choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

Any early redemption of the Notes (including through an Issuer call option) can only be made with the prior written consent of the ACPR in France. Further, Article 78 of the CRR (as defined below) provides that any redemption of tier 1 or tier 2 instruments, including the Notes, is subject to the prior consent of the relevant competent authority (i.e. the ACPR) which would be conditional on (i) the replacement of regulatory capital with own funds instruments of equal or higher quality, in the same amount and at terms that are sustainable for the income capacity of the Issuer, or (ii) without a replacement of regulatory capital, on the Issuer demonstrating that its own funds would, following the redemption in question, exceed the minimum regulatory capital requirements.

Loss absorption at the point of non-viability of the Issuer and resolution

On 18 December 2013, the Council of the European Union published a draft of a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms known as the Recovery and Resolution Directive (the "**RRD**"). The stated aim of the draft RRD is to provide relevant authorities with tools and powers to address banking crises pre-emptively in order to safeguard financial stability and before any of the insolvency or liquidation procedures referred to above are initiated.

The draft RRD represents the proposed implementation in the European Economic Area of the non-viability requirements set out in the press release dated 13 January 2011 of the Basel Committee on Banking Supervision (the "**Basel Committee**") entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" (the "**Basel III Non-Viability Requirements**"). The Basel III Non-Viability Requirements represent part of the broader package of guidance issued by the Basel Committee on 16 December 2010 and 13 January 2011 in relation to new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions ("**Basel III**").

The powers provided to resolution authorities in the draft RRD include write down powers to ensure relevant capital instruments (including tier 2 capital instruments such as the Notes) fully absorb losses at the point of non-viability of the issuing institution, as well as a bail-in tool comprising a more general power for resolution authorities to write down the claims of unsecured creditors of a failing institution and to convert unsecured debt claims to equity. Accordingly, the draft RRD contemplates that resolution authorities may require the permanent write down in full of such capital instruments or their conversion into common equity tier 1 instruments at the point of non-viability (such resulting common equity tier 1 instruments may also be subject to any application of the bail-in tool) and before any other resolution action is taken (the "**RRD Loss Absorption Requirement**").

For the purposes of the RRD Loss Absorption Requirement, the point of non-viability under the draft RRD is the point at which the relevant authority (i.e. the ACPR) determines that:

- (a) the institution is failing or likely to fail, which includes situations where:

- (i) the institution has incurred/will incur in the near future losses depleting all or substantially all its own funds;
 - (ii) the assets are/will be in the near future less than its liabilities;
 - (iii) the institution is/will be in the near future unable to pay its obligations; and/or
 - (iv) the institution requires public financial support;
- (b) there is no reasonable prospect that a private action would prevent the failure; or
 - (c) a resolution action is necessary in the public interest.

Except for an additional bail-in tool (which comprises a more general power for resolution authorities to write down or convert into equity the claims of unsecured creditors of a failing institution, including senior debt, which will apply from January 2016 at the latest), the draft RRD contemplates that its provisions (including the RRD Loss Absorption Requirement with respect to capital instruments) will take effect in Member States from January 2015.

The Basel Committee contemplated implementation of the Basel III reforms as of 1 January 2013. Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (known as CRD IV) and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms ("**CRR**"), which were published in the Official Journal of the European Union on 27 June, 2013, have been implemented on 1 January 2014. CRR contemplates that the Basel III Non-Viability Requirements will be implemented in the European Economic Area by way of the draft RRD and the RRD Loss Absorption Requirement. If such statutory loss absorption at the point of non-viability is not implemented by 31 December 2015 then CRR indicates that the European Commission shall review and report on whether provision for such a requirement should be contained in CRR and, in light of that review, come forward with appropriate legislative proposals.

It is currently unclear whether the RRD Loss Absorption Requirement will apply on implementation to capital instruments (such as the Notes) that are already in issue or whether certain grandfathering rules will apply. If and to the extent that the draft RRD is implemented retrospectively so as to apply to the Notes, the Notes will be subject to the provisions of the RRD (including the RRD Loss Absorption Requirement).

Subject to such implementation, the Notes may, therefore, be subject to write down or loss absorption at the point of non-viability or otherwise on any bail-in, which may result in Noteholders losing some or all of their investment. The exercise of any such power or any suggestion of such exercise could, therefore, materially adversely affect the value of the Notes.

The RRD is expected to be finalised in the first half of 2014 and implemented from 1 January 2015 (except for the bail-in tool, which under the draft RRD will be implemented from 1 January 2016, previously 1 January 2018).

The draft RRD is not in final form and changes may be made to it in the course of the legislative process. Accordingly, it is not yet possible to assess the full impact of the draft RRD.

On 27 July 2013, a French banking law was enacted (*Loi de séparation et de régulation des activités bancaires*) that, among other things, sets up a resolution regime applicable to French banks. This law gives resolution powers to a new Resolution Board of the ACPR.

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

The ACPR must use its powers "in a proportionate manner" to achieve the following objectives: (i) to preserve financial stability, (ii) to ensure the continuity of banking activities, services and transactions of financial institutions, the failure of which would have systemic implications for the French economy, (iii) to protect deposits and (iv) to avoid, or limit to the fullest extent possible, any public bail-out. In using its powers, the ACPR must apply the "creditor worse off" principle according to which no creditor should incur greater losses

than it would have incurred if the institution had been wound up under normal insolvency proceedings set out in the French *Code de commerce*.

The European Central Bank ("ECB") is in the process of performing a comprehensive assessment of the Issuer and other European banks, the outcome of which is uncertain

The ECB announced in October 2013 that it would commence a comprehensive assessment, including stress tests and an asset quality review, of certain large European banks, including the Issuer. The findings from this assessment, expected to be published in November 2014, may result in recommendations for additional supervisory measures and corrective actions affecting the Issuer and the banking environment generally. It is not yet possible to assess the impact of such measures, if any, on the Issuer or on the treatment of capital instruments (such as the Notes). Furthermore, the disclosure of the ECB's findings or the implementation of additional supervisory measures that are viewed by the market as unfavorable to the Issuer or the Notes could adversely affect the trading price of the Notes.

The Issuer is not required to redeem the Notes in the case of a Gross-Up Event

There is uncertainty as to whether gross-up obligations in general, including those under the Terms and Conditions of the Notes, are enforceable under French law. If any payment obligations under the Notes, including the obligations to pay additional amounts under Condition 7.2, are held illegal or unenforceable under French law, the Issuer will have the right, but not the obligation, to redeem the Notes. Accordingly, if the Issuer does not redeem the Notes upon the occurrence of a Gross-Up Event as described in Condition 5.5 (*Optional Redemption upon the occurrence of a Gross-Up Event*), Noteholders may receive less than the full amount due under the Notes, and the market value of the Notes will be adversely affected.

There are no events of default under the Notes

The Terms and Conditions of the Notes do not provide for events of default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer 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 of principal or interest on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Notwithstanding the foregoing, each Note shall become immediately due and payable at its Principal Amount, together with accrued interest thereon, if any, to the date of payment, in the event that a judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure, or if the Issuer is liquidated for any other reason.

The trading market for the Notes may be volatile and may be adversely impacted by many events

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

An active trading market for the Notes may not develop

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes. It is not possible to predict the price at which Notes will trade in the secondary market.

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

The value of the Notes is expected to be affected, in part, by investors' general appraisal of the creditworthiness of the Issuer and La Banque Postale Group. Such perceptions are generally influenced by the ratings accorded to the outstanding Notes of the Issuer by standard statistical rating services, such as S&P and Fitch. A reduction in, or a placing on credit watch of the rating, if any, for any reason including a change of methodology, accorded to

outstanding debt securities of the Issuer and/or La Banque Postale Group by one of these or other rating agencies could result in a reduction in the trading value of the Notes.

The credit rating assigned to the Notes may be reduced or withdrawn.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. In particular, such suspension, reduction or withdrawal may result from a change in the rating methodology of the assigning rating agency.

Credit ratings assigned to the Issuer or the Notes may not reflect all the risks associated with an investment in the Notes

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or 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 in relation to the tax treatment of financial instruments such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

Withholding under the EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within their jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

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

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the Savings Directive to include certain additional types of income, and widen the range of recipients payments to whom are covered by the Savings Directive, to include certain other types of entity and legal arrangement. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions) nor any other person would be obliged to pay additional amounts with respect to the Notes as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

Foreign Account Tax Compliance withholding may affect payments on the Notes

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. The Issuer is classified as a financial institution for these purposes. If an amount in respect of such withholding tax were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the Conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Prospective investors should refer to the section "Taxation – Foreign Account Tax Compliance Act" in the Prospectus.

Proposed financial transaction tax

The European Commission has published a proposal for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

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

The Notes' purchase price may not reflect its inherent value

Prospective investors in the Notes should be aware that the purchase price of the Notes does not necessarily reflect its inherent value. Any difference between the Notes' purchase price and its inherent value may be due to a number of different factors including, without limitation, prevailing market conditions and fees, discounts or commissions paid or accorded to the various parties involved in structuring and/or distributing the Notes. For further information, prospective investors should refer to the party from whom they are purchasing the Notes. Prospective investors may also wish to seek an independent valuation of the Notes prior to their purchase.

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

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

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

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

Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The Issuer advises all investors to contact their own tax advisors for advice on the tax impact of an investment in the Notes.

The value of the Notes may be adversely affected by movements in market interest rates

Investors in the Notes are exposed to the risk that if interest rates subsequently increase above the fixed rate paid on the Notes, this will adversely affect the value of the Notes.

Following the Reset Date, interest on the Notes shall be calculated on the basis of the annual mid-swap rate for EUR swap transactions with a maturity of five (5) years. This mid-swap rate is not pre-defined for the lifespan of the Notes. A higher mid-swap rate for EUR swap transactions means a higher interest and a lower mid-swap rate for EUR swap transactions means a lower interest.

Risk relating to the change in the rate of interest

The interest rate of the Notes will be reset as from the Reset Date. The Reset Rate of Interest will be determined two (2) Target Business Days before the Reset Date and as such is not pre-defined at the date of issue of the Notes. The Reset Rate of Interest may be different from the Initial Rate of Interest and may adversely affect the yield of the Notes.

No limitation on issuing or guaranteeing debt ranking senior or pari passu with the Notes

There is no restriction in the Terms and Conditions of the Notes on the amount of debt which the Issuer may issue or guarantee. The Issuer 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 *pari passu* or senior to the Notes. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders on a winding-up of the Issuer.

Modification and waivers

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

Change of law

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

French Insolvency Law

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests if a preservation (*procédure de sauvegarde*), accelerated financial preservation (*procédure de sauvegarde accélérée*), or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), regardless of their governing law.

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

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

Decisions of the Assembly will be taken by a two-thirds majority (calculated as a proportion of the debt securities held by the holders expressing a vote). No quorum is required to convoke the Assembly.

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

The ACPR must approve in advance the opening of any safeguard, judicial reorganisation or liquidation procedures.

Please refer to the risk factor entitled “Loss absorption at the point of non-viability of the Issuer and resolution” for a description of resolution measures, including the bail in, which can be implemented.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency or euro may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to euro would decrease (i) the Investor’s Currency-equivalent yield on the Notes, (ii) the Investor’s Currency-equivalent value of the principal payable on the Notes and (iii) the Investor’s Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal as measured in the Investor’s Currency.

No voting rights

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

No legal and tax advice

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

II. RISK RELATING TO THE ISSUER AND ITS OPERATIONS

See the Chapter 4 contained on pages 75 to 110 of the 2013 Reference Document (as defined below) in French language which is incorporated by reference in this Prospectus. A free English translation of the risk factors relating to the Issuer and its operations is available for information purposes only in the free English translation of the 2013 Reference Document which is available on the website of the Issuer (https://www.labanquepostale.fr/groupe/English/financial_information/information_reglementee/Document_de_reference.2013.html).

GENERAL DESCRIPTION OF THE NOTES

This overview is a general description of the Notes and is qualified in its entirety by the remainder of this Prospectus. For a more complete description of the Notes, including definitions of capitalised terms used but not defined in this section, please see the “Terms and Conditions of the Notes”.

Issuer:	La Banque Postale.
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfill its obligations under the Notes. In addition, there are certain factors that are material for the purpose of assessing the market risks associated with investing in the Notes. The risks that the Issuer currently believes to be the most significant are set out under “Risk Factors”.
Notes:	€750,000,000 Fixed to Fixed Reset Rate Subordinated Tier 2 Notes due 23 April 2026.
Structuring Advisor:	BNP Paribas.
Joint Lead Managers:	Barclays Bank PLC, BNP Paribas, Société Générale and UBS Limited.
Fiscal Agent, Principal Paying Agent and Calculation Agent:	BNP Paribas Securities Services.
Issue Date:	23 April 2014.
Maturity Date:	23 April 2026.
Issue Price:	99.705 per cent.
Form of Notes and denomination:	The Notes are issued in dematerialised bearer form (<i>au porteur</i>) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L. 211-3 and R. 211-1 of the French <i>Code monétaire et financier</i> by book-entries (<i>inscription en compte</i>). No physical document of title (including <i>certificats représentatifs</i> pursuant to Article R. 211-7 of the French <i>Code monétaire et financier</i>) will be issued in respect of the Notes.
Status of the Notes:	<p>The principal of the Notes are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank <i>pari passu</i> among themselves and <i>pari passu</i> with all other present and future direct, unconditional, unsecured and ordinary subordinated indebtedness of the Issuer. Subject to applicable law, in the event of the voluntary liquidation of the Issuer, bankruptcy proceedings, or any other similar proceedings affecting the Issuer, the rights of the Noteholders to payment under the principal of the Notes will be subordinated to the full payment of the unsubordinated creditors (including depositors) of the Issuer and, subject to such payment in full, such Noteholders will be paid in priority to <i>prêts participatifs</i> granted to the Issuer, <i>titres participatifs</i> issued by the Issuer and any deeply subordinated obligations of the Issuer (<i>obligations dites “super subordonnées”</i> i.e. <i>engagements subordonnés de dernier rang</i>).</p> <p>Interest payable under the Notes are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank and will rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other direct, unconditional, unsecured and unsubordinated indebtedness of the Issuer (save for statutorily preferred exceptions).</p> <p>There will be no negative pledge in respect of the Notes.</p>

The Notes are subordinated notes of the Issuer issued pursuant to the provisions of Article L. 228-97 of the French *Code de Commerce*.

Interest Rate: The rate of interest for each Interest Period from (and including) the Issue Date to (but excluding) the Reset Date is 2.750 per cent. per annum.

The rate of interest for each Interest Period beginning on or after the Reset Date will be equal to (a) the 5-year Mid-Swap Rate plus (b) the Margin, as determined by the Calculation Agent.

Reset Date: The Interest Payment Date falling on or about 23 April 2021.

Optional Redemption Date (Call): The Reset Date.

Interest Payment Dates: 23 April in each year from (and including) 23 April 2015.

Optional Redemption on the Optional Redemption Date (Call): The Issuer may (at its option but subject to Condition 5.9 (*Conditions to redemption prior to Maturity Date*)) redeem the Notes, on the Optional Redemption Date (Call) in whole, but not in part, at their Redemption Amount, together with accrued interest.

Optional Redemption by the Issuer upon the occurrence of a Capital Event, Tax Deduction Event, Withholding Tax Event or a Gross-Up Event: Subject as provided herein, in particular to the provisions of Condition 5.9 (*Conditions to redemption prior to Maturity Date*), upon the occurrence of a Capital Event, a Withholding Tax Event, a Tax Deduction Event or a Gross-Up Event, the Issuer may, at its option at any time, subject to having given not less than thirty (30) nor more than forty five (45) calendar days' notice to the Principal Paying Agent and the Noteholders, in accordance with Condition 12 (*Notices*), redeem the Notes in whole, but not in part, together with accrued interest thereon.

"Capital Event" means that, by reason of a change in the regulatory classification of the Notes under the Relevant Rules that was not reasonably foreseeable by the Issuer on 23 April 2014, the Notes are fully excluded from the Tier 2 Capital of the Issuer, provided that such exclusion is not as a result of (i) any applicable limits on the amount of Tier 2 Capital or (ii) a regulatory capital treatment of a higher quality for the Issuer.

"Tax Deduction Event" means any change in the French laws or regulations, or any political subdivision therein or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations becoming effective on or after 23 April 2014, which would cause the tax regime applicable to any interest payment under the Notes to be modified and such modification would result in the amount of the interest payable by the Issuer under the Notes that is tax-deductible by the Issuer for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes to be reduced.

"Withholding Tax Event" means a change in, or in the official interpretation or administration of, any laws or regulations of France or any other authority which would cause the Issuer, on the occasion of the next payment of principal or interest due in respect of the Notes, not to be able to make such payment without having to pay additional amounts as specified under Condition 7 (*Taxation*).

"Gross-Up Event" means the Issuer would be prevented, on the next payment of principal or interest in respect of the Notes, by French law from making payment to the Noteholders of the full amount then due and payable (including any additional amounts which would be payable pursuant to Condition 7 (*Taxation*)) but for the

operation of such French law).

Purchase: The Issuer may, but is not obliged to, subject to Condition 5.9 (*Conditions to redemption prior to Maturity Date*) below, purchase Notes at any price in the open market or otherwise.

Notwithstanding the above, the Issuer or any agent on its behalf shall have the right at all times to purchase the Notes for market making purposes provided that: (a) the prior written approval of the Relevant Regulator shall be obtained; and (b) the aggregate Principal Amount of the Notes so purchased does not exceed the lower of (i) ten (10) per cent. (or any other threshold as may be requested by the Relevant Regulator in accordance with the Relevant Rules from time to time) of the initial aggregate Principal Amount of the Notes and any further notes issued under Condition 11 (Further Issues) and (ii) three (3) per cent. of the Tier 2 Capital of the Issuer from time to time outstanding. The Notes so purchased by the Issuer may be held and resold in accordance with applicable laws and regulations for the purpose of enhancing the liquidity of the Notes.

Conditions to redemption, purchase or cancellation prior to Maturity Date: The Notes may only be redeemed, purchased or cancelled (as applicable) pursuant to Condition 5.2 (*Optional Redemption upon the occurrence of a Capital Event*), Condition 5.3 (*Optional Redemption on the Optional Redemption Date (Call)*), Condition 5.4 (*Optional Redemption upon the occurrence of a Withholding Tax Event*), Condition 5.5 (*Optional Redemption upon the occurrence of a Gross-Up Event*), Condition 5.6 (*Optional Redemption upon the occurrence of a Tax Deduction Event*) or Condition 5.7 (*Purchase*) (subject to the provisions set out in the second paragraph of Condition 5.7), as the case may be, if (a) the Relevant Regulator has given its prior written approval to such redemption or purchase (as applicable) if required at such time by the Relevant Rules and (b) in the case of a redemption as a result of a Withholding Tax Event, a Tax Deduction Event or a Gross-up Event, the Issuer has delivered a certificate signed by one of its senior officers to the Principal Paying Agent (and copies thereof will be available at the Principal Paying Agent's specified office during its normal business hours) not less than five (5) calendar days prior to the date set for redemption that such Withholding Tax Event, Tax Deduction Event or Gross-up Event has occurred or will occur no more than ninety (90) days following the date fixed for redemption, as the case may be.

Events of Default: None.

Cross Default: None.

Enforcement Events: There will be no events of default in respect of the Notes. However, each Note shall become immediately due and payable at its Principal Amount, together with accrued interest thereon, if any, to the date of payment, in the event that a judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure, or if the Issuer is liquidated for any other reason.

Representation of Noteholders: The Noteholders will be grouped automatically for the defense of their respective common interests in a Masse (as defined in Condition 9 of the Terms and Conditions).

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

If French law should require that payments of principal or interest in respect of any Note be subject to deduction or withholding in respect of French Taxes, 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 no such additional amounts shall be payable in respect of any Note if any exception listed in Condition 7.2 (*Additional Amounts*) applies.

Payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

- Prescription: Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.
- Further Issues: The Issuer may from time to time, subject to the prior information of the Relevant Regulator but without the consent of the Noteholders, issue further notes to be assimilated (*assimilées*) with the Notes, 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 (as defined in Condition 9 of the Terms and Conditions) having legal personality.
- Governing Law: The Notes are governed by, and shall be construed in accordance with, the laws of the Republic of France.
- Admission to trading: Application has been made for the Notes to be admitted to trading on Euronext Paris.
- Use of Proceeds: The net proceeds of the Notes will be applied for the general financing purposes of the Issuer and also to strengthen the Issuer's regulatory capital.

INFORMATION INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents which have been previously published and that have been filed with the AMF for the purpose of the Prospectus Directive and the relevant implementing measures in France, and shall be incorporated in, and form part of, this Prospectus:

- the €10,000,000,000 Euro Medium Term Note Programme Base Prospectus of the Issuer dated 22 October 2013, which received visa n° 13-568 from the AMF on 22 October 2013, as supplemented by the Supplement to the Base Prospectus dated 29 November 2013, which received visa n° 13-646 from the AMF on 29 November 2013, and the Supplement to the Base Prospectus dated 26 March 2014, which received visa n° 14-100 from the AMF on 26 March 2014 (the "**Base Prospectus**");
- The *Document de Référence* 2012 in French language of the Issuer, which received visa n° R.13-010 from the AMF on 28 March 2013, and which includes the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2012 and the related statutory auditors' report (the "**2012 Reference Document**"), with the exception of Chapter 11 of the *Document de Référence* 2012 relating to La Banque Postale Chairman's declaration of responsibility regarding the content of the *Document de Référence*, which is hereby explicitly excluded from the scope of incorporation to this Prospectus; and
- The *Document de Référence* 2013 in French language of the Issuer, which received visa n° D.14-0128 from the AMF on 10 March 2014 and which includes the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2013 and the related statutory auditors' report (the "**2013 Reference Document**"), with the exception of Chapter 11 of the *Document de Référence* 2013 relating to La Banque Postale Chairman's declaration of responsibility regarding the content of the *Document de Référence*, which is hereby explicitly excluded from the scope of incorporation to this Prospectus.

Such information shall be deemed to be incorporated in, and form part of this Prospectus, save that any statement contained in the information which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this 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 Base Prospectus, the 2012 Reference Document and the 2013 Reference Document will be available on the websites of the Issuer (www.labanquepostale.fr) and the AMF (www.amf-france.org). These documents will also be available during usual business hours on any weekday (except Saturdays, Sundays and public holidays) for inspection and collection free of charge, at the specified office of the Fiscal Agent so long as any of the Notes are outstanding.

The free English translations of the 2012 Reference Document and the 2013 Reference Document are available on, and may be obtained without charge from, the website of the Issuer (https://www.labanquepostale.fr/groupe/English/financial_information/information_reglementee/Document_de_reference.2013.html).

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

Extracts of Annex XI of the European Regulation 809/2004/EC of 29 April 2004	Page / Paragraph
3. RISK FACTORS	
3.1. Prominent disclosure of risk factors that may affect the issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors".	2013 Reference Document, p. 76 to 109
4. INFORMATION ABOUT THE ISSUER	

<p>4.1. <u>History and development of the Issuer:</u></p> <p>4.1.1. the legal and commercial name of the issuer;</p> <p>4.1.2. the place of registration of the issuer and its registration number;</p> <p>4.1.3. the date of incorporation and the length of life of the issuer, except where indefinite;</p> <p>4.1.4. the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office);</p> <p>4.1.5. Any recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency.</p>	<p>2013 Reference Document, p. 2</p> <p>2013 Reference Document, p. 2</p> <p>2013 Reference Document, p. 2</p> <p>2013 Reference Document, p. 2</p> <p>2013 Reference Document, p. 63-73</p>
<p>5. BUSINESS OVERVIEW</p>	
<p>5.1. Principal activities:</p> <p>5.1.1. A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed;</p> <p>5.1.2. An indication of any significant new products and/or activities.</p> <p>5.1.3. Principal markets. A brief description of the principal markets in which the issuer competes.</p> <p>5.1.4. The basis for any statements in the registration document made by the issuer regarding its competitive position.</p>	<p>2013 Reference Document, p. 9 - 16 and 63-73</p> <p>2013 Reference Document, p. 17-18 and 63-73</p> <p>2013 Reference Document, p. 7-16</p> <p>2013 Reference Document, p. 17</p>
<p>6. ORGANISATIONAL STRUCTURE</p>	
<p>6.1. If the issuer is part of a group, a brief description of the group and of the issuer's position within it.</p> <p>6.2. If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.</p>	<p>2013 Reference Document, p. 6 - 8</p> <p>2013 Reference Document, p. 258</p>
<p>8. PROFIT FORECASTS OR ESTIMATES</p> <p>If an issuer chooses to include a profit forecast or a profit estimate the registration document must contain the information items 8.1 and 8.2:</p>	
<p>8.1. A statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate. There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; be readily understandable by investors; be specific and precise; and not relate to the general accuracy of the estimates underlying the forecast.</p>	<p>N/A</p>
<p>8.2. A report prepared by independent accountants or auditors stating that in the opinion of the independent accountants or auditors the forecast or estimate has been properly compiled on the basis stated and that the basis of accounting used for the</p>	<p>N/A</p>

profit forecast or estimate is consistent with the accounting policies of the issuer.		
8.3. The profit forecast or estimate must be prepared on a basis comparable with the historical financial information.	N/A	
9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES		
9.1. Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital.	2013 Reference Document, p. 46 - 61	
9.2. <u>Administrative, Management, and Supervisory bodies conflicts of interests</u> Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, make a statement to that effect.	2013 Reference Document, p. 23	
10. MAJOR SHAREHOLDERS		
10.1. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused. 10.2. A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.	2013 Reference Document, p. 19 – 20 N/A	
11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	Pages of the 2013 Reference Document	Pages of the 2012 Reference Document
11.1. <u>Historical Financial Information</u> Audited historical financial information covering the latest 2 financial years (a) the consolidated balance sheet (b) the income statement; (c) Statement of net profit and gains and losses recognised directly in equity capital; (d) Statement of changes in equity capital; (e) Cash Flow statement; (f) Notes to the consolidated financial statements.	113 112 114 115 116 117-175	105 104 106 107 108 109 - 163
11.2. <u>Financial statements</u> If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.	112-218	104 - 204
11.3. <u>Auditing of historical annual financial information</u>		

<p>11.3.1. A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.</p> <p>11.3.2. An indication of other information in the registration document which has been audited by the auditors.</p> <p>11.3.3. Where financial data in the registration document is not extracted from the issuer's audited financial statements state the source of the data and state that the data is unaudited.</p>	<p>176-177</p> <p>219-220</p> <p>N/A</p> <p>N/A</p>	<p>164 – 165</p> <p>205 - 206</p> <p>N/A</p> <p>N/A</p>
<p><u>11.4. Age of latest financial information</u></p>		
<p>11.4.1. The last year of audited financial information may not be older than 18 months from the date of the registration document.</p>	<p>111- 220</p>	<p>103 - 206</p>
<p><u>11.5. Interim and other financial information</u></p>		
<p>11.5.1 If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information has been reviewed or audited the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed state that fact.</p>	<p>N/A</p>	
<p>11.5.2. If the registration document is dated more than nine months after the end of the last audited financial year, it must contain interim financial information, covering at least the first six months of the financial year. If the interim financial information is unaudited state that- fact.</p> <p>The interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the years end balance sheet.</p>	<p>N/A</p>	
<p>12. MATERIAL CONTRACTS</p> <p>A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued.</p>	<p>p. 256 of the 2013 Reference Document</p>	

TERMS AND CONDITIONS OF THE NOTES

Series No.: 18; Tranche No.: 1

The terms and conditions of the Notes will be as follows:

The issue of the €750,000,000 Fixed to Fixed Reset Rate Subordinated Tier 2 Notes (the "**Notes**") of La Banque Postale (the "**Issuer**") was decided by the Executive Board (*Directoire*) of the Issuer on 10 April 2014 acting pursuant a resolution of the Supervisory Board (*Conseil de Surveillance*) dated 9 April 2014 and the issue decision of Mr. Stéphane Magnan in his capacity as *Directeur des Opérations Financières* (Head of Financial Operations) of the Issuer dated 16 April 2014. The Issuer has entered into an amended and restated agency agreement dated 22 October 2013 (the "**Fiscal Agency Agreement**") with BNP Paribas Securities Services as fiscal agent, principal paying agent and calculation agent. The fiscal agent, the principal paying agent and the calculation agent for the time being are referred to in these Conditions as the "**Fiscal Agent**", the "**Principal Paying Agent**", the "**Calculation Agent**", each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Fiscal Agency Agreement. Copies of the Fiscal Agency Agreement are available for inspection at the specified office of the Fiscal Agent. References to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs below.

In accordance with French law, notably the requirement to obtain an express legislative authorisation for each guarantee, the Notes do not benefit from any guarantee of any kind, direct or indirect, from the French State.

1. Definitions and Interpretation

1.1 *Definitions*: In these Conditions the following expressions have the following meanings:

"**5-year Mid-Swap Rate**" means, in relation to the Reset Date:

- (a) the annual mid-swap rate for euro swap transactions having a maturity of five (5) years commencing on the Reset Date, expressed as a percentage, which appears on the Screen Page as of 11.00 a.m. (Central European Time) on the Reset Rate Interest Determination Date; or
- (b) if such rate does not appear on the Screen Page at such time on the Reset Rate Interest Determination Date, the Reset Reference Bank Rate;

"**5-year Mid-Swap Rate Quotations**" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap transaction which:

- (a) has a term of five (5) years commencing on the Reset Date; and
- (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market,

where the floating leg (calculated on an Actual/360 day count basis) is equivalent to the rate for the six (6) month Euribor;

"**Account Holder**" means any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear and Clearstream, Luxembourg;

"**Capital Event**" means that, by reason of a change in the regulatory classification of the Notes under the Relevant Rules that was not reasonably foreseeable by the Issuer on 23 April 2014, the Notes are fully excluded from the Tier 2 Capital of the Issuer, provided that such exclusion is not as a result of (i) any applicable limits on the amount of Tier 2 Capital or (ii) a regulatory capital treatment of a higher quality for the Issuer;

"**Clearstream, Luxembourg**" means Clearstream Banking, *société anonyme*;

"**CRD IV**" means the Directive 2013/36/EU of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, as published in the Official Journal of the European Union on 27 June 2013, as amended or replaced from time to time;

"**CRR**" means the Regulation 2013/575 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, as published in the Official Journal of the European Union on 27 June 2013, as amended or replaced from time to time;

"**Day Count Fraction**" means the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last);

"**Euroclear**" means Euroclear Bank S.A./N.V.;

"**Euroclear France**" means Euroclear France S.A.;

"**French Taxes**" shall have the meaning attributed thereto in Condition 7.1 (*Withholding Tax*);

"**Gross-Up Event**" shall have the meaning attributed thereto in Condition 5.5 (*Optional Redemption upon the occurrence of a Gross-Up Event*);

"**Initial Period**" means the period from (and including) the Issue Date to (but excluding) the Reset Date;

"**Initial Rate of Interest**" means 2.750 per cent per annum;

"**Interest Payment Date**" means 23 April in each year from (and including) 23 April 2015;

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

"**Issue Date**" means 23 April 2014;

"**Margin**" means 1.520 per cent;

"**Maturity Date**" means 23 April 2026;

"**Noteholders**" means holders of the Notes;

"**Optional Redemption Date (Call)**" means the Reset Date;

"**Payment Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Paris and a day which is a Target Business Day;

"**Principal Amount**" means EUR 100,000, being the principal amount of each Note on the Issue Date;

"**Rate of Interest**" means:

- (a) in the case of each Interest Period falling in the Initial Period, the Initial Rate of Interest; or
- (b) in the case of each Interest Period thereafter, the Reset Rate of Interest,

all as determined by the Calculation Agent in accordance with Condition 4 (*Interest*);

"**Redemption Amount**" means, in respect of any Note, its Principal Amount then outstanding;

"**Regulated Market**" means a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC), as amended or replaced from time to time;

"**Relevant Regulator**" means the *Secrétariat général de l'Autorité de contrôle prudentiel et de résolution* and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer;

"**Relevant Rules**" means the capital rules from time to time applicable to the Issuer and as applied by the Relevant Regulator and as amended from time to time including the rules contained in or implementing the CRD IV, the CRR and/or the RRD;

"**Reset Date**" means the Interest Payment Date falling on or about 23 April 2021;

"**Reset Interest Amount**" has the meaning given to such term in Condition 4.5 (*Determination of Reset Rate of Interest*);

"**Reset Rate of Interest**" means the sum of (a) the 5-year Mid-Swap Rate plus (b) the Margin;

"**Reset Rate Interest Determination Date**" means the day falling two Target Business Days prior to the Reset Date;

"Reset Reference Bank Rate" means the rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Calculation Agent at approximately 11:00 a.m. (Central European Time) on the Reset Rate Interest Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be equal to the last 5-year Mid-Swap Rate available on the Screen Page as determined by the Calculation Agent;

"Reset Reference Banks" means five leading swap dealers in the interbank market as selected by the Calculation Agent;

"RRD" means the draft of the Recovery and Resolution Directive of the European Parliament and of the Council of the European Union on resolution and recovery of credit institutions and investment firms, as amended from time to time. The first draft of the RRD was published on 18 December 2013;

"Screen Page" means the display page on the relevant Reuters information service designated as the ISDAFIX2 page or such other page as may replace it on that information service, or on such other equivalent information service as may be nominated by the person providing or sponsoring such information, for the purpose of displaying equivalent or comparable rates to the 5-year Mid-Swap Rate;

"Target Business Day" means a day on which the Target2 System is open;

"Target2 System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as Target2) System or any successor thereto;

"Tax Deduction Event" shall have the meaning attributed thereto in Condition 5.6 (*Optional Redemption upon the occurrence of a Tax Deduction Event*);

"Tier 2 Capital" means capital which is treated as a constituent of Tier 2 under the Relevant Rules by the Relevant Regulator for the purposes of the Issuer and this shall include all upper Tier 2 subordinated loan capital (*Fonds propres complémentaires de premier niveau*) as defined in Article 4(c) of *Règlement* no. 90-02, dated 23 February 1990, as amended or lower Tier 2 subordinated loan capital (*Fonds propres complémentaires de deuxième niveau*) as defined in Article 4(d) of *Règlement* no. 90-02, dated 23 February 1990, as amended or in either case whatever the terminology employed by future applicable banking regulations by the Relevant Regulator; and

"Withholding Tax Event" shall have the meaning attributed thereto in Condition 5.4 (*Optional Redemption upon the occurrence of a Withholding Tax Event*).

1.2 *Interpretation:* In these Conditions:

- (i) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 7 (*Taxation*) and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 7 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (iii) **"outstanding"** means in relation to the Notes, all the Notes issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid to the relevant Account Holders on behalf of the Noteholder as provided in Condition 6.1 (*Method of Payment*), (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and that are held or have been cancelled as provided in these Conditions; and
- (iv) any reference to a numbered Condition shall be to the relevant Condition in these Conditions.

2. Form, Denomination and Title

- 2.1 *Form and Denomination:* The Notes are issued in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L. 211-3 and R. 211-1 of the French *Code monétaire et financier* by book-entries (*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 which shall credit the accounts of the Account Holders.
- 2.2 *Title:* 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 – No negative pledge

The principal of the Notes are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and *pari passu* with all other present and future direct, unconditional, unsecured and ordinary subordinated indebtedness of the Issuer. Subject to applicable law, in the event of the voluntary liquidation of the Issuer, bankruptcy proceedings, or any other similar proceedings affecting the Issuer, the rights of the Noteholders to payment of the principal of the Notes will be subordinated to the full payment of the unsubordinated creditors (including depositors) of the Issuer and, subject to such payment in full, such Noteholders will be paid in priority to *prêts participatifs* granted to the Issuer, *titres participatifs* issued by the Issuer and any deeply subordinated obligations of the Issuer (*obligations dites "super subordonnées"* i.e. *engagements subordonnés de dernier rang*).

Interest payable under the Notes are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and at least *pari passu* with all other direct, unconditional, unsecured and unsubordinated indebtedness of the Issuer (save for statutorily preferred exceptions).

There will be no negative pledge in respect of the Notes.

4. Interest

- 4.1 *Interest rate:* The Notes shall bear interest at the applicable Rate of Interest from (and including) the Issue Date and interest shall be payable annually in arrear on each Interest Payment Date as provided in Condition 6 (*Payments*).
- 4.2 *Interest to (but excluding) the Reset Date:* The amount of interest per Principal Amount payable on each Interest Payment Date in relation to an Interest Period falling in the Initial Period will be EUR 2,750.
- 4.3 *Interest from (and including) the Reset Date:* The rate of interest for each Interest Period beginning on or after the Reset Date will be equal to the Reset Rate of Interest, as determined by the Calculation Agent.
- 4.4 *Accrual of interest:* Each Note will cease to bear interest from the due date for redemption unless, payment of the Redemption Amount is improperly withheld or refused on such date, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of:
- (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
 - (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders in accordance with Condition 12 (*Notices*) that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- 4.5 *Determination of Reset Rate of Interest:* The Calculation Agent will, as soon as practicable after 11:00 a.m. (Central European Time) on the Reset Rate Interest Determination Date, calculate the Reset Rate of Interest.
- 4.6 *Publication of Reset Rate of Interest:* The Calculation Agent will cause the Reset Rate of Interest determined by it to be notified to the Principal Paying Agent (if not the Calculation Agent) as soon as

practicable after such determination but in any event not later than the Reset Date. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 12 (*Notices*).

4.7 *Calculation of amount of interest per Principal Amount:* The amount of interest payable in respect of the Principal Amount for any period shall be calculated by:

- (i) applying the applicable Rate of Interest to the Principal Amount;
- (ii) multiplying the product thereof by the Day Count Fraction; and
- (iii) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

4.8 *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 (*Interest*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

5. **Redemption and Purchase**

5.1 *Maturity Date:* Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed on the Maturity Date at their Redemption Amount.

5.2 *Optional Redemption upon the occurrence of a Capital Event:* Upon the occurrence of a Capital Event, the Issuer may (at its option but subject to Condition 5.9 (*Conditions to redemption prior to Maturity Date*) below) at any time subject to having given no less than thirty (30) nor more than forty five (45) calendar days' notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at their Redemption Amount, together with all interest accrued to the date fixed for redemption.

5.3 *Optional Redemption on the Optional Redemption Date (Call):* The Issuer may (at its option but subject to Condition 5.9 (*Conditions to redemption prior to Maturity Date*) below) subject to having given no less than thirty (30) nor more than forty five (45) calendar days' prior notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem the Notes, on the Optional Redemption Date (Call) in whole, but not in part, at their Redemption Amount, together with all interest accrued to (but excluding) the Optional Redemption Date (Call).

5.4 *Optional Redemption upon the occurrence of a Withholding Tax Event:* If by reason of a change in, or in the official interpretation or administration of, any laws or regulations of France or any political subdivision or any authority thereof or therein having power to tax, 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 7 (*Taxation*) (a "**Withholding Tax Event**"), the Issuer may (at its option but subject to Condition 5.9 (*Conditions to redemption prior to Maturity Date*) below), at any time, subject to having given no less than thirty (30) nor more than forty five (45) calendar days' notice to the Noteholders (in accordance with Condition 12 (*Notices*)) (which notice shall be irrevocable) and the Principal Paying Agent, redeem the Notes in whole, but not in part, at their Redemption Amount, together with all interest accrued, 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 or, if such date has passed, as soon as practicable thereafter.

5.5 *Optional Redemption upon the occurrence of a Gross-Up Event:* 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 amount then due and payable (including any additional amounts which would be payable pursuant to Condition 7 (*Taxation*) but for the operation of such French law) (a "**Gross-Up Event**"), then the Issuer may (subject to Condition 5.9 (*Conditions to redemption prior to Maturity Date*) below) forthwith give notice of such fact to the Principal Paying Agent and the Issuer shall upon giving not less than seven (7) nor more than forty five (45) calendar days' prior notice to the Noteholders (in accordance with Condition 12 (*Notices*)) (which notice shall be irrevocable) and the Principal Paying Agent, redeem the Notes in whole, but not in part, at their Redemption Amount, together with all interest accrued, provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make

payment of the full amount of principal and interest payable without withholding for French Taxes or, if such date has passed, as soon as practicable thereafter.

5.6 *Optional Redemption upon the occurrence of a Tax Deduction Event*: If by reason of any change in the French laws or regulations, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations becoming effective on or after 23 April 2014, the tax regime applicable to any interest payment under the Notes is modified and such modification results in the amount of the interest payable by the Issuer under the Notes that is tax-deductible by the Issuer for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes being reduced (a "**Tax Deduction Event**"), the Issuer may, subject to Condition 5.9 (*Conditions to redemption prior to Maturity Date*) below, at its option, at any time, subject to having given no less than thirty (30) nor more than forty five (45) calendar days' notice to the Principal Paying Agent and the Noteholders (in accordance with Condition 12 (*Notices*)) redeem all, but not some only, of the Notes then outstanding at the Redemption Amount together with accrued interest (if any) thereon, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make such payment with interest payable being tax deductible for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes to the same extent as it was on 23 April 2014.

5.7 *Purchase*: The Issuer may, but is not obliged to, subject to Condition 5.9 (*Conditions to redemption prior to Maturity Date*) below, purchase Notes at any price in the open market or otherwise.

Notwithstanding the above, the Issuer or any agent on its behalf shall have the right at all times to purchase the Notes for market making purposes provided that: (a) the prior written approval of the Relevant Regulator shall be obtained; and (b) the aggregate Principal Amount of the Notes so purchased does not exceed the lower of (i) ten (10) per cent. (or any other threshold as may be requested by the Relevant Regulator in accordance with the Relevant Rules from time to time) of the initial aggregate Principal Amount of the Notes and any further notes issued under Condition 11 (Further Issues) and (ii) three (3) per cent. of the Tier 2 Capital of the Issuer from time to time outstanding. The Notes so purchased by the Issuer may be held and resold in accordance with applicable laws and regulations for the purpose of enhancing the liquidity of the Notes.

5.8 *Cancellation*: All Notes which are redeemed or purchased by the Issuer to be cancelled will forthwith be cancelled and accordingly may not be re-issued or resold.

5.9 *Conditions to redemption prior to Maturity Date*: The Notes may only be redeemed, purchased or cancelled (as applicable) pursuant to Condition 5.2 (*Optional Redemption upon the occurrence of a Capital Event*), Condition 5.3 (*Optional Redemption on the Optional Redemption Date (Call)*), Condition 5.4 (*Optional Redemption upon the occurrence of a Withholding Tax Event*), Condition 5.5 (*Optional Redemption upon the occurrence of a Gross-Up Event*), Condition 5.6 (*Optional Redemption upon the occurrence of a Tax Deduction Event*) or Condition 5.7 (*Purchase*) (subject to the provisions set out in the second paragraph of Condition 6.7), as the case may be, if

(a) the Relevant Regulator has given its prior written approval to such redemption or purchase (as applicable) if required at such time by the Relevant Rules;

The Relevant Rules prescribe certain conditions for the granting of permission by the Relevant Regulator to a request by the Issuer to reduce, repurchase, call or redeem the Notes.

In this respect, CRR provides that the Relevant Regulator shall grant permission to a reduction, repurchase, call or redemption of the Notes provided that either of the following conditions is met:

- (i) *on or before such reduction, repurchase, call or redemption of the Notes, the Issuer replaces the Notes with own funds instruments of equal or higher quality on terms that are sustainable for the Issuer's income capacity; or*
- (ii) *the Issuer has demonstrated to the satisfaction of the Relevant Regulator that its own funds would, following such reduction, repurchase, call or redemption, exceed the capital ratios required under the Relevant Rules by a margin that the Relevant Regulator may consider necessary on the basis set out in CRD IV for it to determine the appropriate level of capital of an institution.*

In addition, the Relevant Rules provide that the Relevant Regulator may only permit the Issuer to redeem the Notes before five years after the date of issuance of the Notes if:

- (1) the conditions listed in paragraphs (i) or (ii) above are met; and*
- (2) in the case of redemption due to the occurrence of a Capital Event, (i) the Relevant Regulator considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Relevant Regulator that the Capital Event was not reasonably foreseeable at the time of the issuance of the Notes; or*
- (3) in the case of redemption due to the occurrence of a Withholding Tax Event, a Tax Deduction Event or a Gross-up Event, the Issuer demonstrates to the satisfaction of the Relevant Regulator that such Withholding Tax Event, Tax Deduction Event or Gross-up Event is material and was not reasonably foreseeable at the time of issuance of the Notes.*

The Relevant Rules may be modified from time to time after the date of issuance of the Notes.

- (b) in the case of a redemption as a result of a Withholding Tax Event, a Tax Deduction Event or a Gross-up Event, the Issuer has delivered a certificate signed by one of its senior officers to the Principal Paying Agent (and copies thereof will be available at the Principal Paying Agent's specified office during its normal business hours) not less than five (5) calendar days prior to the date set for redemption that such Withholding Tax Event, Tax Deduction Event or Gross-up Event has occurred or will occur no more than ninety (90) days following the date fixed for redemption, as the case may be.

6. Payments

- 6.1 *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 to the Issuer, the Principal Paying Agent, the relevant Account Holder or, as the case may be, the person shown in the records of Euroclear France, Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes but without prejudice to the provisions of Condition 7 (*Taxation*). No commission or expenses shall be charged by the Issuer or the Principal Paying Agent to the Noteholders in respect of such payments.

- 6.2 *Payment Business Days:* If the due date for payments in respect of principal or interest of any Note is not a Payment Business Day, the Noteholder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment.
- 6.3 *Fiscal Agent, Principal Paying Agent and Calculation Agent:* The name and specified office of the initial Fiscal Agent, initial Principal Paying Agent and initial Calculation Agent are as follows:

FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT

BNP Paribas Securities Services

(Euroclear Affiliate number 29106)

Les Grands Moulins de Pantin

Attention: Corporate Trust Services

9, rue du Débarcadère

93500 Pantin

France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Principal Paying Agent and Calculation Agent and/or appoint a substitute Fiscal Agent, Paying Agent or Calculation Agent or approve any change in the office through which the Fiscal Agent, the Paying Agent or the Calculation Agent acts, provided that there will at all times be a Fiscal Agent having a specified office in a European city. Any notice of a change in Fiscal Agent, Paying Agent or Calculation Agent or their specified office shall promptly be given to Noteholders as specified in Condition 12 (*Notices*).

- 6.4 *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 Principal Paying Agent, the Calculation 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.

7. **Taxation**

- 7.1 *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 or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by, on behalf or within France or any authority therein or thereof having power to tax ("**French Taxes**"), unless such withholding or deduction is required by law.

Payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of this Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

- 7.2 *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 French Taxes, 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; except that no such additional amounts shall be payable in respect of any Note:

- (a) to, or to a third party on behalf of, a Noteholder who is liable 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) where such deduction or withholding is imposed on a payment to an individual or a residual entity and is required to be made pursuant to European Council Directive 2003/48/EC (as may be amended from time to time) implementing the conclusions of the ECOFIN Council Meeting dated 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive as may be amended from time to time; or
- (c) to, or to a third party on behalf of, a Noteholder who would 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.

- 7.3 *Supply of Information:* Each Noteholder shall be responsible for supplying to the relevant Paying Agent, in a timely manner, any information as may be required 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/EC (as may be amended from time to time) implementing the conclusions of the ECOFIN Council Meeting dated 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive as may be amended from time to time.

8. Enforcement Events

There will be no events of default in respect of the Notes. However, each Note shall become immediately due and payable at its Principal Amount, together with accrued interest thereon, if any, to the date of payment, in the event that a judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure, or if the Issuer is liquidated for any other reason.

9. Representation of the Noteholders

The Noteholders will be grouped automatically for the defense of their respective common interests in a masse (the "**Masse**").

The Masse will be governed by the provisions of the French *Code de commerce* with the exception of Articles L.228-48, L.228-59, L.228-71, R.228-63, R.228-67 and R.228-69 and the second sentence of Article L.228-65 II subject to the following provisions:

9.1 *Legal Personality:* The Masse will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through the general meeting of Noteholders (the "**General Meeting**").

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

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

- the Issuer, the members of its Executive Board (*Directoire*), the members of its Supervisory Board (*Conseil de Surveillance*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants or spouse; or
- companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors (*Conseil d'Administration*), Executive Board (*Directoire*), or Supervisory Board (*Conseil de Surveillance*), their statutory auditors, or employees as well as their ascendants, descendants or spouse; or
- companies holding ten (10) per cent. or more of the share capital of the Issuer or companies having ten (10) per cent. or more of their share capital held by the Issuer; or
- 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 initial Representative shall be:

Sandrine d'Haussy
69, avenue Gambetta
94100 St Maur des Fossés
France

In the event of death, retirement or revocation of the initial Representative, the replacement Representative shall be:

Sylvain Thomazo
20, rue Victor Bart
78000 Versailles
France

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

The Issuer shall pay to the Representative an amount of €600 per year, payable on the Interest Payment Date of each year.

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

- 9.3 *Powers of the Representative:* The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

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

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

- 9.4 *General Meeting of Noteholders:* A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30) of the Principal Amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place and agenda of any General Meeting will be published as provided under Condition 12 (*Notices*).

Each Noteholder has the right to participate in a General Meeting in person, by proxy, by correspondence, or if the *statuts* of the Issuer so specify, by videoconference or by any other means of telecommunications allowing the identification of participating Noteholders¹. Each Note carries the right to one vote.

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

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the liabilities (*charges*) of the Noteholders, nor establish any unequal treatment between the Noteholders, nor decide to convert Notes into shares.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least one fifth (1/5) of the Principal Amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by Noteholders attending such General Meetings or represented thereat.

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

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 12 (*Notices*).

- 9.6 *Information to Noteholders:* Each Noteholder or representative thereof will have the right, during the 15-day period (on first convocation) or 10-day period (on second convocation) preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified office of the Principal Paying Agent during usual business hours and at any other place specified in the notice of the General Meeting.

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

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

10. Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.

11. Further Issues

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

12. Notices

12.1 Notices to the Noteholders shall be valid if published (a) so long as the Notes are admitted to trading on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be *Les Échos*) or, (b) in a daily leading newspaper of general circulation in Europe (which is expected to be the Financial Times) or (c) in accordance with Articles 221-3 and 221-4 of the *Règlement Général* of the *Autorité des marchés financiers* and so long as the Notes are listed and admitted to trading on any Regulated Market, in a leading daily newspaper with general circulation in the city/ies where the Regulated Market on which the Notes is/are listed and admitted to trading.

12.2 If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

12.3 Notices required to be given to the Noteholders pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the publication as required by Conditions 12.1 and 12.2 above; except that (i) so long as the Notes are listed on any stock exchange(s) and the rules applicable to that stock exchange so require, notices shall also be published in a daily newspaper with general circulation in the city/ies where the stock exchange(s) on which the Notes is/are listed and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 9 (*Representation of the Noteholders*) shall also be published in a leading newspaper of general circulation in Europe.

13. Governing Law and Jurisdiction

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

Any claim against the Issuer in connection with any Notes shall be brought exclusively before any competent court within the jurisdiction of the Paris Court of Appeal.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be applied by the Issuer for the general financing purposes of the Issuer and also to strengthen the Issuer's regulatory capital.

DESCRIPTION OF THE ISSUER

A description of the Issuer can be found on pages 3 to 20 of the 2013 Reference Document which is incorporated by reference herein.

RECENT DEVELOPMENTS

Philippe Wahl, Chief executive Officer of La Poste Group has appointed Yves Brassart as Deputy Chief Executive Officer (*directeur général adjoint*), Chief Financial Officer (*directeur financier*) of La Poste Group. In this capacity, Yves Brassart (formerly Chief Financier Officer of La Banque Postale) becomes a member of the Executive Committee. He will take up his assignment on 7 April 2014.

TAXATION

The statements herein regarding taxation are based on the laws in force in France, the European Union and the United States as of the date of this Prospectus and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes.

Each prospective holder or beneficial owner of the Notes should consult its tax advisor as to each of the EU Directive on the Taxation of Savings Income, the Foreign Account Tax Compliance Act and the French tax consequences as applicable of any investment in or ownership and disposal of the Notes.

EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The Luxembourg Government has announced its intention to introduce, as of 1 January 2015, automatic exchange of information with respect to the Savings Directive. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the Directive to include certain additional types of income, and widen the range of recipients payments to whom are covered by the Savings Directive, to include certain other types of entity and legal arrangement. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

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

French Taxation

The descriptions below are intended as a basic summary of certain French withholding tax consequences in relation to the ownership of the Notes. This summary is based on the tax laws and regulations of France, as currently in effect and applied by the French tax authorities, all of which are subject to change or to different interpretation. This summary is for general information and does not purport to address all French tax considerations that may be relevant to specific holders in light of their particular situation. Potential purchasers of the Notes are advised to consult their own appropriate independent and professionally qualified tax advisors as to the tax consequences of any investment in, or ownership of, the Notes. The description below does not address specific issues which may be relevant for Noteholders who concurrently hold shares of the Issuer or who are otherwise affiliated with the Issuer, including within the meaning of Article 39,12 of the French Code Général des Impôts.

Following the introduction of the French *loi de finances rectificative pour 2009* n°3 (n° 2009-1674 dated 30 December 2009) (the "**Law**"), payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code Général des Impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code Général des Impôts* (a "**Non-Cooperative State**"). If such payments under the Notes are made in a Non-Cooperative State, a seventy five (75) per cent. withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty) by virtue of Article 125 A III of the French *Code Général des Impôts*.

Furthermore, according to Article 238 A of the French *Code Général des Impôts*, interest and other revenues on the Notes will not be deductible from the Issuer's taxable income if they are paid or accrued to persons

established or domiciled in a Non-Cooperative State or paid in such a Non-Cooperative State (the "**Deductibility Exclusion**"). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French *Code Général des Impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French *Code Général des Impôts*, at a rate of thirty (30) per cent. or seventy five (75) per cent. (subject to the more favourable provisions of an applicable tax treaty).

Notwithstanding the foregoing, the Law provides that neither the seventy five (75) per cent. withholding tax set out under Article 125 A III of the French *Code Général des Impôts* nor the Deductibility Exclusion nor the withholding tax set out under Article 119 *bis* 2 of the French General Tax Code that may be levied as a result of the Non-Deductibility Exclusion will apply in respect of the Notes if the Issuer can prove that the principal purpose and effect of such issue of the Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211, BOI-RPPM-RCM-3010-20-40-20140211, BOI-ANXX-000364-20120912 and BOI-IR-DOMIC-10-20-20-60-20140211, the issue of the Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes if the Notes are:

- (a) 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
- (b) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code Monétaire et Financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Accordingly, payments made by the Issuer under the Notes are not subject to the withholding tax provided under Article 125 III of the *French Code Général des Impôts*, nor to the Deductibility Exclusion.

Pursuant to Article 9 of the 2013 Finance Law (*loi de finances pour 2013*, n° 2012-1509 du 29 décembre 2012) subject to certain limited exceptions, interest and other revenues paid as from 1 January 2013 by a paying agent located in France to individuals who are tax resident (*domiciliés fiscalement*) in France are subject to a twenty four (24) per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of fifteen and a half (15.5) per cent. on interest and similar revenues paid to individuals who are tax resident (*domiciliés fiscalement*) in France.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a thirty (30) per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer is classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "grandfathering date", which is the date that is six (6) months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to

FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and France have entered into an IGA based largely on the Model 1 IGA (the "**US-France IGA**").

The Issuer expects to be treated as a Reporting FI pursuant to the US-France IGA. However, no assurance can be given that the Issuer will be treated as a Reporting FI. If the Issuer becomes a Participating FFI under FATCA, the Issuer and financial *institutions* through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the US-France IGA, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisors on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE

Barclays Bank PLC, BNP Paribas, Société Générale and UBS Limited (the "**Joint Lead Managers**") have, pursuant to a subscription agreement dated 17 April 2014 (the "**Subscription Agreement**") supplementing the provisions of the amended and restated dealer agreement dated 22 October 2013 (the "**Dealer Agreement**"), jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 99.705 per cent. of the Principal Amount of the Notes, less a combined management and underwriting commission of 0.35 per cent. of the Principal Amount of the Notes.

For the selling restrictions, see the section entitled "Subscription and Sale" set out on pages 118-121 of the Base Prospectus which is incorporated herein by reference as set out in the "Documents Incorporated by Reference" section provided that references in the section "Subscription and Sale" of the Base Prospectus to the "relevant Final Terms" and the "Dealers" shall, for the purposes of the issue of the Notes, be deemed to refer to the Conditions and to the Joint Lead Managers respectively.

The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

Save for the commissions payable to the Joint Lead Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

GENERAL INFORMATION

1. Admission to trading

This Prospectus has received visa no 14-154 on 17 April 2014 from the *Autorité des marchés financiers* (the "AMF").

Application has been made for the Notes to be admitted to trading on Euronext Paris on 23 April 2014. The Issuer estimates that the amount of expenses related to the admission to trading of the Notes will be approximately €13,200.

2. Corporate authorisations

The issue of the Notes was decided by the Executive Board (*Directoire*) of the Issuer on 10 April 2014 acting pursuant a resolution of the Supervisory Board (*Conseil de Surveillance*) dated 9 April 2014 and the issue decision of Mr. Stéphane Magnan in his capacity as *Directeur des Opérations Financières* (Head of Financial Operations) of the Issuer dated 16 April 2014.

3. Clearing

The Notes have been accepted for clearance through Euroclear France, Clearstream Banking, *société anonyme* and Euroclear Bank S.A./N.V.. The International Securities Identification Number (ISIN) for the Notes is FR0011855865. The Common Code number for the Notes is 105952406.

The address of Euroclear France is 66 rue de la Victoire, 75009 Paris, France. The address of Euroclear Bank S.A./N.V. is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream Banking, *société anonyme*, is 42 avenue JF Kennedy, L-1855 Luxembourg.

4. Significant change

There has been no significant change in the financial position of the Issuer or La Banque Postale Group since 31 December 2013 (being the end of the last financial period for which audited financial statements have been published).

5. Conflict of Interests

To the knowledge of the Issuer, the duties owed by the members of the Executive Board (*Directoire*) and the Supervisory Board (*Conseil de Surveillance*) of the Issuer do not give rise to any potential conflicts of interest with such members' private interests or other duties.

6. Material adverse change

There has been no material adverse change in the prospects of the Issuer since 31 December 2013.

7. Litigation

Except as disclosed in pages 109 and 119 of the 2013 Reference Document, neither the Issuer nor any member of La Banque Postale Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous twelve (12) months which may have, or have had in the recent past, significant effects on the Issuer and/or La Banque Postale Group's financial position or profitability.

8. Dependence of the Issuer upon other members of the La Banque Postale Group

The Issuer is not dependent upon other members of the La Banque Postale Group.

9. Documents available

Copies of the following:

- (i) the *Statuts* of the Issuer;
- (ii) The Issuer's *Document de Référence* 2012 in French language;
- (iii) The Issuer's *Document de Référence* 2013 in French language;
- (iv) the amended and restated Agency Agreement dated 22 October 2013;

- (v) the Base Prospectus of the Issuer dated 22 October 2013, as supplemented by the Supplements to the Base Prospectus dated 29 November 2013 and 26 March 2014; and
- (vi) this Prospectus;

will be available for inspection during the usual business hours on any week day (except Saturdays and public holidays) at the offices of the Principal Paying Agent. In addition, (i), (iii), (v) and (vi) are available on the Issuer's website: "www.labanquepostale.fr". In addition, copies of this Prospectus any documents incorporated by reference in this Prospectus are available on the AMF's website: "www.amf-france.org".

10. Auditors

KPMG Audit - a department of KPMG SA and PricewaterhouseCoopers Audit have audited and rendered an unqualified audit report on the consolidated financial statements of the Issuer for the year ended 31 December 2012.

KPMG Audit - a department of KPMG SA and PricewaterhouseCoopers Audit have audited and rendered an unqualified audit report on the consolidated financial statements of the Issuer for the year ended 31 December 2013.

The French auditors carry out their duties in accordance with the principles of *Compagnie Nationale des Commissaires aux Comptes* (CNCC).

11. Rating

The Notes have been rated BBB by Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("**S&P**"). The long term debt of the Issuer has been assigned a rating of A (with a stable outlook) by S&P on 12 November 2013 and A+ (with a stable outlook) by Fitch Ratings Ltd ("**Fitch**") on 27 July 2013.

Each of S&P and Fitch is established in the European Union and is registered under the CRA Regulation. As such each of S&P and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time.

12. Yield

The yield is 2.797 per cent. per annum up to the Reset Date. This yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

13. Joint Lead Managers' Conflicts

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued. Any such short positions could adversely affect future trading prices of Notes issued. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

14. Third Party Information

Information contained in this Prospectus which is sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by the

relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has also identified the source(s) of such information.

RESPONSIBILITY STATEMENT

I hereby certify, having taken all reasonable care to ensure that such is the case, that, to the best of my knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

La Banque Postale

115, rue de Sèvres
75275 Paris Cedex 06
France

Represented by Mr. Rémy Weber

Président du Directoire (Chairman of the Executive Board)

Dated 17 April 2014



In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the French *Autorité des marchés financiers* ("**AMF**"), in particular Articles 211-1 to 216-1, the *AMF* has granted to this Prospectus the *visa* n°14-154 on 17 April 2014. This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the *visa* has been granted following an examination by the *AMF* of "whether the document is complete and comprehensible, and whether the information in it is coherent". It does not imply that the *AMF* has verified the accounting and financial data set out in it.

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