Important Notice

THIS DOCUMENT IS NOT FOR DISTRIBUTION TO ANY PERSON OTHER THAN TO INVESTORS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) UNDER RULE 144A OR (2) PERSONS OTHER THAN U.S. PERSONS (AS DEFINED IN REGULATION S) WITH ADDRESSES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following notice before continuing. The following notice applies to the attached base offering memorandum dated July 16, 2018 (the "**Base Offering Memorandum**"), whether received by email, accessed from an internet page or otherwise received as a result of electronic communication and you are therefore advised to read this notice carefully before reading, accessing or making any other use of the Base Offering Memorandum. In reading, accessing or making any other use of the Base Offering Memorandum, you agree to be bound by the following terms and conditions and each of the restrictions set out in the Base Offering Memorandum, including any modifications made to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED IN THE BASE OFFERING MEMORANDUM IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE SECURITIES ARE BEING OFFERED AND SOLD ONLY: (1) WITHIN THE UNITED STATES OR TO A U.S. PERSON IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") ONLY TO PERSONS THAT ARE "QUALIFIED INSTITUTIONAL BUYERS" ("QIBS") (AS DEFINED IN RULE 144A), ACTING FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QIB, AND (2) OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS ("U.S. PERSONS") (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S. WITHIN THE UNITED KINGDOM, THE BASE OFFERING MEMORANDUM IS DIRECTED ONLY AT PERSONS WHO (A) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "FPO"); (B) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(a) TO (d) OF THE FPO; OR (C) ARE OTHER PERSONS TO WHOM THE BASE OFFERING MEMORANDUM MAY BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS RELEVANT PERSONS). OUTSIDE OF THE UNITED KINGDOM, THE BASE OFFERING MEMORANDUM IS BEING DIRECTED ONLY AT PERSONS WHO MAY LAWFULLY RECEIVE IT. FOR A MORE COMPLETE DESCRIPTION OF RESTRICTIONS ON OFFERS AND SALES, SEE "PLAN OF DISTRIBUTION" AND "TRANSFER RESTRICTIONS" IN THE BASE OFFERING MEMORANDUM.

THE BASE OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE BASE OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE

APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE ATTACHED DOCUMENT. THIS DOCUMENT IS NOT INTENDED FOR DISTRIBUTION TO AND MUST NOT BE PASSED ON TO ANY RETAIL CLIENT.

Confirmation of your Representation: In order to be eligible to view the Base Offering Memorandum or make an investment decision with respect to the offered securities described therein, (1) each prospective investor in respect of the securities being offered pursuant to Rule 144A must be a QIB, (2) each prospective investor in respect of the securities being offered outside of the United States in an offshore transaction pursuant to Regulation S must be a person other than a U.S. Person and (3) each prospective investor in respect of the securities being offered in the United Kingdom must be a Relevant Person. By accepting the e-mail and accessing, reading or making any other use of the attached Base Offering Memorandum, you shall be deemed to have represented the Dealers (as defined in the Base Offering Memorandum) being the sender of the attached, that (1) in respect of the securities being offered pursuant to Rule 144A, you are (or the person you represent is) a QIB, and that the electronic mail (or e-mail) address to which, pursuant to your request, the Base Offering Memorandum has been delivered by electronic transmission is utilised by someone who is a QIB, or (2) in respect of the securities being offered outside of the United States in an offshore transaction pursuant to Regulation S, you are (or the person you represent is) a person other than a U.S. Person, and that the electronic mail (or e-mail) address to which, pursuant to your request, the Base Offering Memorandum has been delivered by electronic transmission is utilised by a person other than a U.S. Person, (3) in respect of the securities being offered in the United Kingdom, you are (or the person you represent is) a Relevant Person, and (4) you are a person to whom the Base Offering Memorandum may be delivered in accordance with the restrictions set out in the sections entitled "Plan of Distribution" and "Transfer Restrictions" in the Base Offering Memorandum.

You are reminded that the Base Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Base Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of this Base Offering Memorandum to any other person. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of Banque Fédérative du Crédit Mutuel (the "**Issuer**") in such jurisdiction.

The Base Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Dealers, the Issuer or any person who controls any of them or is a director, officer, employee or agent of any of them nor any affiliate of any such person accepts any liability or responsibility whatsoever to the fullest extent permitted by law in respect of any difference between the Base Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Dealers. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The distribution of the Base Offering Memorandum in certain jurisdictions may be restricted bylaw. Persons into whose possession the Base Offering Memorandum comes are required by the Dealers and the Issuer to inform themselves about, and to observe, any such restrictions.

BASE OFFERING MEMORANDUM

U.S.$10,000,000,000 U.S. Medium Term Notes Program

Banque Fédérative du Crédit Mutuel, a French incorporated company (the "**Issuer**") may offer from time to time Notes (the "**Notes**") with terms and conditions described in this Base Offering Memorandum, in one or more Series (each, a "**Series**"). The specific terms of each Series of Notes will be set forth in a pricing supplement (each a "**Pricing Supplement**") or a supplement that is supplemental to this Base Offering Memorandum.

The Notes may be offered in reliance on the exemption from registration provided by Rule 144A ("**Rule 144A**") under the Securities Act of 1933, as amended (the "**Securities Act**") only to qualified institutional buyers ("**QIBs**"), within the meaning of Rule 144A (the "**Rule 144A Notes**"). In addition, Notes may, if specified in the relevant Pricing Supplement, be offered outside the United States to investors that are not U.S. persons (as such term is defined in Rule 902 under the Securities Act (a "**non-U.S. person**")) pursuant to Regulation S under the Securities Act (the "**Regulation S Notes**").

The Notes may be senior preferred notes ("**Senior Preferred Notes**") or senior non-preferred notes ("**Senior Non-Preferred Notes**"). Senior Preferred Notes will constitute direct, unconditional, unsecured and senior (*chirographaires*) obligations of the Issuer and will rank senior to Senior Non-Preferred Obligations, including the Senior Non-Preferred Notes. Senior Non-Preferred Notes will constitute direct, unconditional and unsecured obligations of the Issuer and will rank junior to Senior Preferred Obligations, including the Senior Preferred Notes, and senior to all present and future subordinated obligations. The Notes are not insured by the Federal Deposit Insurance Corporation or any other governmental or deposit insurance agency.

You should read this Base Offering Memorandum and any applicable supplement or Pricing Supplement carefully before you invest in the Notes.

Investing in the Notes involves certain risks. See "Risk Factors" beginning on page 19 of this Base Offering Memorandum and "Risk Factors" beginning on page 137 of the 2017 Registration Document, selected sections of which are incorporated by reference herein, and any risk factors that may be set forth in any documents incorporated by reference herein at a future date.

The Notes are not required to be, and have not been, registered under the Securities Act, or the state securities laws of any state of the United States or the securities laws of any other jurisdiction. The Notes may not be offered or sold or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. Prospective purchasers are hereby notified that the sellers of the Rule 144A Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers and resales, see "Transfer Restrictions."

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of the Notes or determined that this Base Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense. Under no circumstances shall this Base Offering Memorandum constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these Notes, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification under the securities laws of any such jurisdiction.

The Notes are being offered on a continuous basis through the dealers named in this Base Offering Memorandum or through any other dealers named in an relevant Pricing Supplement (the "**Dealers**"). One or more Dealers may purchase Notes from the Issuer for resale to investors and other purchasers at a fixed offering price set forth in the relevant Pricing Supplement or at varying prices reflecting prevailing market conditions. In addition, if agreed to by the Issuer and a Dealer, such Dealer may utilize reasonable efforts to place the Notes with investors on an agency basis.

Unless otherwise specified in the relevant Pricing Supplement, each series of Notes will be represented initially by one or more global securities ("**Global Notes**") registered in the name of a nominee of The Depository Trust Company (together with any successor, "**DTC**"). Beneficial interests in Global Notes represented by a global security will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants, including Euroclear SA/NV ("**Euroclear**") and Clearstream Banking, S.A., ("**Clearstream Luxembourg**"). Notes will not be issuable in definitive form, except under the circumstances described under "Book-Entry Procedures and Settlement."

Arranger
Citigroup

Dealers

Banque Fédérative du Crédit Mutuel	**Barclays**	**BNP PARIBAS**	**Citigroup**		**Credit Suisse**
Deutsche Bank Securities	**Goldman Sachs & Co. LLC**	**HSBC**	**J.P. Morgan**	**Morgan Stanley**	**Wells Fargo Securities**

Base Offering Memorandum dated July 16, 2018

The Issuer has not authorized anyone to give investors any information other than that contained in this Base Offering Memorandum (including the documents incorporated by reference herein and any future supplement hereto) and the relevant Pricing Supplement, and it takes no responsibility for any other information that others may give to investors. Prospective investors should carefully evaluate the information provided by the Issuer in light of the total mix of information available to them, recognizing that the Issuer can provide no assurance as to the reliability of any information not contained or incorporated by reference in this Base Offering Memorandum, any supplement hereto, or any Pricing Supplement. The delivery of this Base Offering Memorandum at any time does not imply that the information herein is correct as of any time subsequent to its date.

The distribution of this Base Offering Memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. The Issuer and the Dealers require persons into whose possession this Base Offering Memorandum comes to inform themselves about and to observe any such restrictions. This Base Offering Memorandum does not constitute an offer to sell, or the solicitation of an offer to buy, any of the Notes offered hereby by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

Prospective investors hereby acknowledge that (i) they have been afforded an opportunity to request from the Issuer and to review, and have received, all additional information considered by them to be necessary to verify the accuracy of, or to supplement, the information contained herein, (ii) they have had the opportunity to review all of the documents included or incorporated by reference herein, and (iii) they have not relied on the Dealers or any person affiliated with the Dealers in connection with any investigation of the accuracy of such information or their investment decision.

This Base Offering Memorandum has not been, and is not required to be, submitted to the French Financial Markets Authority (*Autorité des marchés financiers*) (the "**AMF**") or any other competent authority for approval as a "prospectus" pursuant to the Prospectus Directive (as defined below).

In making an investment decision, prospective investors must rely on their examination of the Issuer and the terms of this offering, including the merits and risks involved. The Notes have not been approved or recommended by any United States federal or state securities commission or any other United States, French or other regulatory authority. Furthermore, the foregoing authorities have not passed upon or endorsed the merits of the offering or confirmed the accuracy or determined the adequacy of this Base Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

Certain persons participating in any offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes, including stabilizing and syndicate covering transactions. For a description of these activities, see "Plan of Distribution." Such activities, if commenced, may be terminated at any time.

It is not possible to predict whether the Notes will trade in a secondary market or, if they do, whether such market will be liquid or illiquid. The Dealers reserve the right to enter, from time to time and at any time, into agreements with one or more holders of Notes to provide a market for the Notes but none of the Dealers is obligated to do so or to make any market for the Notes.

The Notes are not expected to be listed on any stock exchange unless otherwise stated in the relevant Pricing Supplement.

The contents of this Base Offering Memorandum should not be construed as investment, legal or tax advice. This Base Offering Memorandum, as well as the nature of an investment in any Notes, should be reviewed by each prospective investor with such prospective investor's investment advisor, legal counsel and tax advisor.

Any reproduction or distribution of this Base Offering Memorandum, in whole or in part, or any disclosure of its contents or use of any of its information for purposes other than evaluating a purchase of the Notes is prohibited without the express written consent of the Issuer.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES OF AMERICA

The Notes have not been and will not be registered under the Securities Act or the securities laws of any U.S. state. The Notes may not be offered or sold, directly or indirectly, in the United States of America or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. The Rule 144A Notes are being offered and sold in the United States only to qualified institutional buyers, as defined in Rule 144A under the Securities Act, and the Regulation S Notes are being offered and sold outside the United States only to non-U.S. persons in "offshore transactions" as defined in, and in accordance with, Regulation S under the Securities Act, as applicable. See "Plan of Distribution" and "Transfer Restrictions."

AVAILABLE INFORMATION

While any of the Rule 144A Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) and the Issuer is not exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") or subject to the periodic reporting requirements of the Exchange Act pursuant to Section 13 or Section 15(d) of the Exchange Act, the Issuer will make available, upon request, to any holder of Notes or prospective purchasers of Rule 144A Notes the information specified in Rule 144A(d)(4).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Base Offering Memorandum has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any member state of the European Economic Area (the "**EEA**" and any member state of the EEA, a "**Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Member State may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. For the purposes of this provision, the expression "**Prospectus Directive**" means Directive 2003/71/EC, as amended, and includes any relevant implementing measure in the Member State.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The relevant Pricing Supplement in respect of any Series of Notes may include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Notes of any such Series and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU, as amended ("**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

PRIIPs / IMPORTANT – EUROPEAN ECONOMIC AREA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU, as amended (the "**Insurance Distribution Directive**") where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been or will be prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

LIMITATIONS ON ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a company incorporated under the laws of France, and many of its assets are located in France. Many of its subsidiaries, legal representatives and executive officers and certain other parties named herein reside in France, and substantially all of the assets of these persons are located in France. As a result, it may not be possible, or it may be difficult, for a holder or beneficial owner of the Notes located outside of France to effect service of process upon the Issuer or such persons in the home country of the holder or beneficial owner or to enforce against such persons judgments obtained in non-French courts, including those judgments predicated upon the civil liability provisions of the U.S. federal or state securities laws.

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EXCHANGE RATE AND CURRENCY INFORMATION

The following table shows the period-end, average, high and low Noon Buying Rates in New York City for cable transfers payable in foreign currencies as certified by the Federal Reserve Bank of New York (the "**Noon Buying Rates**") for the euro, expressed in dollars per one euro, for the periods and dates indicated. On July 11, 2018, the exchange rate as published by the European Central Bank was $1.1735 per one euro.

	Noon Buying Rate			
	Period End	**Average(*)**	**High**	**Low**
Year:				
2013	1.3779	1.3281	1.3816	1.2774
2014	1.2101	1.3297	1.3927	1.2101
2015	1.0859	1.1096	1.2015	1.0524
2016	1.0552	1.1072	1.1516	1.0375
2017	1.2022	1.1301	1.2041	1.0416
2018 (through July 6, 2018)	1.1738	1.2090	1.2488	1.1551
Month:				
February 2018	1.2211	1.2340	1.2482	1.2211
March 2018	1.2320	1.2334	1.2440	1.2216
April 2018	1.2074	1.2270	1.2384	1.2074
May 2018	1.1670	1.1823	1.2000	1.1551
June 2018	1.1677	1.1679	1.1815	1.1577
July 2018 (through July 6, 2018)	1.1738	1.1673	1.1738	1.1604

* The average of the Noon Buying Rates on the last business day of each month (or portion thereof) during the relevant period for annual averages; on each business day of the month (or portion thereof) for monthly average.

Source: Federal Reserve Bank of New York.

Fluctuations in exchange rates that have occurred in the past are not necessarily indicative of fluctuations in exchange rates that may occur at any time in the future. No representations are made herein that the euro or U.S. dollar amounts referred to herein could have been or could be converted into dollars or euros, as the case may be, at any particular rate.

PRESENTATION OF FINANCIAL INFORMATION

In this Base Offering Memorandum, references to "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 establishing the European Community, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam. References to "$," "U.S.$" and "U.S. dollars" are to United States dollars. The BFCM Group and the Crédit Mutuel-CM11 Group publish their consolidated financial statements in euros. See "Exchange Rate and Currency Information."

The audited consolidated financial statements of the BFCM Group and the Crédit Mutuel-CM11 Group as at December 31, 2017 and 2016 and for the years ended December 31, 2017 and 2016, included on pages 386-447 and pages 187-253, respectively, in the 2017 Registration Document, and the audited consolidated financial statements of the BFCM Group and the Crédit Mutuel-CM11 Group as at December 31, 2016 and 2015 and for the years ended December 31, 2016 and 2015, included in the Documents Incorporated by Reference (as defined herein), have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). The BFCM Group's and the Crédit Mutuel-CM11 Group's fiscal year ends on December 31, and references in this Base Offering Memorandum to any specific fiscal year are to the twelve-month period ended December 31 of such year.

Certain financial information regarding the BFCM Group and/or the Crédit Mutuel-CM11 Group presented herein or in the documents incorporated by reference herein constitutes non-GAAP financial measures, which exclude certain items contained in the nearest IFRS financial measure or which include certain amounts that are not contained in the nearest IFRS financial measure.

Due to rounding, the numbers presented throughout this Base Offering Memorandum may not add up precisely, and percentages may not reflect precisely absolute figures.

Restatement of 2015 Consolidated Financial Information

In the consolidated financial statements for each of the Crédit Mutuel-CM11 Group and the BFCM Group as at and for the year ended December 31, 2016, the comparative information for 2015 has been restated to account for a change in the accounting method applicable from January 1, 2016 to the recognition of the capitalization reserve in the insurance activity. The adjustments and their impact on each of the Crédit Mutuel-CM11 Group and the BFCM Group are described in note 1.1 to each of the Crédit Mutuel-CM11 Group's and the BFCM Group's audited consolidated financial statements as at and for the year ended December 31, 2015 included in the 2016 Registration Document.

Restatement of 2016 Segment Reporting

In the reporting of segment results for each of the Crédit Mutuel-CM11 Group and the BFCM Group as at and for the year ended December 31, 2017 in the 2017 Registration Document, the comparative information for 2016 has been restated to account for minor changes to segment reporting applicable from January 1, 2017. The changes involve the reallocation of certain business lines among existing segments. The changes and their impact on segment results for each of the Crédit Mutuel-CM11 Group and the BFCM Group are described in "Methodology Descriptions" on pages 132 and 593 of the 2017 Registration Document, respectively.

CERTAIN TERMS USED IN THIS BASE OFFERING MEMORANDUM

In this Base Offering Memorandum, the following terms have the respective meanings set forth below (and, where the context permits, are deemed to include any successors). See "History and Structure of the Crédit Mutuel-CM11 Group" herein for important information relating to the entities and groups referred to in these definitions.

"**BFCM**" or "**Issuer**" means the Banque Fédérative du Crédit Mutuel.

"**BFCM Group**" means BFCM and its consolidated subsidiaries and associates.

"**CF de CM**" means the Caisse Fédérale de Crédit Mutuel.

"**CIC**" means Crédit Industriel et Commercial (CIC), which is the largest subsidiary of BFCM and the Crédit Mutuel-CM11 Group.

"**Crédit Mutuel-CM11 Group**" or the "**Group**" means the mutual banking group that includes the local Crédit Mutuel banks that are members of the relevant Federations (11 Federations), and of the CF de CM, as well as the entities that are part of the BFCM Group.

"**Federation**" means each of the 11 regional federations formed by groups of Local Banks to serve their mutual interests, centralizing their products, funding, risk management and administrative functions as well as the group-wide Federation of which each of the regional federations is a member.

"**Local Banks**" means the local Crédit Mutuel mutual banks (*caisses locales de Crédit Mutuel*) that are members of the Crédit Mutuel-CM11 Group at the relevant time. The non-capitalized term "local banks" refers to the Local Banks that are members of the Crédit Mutuel-CM11 Group, together with the local Crédit Mutuel mutual banks that are members of federations that are not part of the Crédit Mutuel-CM11 Group.

DOCUMENTS INCORPORATED BY REFERENCE

The Issuer has incorporated by reference in this Base Offering Memorandum certain information that it has made publicly available, which means that it has disclosed important information to potential investors by referring them to those documents. The information incorporated by reference is an important part of this Base Offering Memorandum.

This Base Offering Memorandum should be read and construed in conjunction with the following documents incorporated by reference (the "**Documents Incorporated by Reference**"), which form part of this Base Offering Memorandum. The Documents Incorporated by Reference are the following:

1) the English version of the 2017 registration document relating to the Issuer and the Crédit Mutuel-CM11 Group, available on the Issuer's website at http://www.bfcm.creditmutuel.fr/en/bfcm/pdf/CM11_Group_2017_Registration_Document.pdf (the "**2017 Registration Document**"), the French version of which was dated April 20, 2018 and registered by the *Autorité des marchés financiers* (the "**AMF**") under No. D.18-0354, excluding the following sections:

   a) the "Introduction" on pages 3-7;

   b) Part VI. "Key Financial Points Relating to BFCM's Annual Financial Statements" on pages 455-496;

   c) Part VII. "Corporate Social Responsibility" on pages 497-578; and

   d) Part IX. "Additional Information" on pages 615-620, provided that Part IX.4 "Additional Information—Statutory Auditors" on page 617 is incorporated by reference herein;

2) any future update to the 2017 Registration Document that may be published by the Issuer on its website;

3) the following sections of the English version of the 2016 registration document relating to the Issuer and the Crédit Mutuel-CM11 Group, available on the Issuer's website at http://www.bfcm.creditmutuel.fr/en/bfcm/pdf/CM11_Group_2016_Registration_Document.pdf (the "**2016 Registration Document**"), the French version of which was dated April 28, 2017 and registered by the AMF under No. D.17-0479:

   a) Part III.1 "Financial Information about Crédit Mutuel-CM11 Group—Presentation of the activities and results of the Crédit Mutuel-CM11 Group" on pages 76-98;

   b) Part III.4 "Financial Information about Crédit Mutuel-CM11 Group—Crédit Mutuel-CM11 Group consolidated financial statements" on pages 137-187;

   c) Part III.5 "Financial Information about Crédit Mutuel-CM11 Group —Statutory Auditors' report on the consolidated financial statements of Crédit Mutuel-CM11 Group" on pages 188-189;

d) Part V.2.1 “Financial information about BFCM Group—BFCM Group Management Report—Financial review, key financial points relating to the consolidated financial statements, BFCM Group activity and results” on pages 245-257;

e) Part V.3 “Financial information about BFCM Group—BFCM Group consolidated financial statements” on pages 284-334; and

f) Part V.4 “Financial information about BFCM Group—Statutory Auditors’ report on the consolidated financial statements of BFCM Group” on pages 335-336; and

4) all documents published by the Issuer and stated in a supplement or Pricing Supplement to be incorporated in this Base Offering Memorandum by reference.

Any statement made herein or in any document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Base Offering Memorandum to the extent that a statement contained in any supplement to this document, in any Pricing Supplement, or in any document incorporated by reference herein in the future, modifies or supersedes such statement. Any statement that is modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this Base Offering Memorandum.

Except for the information indicated above as incorporated by reference, the 2017 Registration Document and the 2016 Registration Document shall not be deemed incorporated by reference in this Base Offering Memorandum.

Except for the portions of the documents referred to above, the information contained on the website of the Issuer shall not be deemed incorporated by reference herein.

FORWARD-LOOKING STATEMENTS

This Base Offering Memorandum and the Documents Incorporated by Reference herein contain forward-looking statements. Such statements can be generally identified by the use of terms such as "anticipates," "believes," "could," "expects," "may," "plans," "should," "will" and "would," or by comparable terms and the negatives of such terms. By their nature, forward-looking statements involve risk and uncertainty, and the factors described in the context of such forward-looking statements in this Base Offering Memorandum and the Documents Incorporated by Reference herein could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. We have based forward-looking statements on our expectations and projections about future events as at the date such statements were made. These forward-looking statements are subject to risks, uncertainties and assumptions about BFCM or the Crédit Mutuel-CM11 Group, including, among other things:

- Risks to the Group inherent in banking activities including credit risk, market risk, liquidity risk, operational risk and insurance risk;
- Risks to the Group relating to changes in French, European and global markets and the potential for deteriorating economic conditions;
- The effects of the supervisory and regulatory regimes (including tax regulation, capital adequacy requirements and current and proposed statutory loss absorption and resolution mechanisms) in France, Europe and other jurisdictions in which the Group operates, which have become significantly more constraining in recent years;
- Risks to the Group's business and profitability if BFCM were no longer to maintain high credit ratings;
- Risks arising from periods of protracted low interest rates and potential changes to interest rates when the economic environment changes which could affect the Group's profitability;
- Risks arising from the Group's risk management policies which may not be effective to prevent losses;
- Risks posed by specific political, macroeconomic and financial environments or specific situations in the countries in which the Group operates;
- Changes in accounting principles that may have an impact on the Group's financial results and cause the Group to incur additional costs;
- The impact of competition on the Group's business and operations;
- Lower revenue generated from life insurance, brokerage, asset management and other commission- and fee-based businesses during market downturns;
- Risks to the Group's liquidity if it is unable to sell assets when needed;
- Risks relating to the fact that the Group's hedging strategies may not prevent losses;
- Risks relating to the Group's inability to attract and retain qualified employees;
- Risks relating to the fact that the Group's provisions are based on assumptions and therefore may prove to be insufficient;

- Risks from an interruption in or breach of the Group's information systems or of unforeseen events that may result in lost business and other losses;

- Risks of reputational damage to the Group;

- Legal risks posed to the Group;

- The effects of the Group's organizational structure and BFCM's position in the Group;

- The fact that local banks outside the Group operate under the Crédit Mutuel name and are part of a mutual liquidity support system to which the Group must contribute if needed; and

- Other factors described in this Base Offering Memorandum and in any document incorporated by reference.

Investors should carefully consider the section entitled "Risk Factors" beginning on page 19 of this Base Offering Memorandum, the risk factors beginning on page 137 of the 2017 Registration Document and risk factors that may be described in any other document incorporated by reference herein in the future, for a discussion of risks that should be considered in evaluating the offer made hereby.

SUMMARY

The following summary does not purport to be complete and is qualified by the remainder of this Base Offering Memorandum, the Documents Incorporated by Reference herein and, in relation to the terms and conditions of any particular Series of Notes, the relevant Pricing Supplement. Except as provided in "Terms and Conditions of the Notes" below, any of the following information including, without limitation, the kinds of Notes that may be issued hereunder, may be varied or supplemented as agreed between the Issuer, the relevant Dealers and the Fiscal and Principal Paying Agent (as defined herein). Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this summary.

BFCM and the Crédit Mutuel-CM11 Group

BFCM is a licensed French credit institution that is part of the Crédit Mutuel-CM11 Group, a major French mutual banking group. The Crédit Mutuel-CM11 Group includes two French retail banking networks (the first made up of the Local Banks in the 11 French regional federations in the Crédit Mutuel network, and the second being the CIC network, which operates throughout France), as well as affiliates with activities in international retail banking, consumer finance, insurance, financing and market activities, private banking and private equity.

BFCM plays two principal roles in the Crédit Mutuel-CM11 Group. First, BFCM is the central financing arm of the Crédit Mutuel-CM11 Group, acting as the principal issuer of debt securities in international markets. In this capacity, BFCM provides financing to Crédit Mutuel-CM11 Group financial institutions to meet their funding needs that are not met with customer deposits. Second, BFCM is the holding company for substantially all of the Crédit Mutuel-CM11 Group's businesses, other than the Crédit Mutuel retail banking network.

BFCM has its headquarters at 4, rue Frédéric-Guillaume Raiffeisen, 67000 Strasbourg, France, telephone +33 (0)3 88 14 88 14. BFCM is registered with the *Registre du Commerce et des Sociétés de Strasbourg* under registration number B 355 801 929.

Business of the Crédit Mutuel-CM11 Group

The Crédit Mutuel-CM11 Group is a mutual banking organization that serves approximately 24.3 million customers through 4,527 points of sale, mainly in France, as well as internationally in Germany, Spain and other countries. It includes 1,368 local mutual banks ("*caisses locales*" or "**Local Banks**") that are autonomous but cooperate through 11 regional Federations, subsidiaries such as CIC (France) and TARGOBANK (Germany and Spain), and other subsidiaries and affiliates in France and abroad.

The Crédit Mutuel-CM11 Group's focus is retail banking and insurance, which together represented approximately 84% of the Crédit Mutuel-CM11 Group's net banking income in 2017. Approximately 78% of the Crédit Mutuel-CM11 Group's 2017 net banking income was generated in France.

The Crédit Mutuel-CM11 Group had net banking income of €14,009 million and net income (Group share) of €2,208 million in 2017. As at December 31, 2017, the Crédit Mutuel-CM11 Group had customer deposits of €288.5 billion and outstanding customer loans of €344.9 billion, including €167.7 billion of French home loans. Its shareholders' equity, group share, was €38.6 billion.

The Crédit Mutuel-CM11 Group operates in five principal business segments:

- **Retail Banking** (71.6% of 2017 net banking income, before inter-segment eliminations). The retail banking segment provides customers with deposit-taking and lending services, as well as services such as leasing, factoring, mutual funds and employee savings

schemes. It also distributes the Crédit Mutuel-CM11 Group's insurance products. The segment includes primarily the activities of two French retail networks and certain other subsidiaries and affiliates:

- The Crédit Mutuel network, which serves approximately 6.9 million customers through 1,368 Local Banks that are owned by 4.6 million shareholding members. The Local Banks in the Crédit Mutuel-CM11 Group operate in 11 regions of France, including important markets such as Paris, Lyon, Strasbourg and the French Riviera.

- The CIC network, which serves more than 5.0 million customers through 1,941 branches of five regional banks operating throughout France. The CIC network is operated by wholly-owned subsidiaries of BFCM. The CIC network holds a strong position with small and medium-sized enterprises, as well as with individual customers.

- Several subsidiaries and affiliates, including TARGOBANK Germany (which provides mainly consumer finance through 351 branches and advisory centers in 200 cities in Germany and has approximately 3.7 million customers), TARGOBANK Spain (which concentrates in home loans and operates through 132 branches in three regions of Spain and has nearly 121,000 customers), and Cofidis (which is a leader in the French consumer finance market serving approximately 8.2 million customers across Europe, with €10.9 billion of outstanding consumer loans as at December 31, 2017).

- **Insurance** (12.6% of 2017 net banking income, before inter-segment eliminations). The Crédit Mutuel-CM11 Group's insurance segment operates through Groupe des Assurances du Crédit Mutuel ("**GACM**") and its subsidiaries. GACM provides customers with a range of life and non-life insurance products, insurance brokerage, reinsurance, burglary protection and automobile maintenance insurance. The Crédit Mutuel-CM11 Group's insurance products are marketed primarily through the Crédit Mutuel Local Banks, CIC branches and Cofidis.

- **Corporate Banking and Capital Markets** (5.5% of 2017 net banking income, before inter-segment eliminations). The Crédit Mutuel-CM11 Group's financing and market segment includes two main activities: financing of large companies and institutional clients (including project and asset-based financing), and market activities in fixed income, exchange rate products and equities, both for customers and for the Crédit Mutuel-CM11 Group's own account. This segment also includes BFCM's activities in its capacity as the Crédit Mutuel-CM11 Group's central funding arm.

- **Private Banking** (3.6% of 2017 net banking income, before inter-segment eliminations). Private banking offers financial advice and wealth management solutions to suit the needs of high net worth individuals, particularly entrepreneurs and executives, in France, Luxembourg, Switzerland, Belgium, United Kingdom and Asia.

- **Private Equity** (1.8% of 2017 net banking income, before inter-segment eliminations). This segment, which operates under the name CM-CIC Investissement, comprises private equity activities conducted both for the Crédit Mutuel-CM11 Group's own account and for customers.

In addition to these five principal segments, the Crédit Mutuel-CM11 Group has a "Logistics and holding company" segment that includes intermediary holding companies as well as interests in affiliates with businesses in areas such as information technology, real estate and the press.

The BFCM Group

The BFCM Group includes BFCM and its consolidated subsidiaries, including CIC. All entities in the BFCM Group are also in the Crédit Mutuel-CM11 Group. The principal difference between the Crédit Mutuel-CM11 Group and the BFCM Group is that the BFCM Group does not include any of the Local Banks.

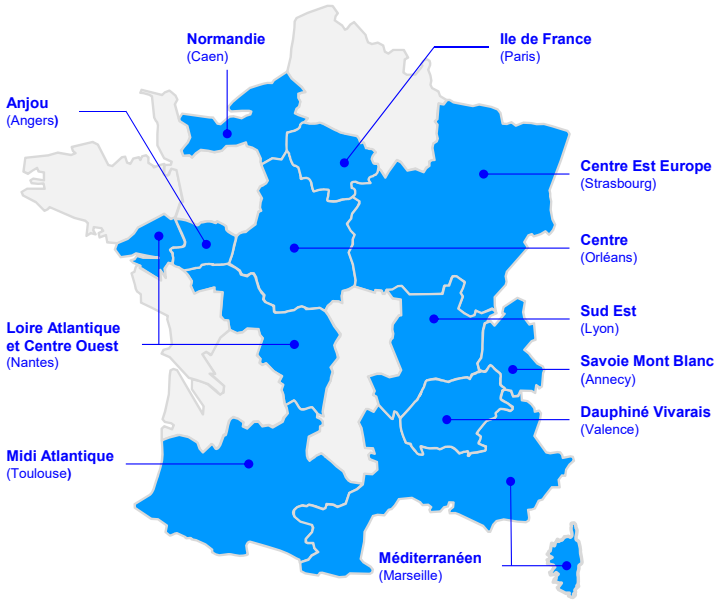
The BFCM Group had net banking income of €10,422 million and net income (group share) of €1,549 million in 2017. Retail banking is the largest activity of the BFCM group, representing €7,078 million of net banking income in 2017. Insurance and financing and capital markets activities are the second and third largest business segments, representing €1,678 million and €765 million, respectively, of net banking income in 2017. At December 31, 2017, the BFCM Group had outstanding net customer loans of €224.7 billion. Its shareholders' equity, group share, was €24.2 billion.

History and Structure of the Crédit Mutuel-CM11 Group

The Crédit Mutuel-CM11 Group traces its roots to 1882, when the first Crédit Mutuel local bank was founded in the Alsace region in Northeastern France. Initially, loans were granted only to members, who were also the owners of the local banks. All profits were placed in a non-distributable reserve. Although the Local Banks now welcome customers who are not members, and distribute a modest portion of their profits to their members, they are still guided by the cooperative principles that were present at the founding of the Crédit Mutuel-CM11 Group.

Over time, the number of local banks in the Crédit Mutuel network expanded, and they formed regional federations to serve their mutual interests. Eighteen regional federations currently exist nationwide, varying widely in their number of local banks and clients and their economic weight. Over time, a number of these regional federations have joined together to form the Crédit Mutuel-CM11 Group. Through the Crédit Mutuel-CM11 Group, these federations centralize their products, funding, risk management and administrative functions, as well as holding interests in affiliates in France and internationally.

The 11 regional federations that currently form the Crédit Mutuel-CM11 Group include 1,368 Local Banks as members. The regional coverage of the 11 federations in the Crédit Mutuel-CM11 Group is illustrated by the following diagram:

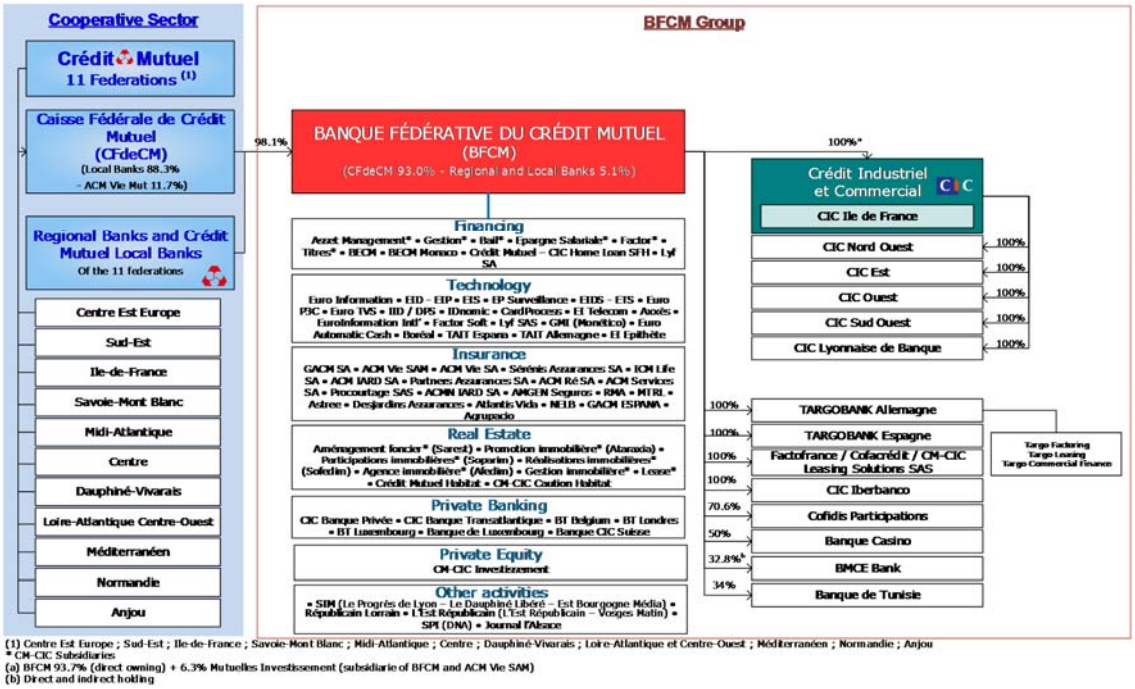


The strategy and policies of the Crédit Mutuel-CM11 Group are determined by a group-wide body (known as the "*Chambre Syndicale*"), with headquarters in Strasbourg, in which each of the regional federations is represented. Funding needs are met by a group central bank, the Caisse Fédérale de Crédit Mutuel (CF de CM), which takes deposits from and provides financing to the Local Banks. CF de CM in turn owns substantially all of BFCM (the remainder is owned by certain Local Banks). BFCM raises funds in international markets on behalf of the Crédit Mutuel-CM11 Group, which it on-lends to the Local Banks (through CF de CM), and also provides funding for other businesses of the Crédit Mutuel-CM11 Group. BFCM also holds substantially all of the Crédit Mutuel-CM11 Group's interests in entities other than those in the Crédit Mutuel network.

Over time, the Crédit Mutuel-CM11 Group has acquired interests in financial institutions with complementary activities. The most significant acquisition was Crédit Industriel et Commercial (CIC) in which BFCM held an interest of 93.14% (with 6.25% of the remainder held by Mutuelles Investissement in which BFCM in turn holds 90%) as of December 31, 2017. The CIC group operates through five regional banks that together cover all of France and also operates the Crédit Mutuel-CM11 Group's financing and market, private banking and private equity businesses. CIC also has four foreign branches (New York, London, Singapore and Hong Kong) and 36 representative offices around the world.

The Crédit Mutuel-CM11 Group has also pursued a strategy of prudent international expansion. In 2008, the Crédit Mutuel-CM11 Group acquired Citibank Deutschland (now TARGOBANK Germany), and in 2009, the Crédit Mutuel-CM11 Group acquired a controlling interest in the consumer finance group Cofidis. In 2010, the Crédit Mutuel-CM11 Group created a 50/50 partnership with Banco Popular Español, currently known as TARGOBANK Spain. BFCM increased its total equity stake in TARGOBANK Spain to 51.02% in March 2016 before acquiring Banco Popular Español's stake on June 2, 2017 and becoming the sole shareholder. The Crédit Mutuel-CM11 Group has also developed various partnerships and acquired various minority interests, including interests in Banque de Tunisie, and Banque Marocaine du Commerce Extérieur. The Crédit Mutuel-CM11 Group has no presence in Greece, Cyprus or Ireland, and only a small presence in Italy and Portugal (in each case through Cofidis).

The following diagram illustrates the structure of the Crédit Mutuel-CM11 Group as at the date of this Base Offering Memorandum:



There are seven other regional Crédit Mutuel federations that are not part of the Crédit Mutuel-CM11 Group. All eighteen federations are members of the Confédération Nationale du Crédit Mutuel, which represents all of the local banks in the eighteen federations in dealings with French banking regulators and is responsible for oversight and supervision of the local banks. In addition, the Confédération Nationale du Crédit Mutuel administers a mutual financial and liquidity support mechanism covering all eighteen federations, pursuant to which each federation agrees to provide liquidity to support the other federations if the need arises, as determined by the Confédération National du Crédit Mutuel. Similarly, there are mechanisms within each federation to provide financial and liquidity support among local banks. See "History and Structure of the Crédit Mutuel-CM11 Group—The Crédit Mutuel-CM11 Group and the Eighteen Crédit Mutuel Federations—The Financial Support Mechanism" herein.

Strengths and Strategy

The Crédit Mutuel-CM11 Group is a cooperative organisation that has remained true to the basic principles established at its founding in the late 19th century – service to members and the promotion of rational development. These principles are the basis for the Crédit Mutuel-CM11 Group's strong identity and sound credit profile, with the image of a safe retail bank that has been strengthened during the recent financial crisis. The Crédit Mutuel-CM11 Group has a well-balanced, high quality asset portfolio, structurally strong capital levels and a good capacity to source liquidity internally and externally. It is positioned from a personnel, material and financial perspective to continue its record of prudent growth, based on its position as a cooperative banking group focussed on retail banking and insurance, with an attractive model for the combined federations, progressive and well-controlled European development, a conservative and prudent approach to risk taking and a strong level of liquidity and capitalization, as a result of the cooperative banking model that provides strong capitalization and a modest distribution of profits.

By following these principles, the Crédit Mutuel-CM11 Group has become one of the leading banking groups in France, with solid positions in home loans and deposits. The Crédit Mutuel-CM11 Group has been a pioneer in developing new products that are complementary to its core business. It was the first French banking group to provide insurance to customers, a decision initially made to attract retail banking customers, which over time has made the Crédit Mutuel-CM11 Group the leader in non-life insurance provided by banks in France. The Crédit Mutuel-CM11 Group is continuing this tradition with leading technological offers, including a leading internet banking service, mobile telephone subscriptions and e-money programs for customers.

Financial Structure and Capital Adequacy Ratios

Approximately 97% of the Crédit Mutuel-CM11 Group's annual net profits are allocated to reserves, which serves to strengthen the Group's financial structure and to reinforce the cooperative nature of the Crédit Mutuel-CM11 Group. The Crédit Mutuel-CM11 Group's financial structure also benefits from the concentration of its activities in retail banking, as well as its limited presence in the most volatile product and geographic markets.

The Crédit Mutuel-CM11 Group's common equity Tier 1 ratio (excluding transitional measures) was 16.5% (excluding transitional measures) as of December 31, 2017. For more detail, see Part I.2 "Presentation of Crédit Mutuel-CM11 Group and BFCM Group—Key figures–Solvency ratio and ratings (Crédit Mutuel-CM11 Group)" in the 2017 Registration Document.

Terms of the Notes

The following summarizes the Terms and Conditions of the Notes that the Issuer may issue from time to time under this Base Offering Memorandum and matters relating to the offer and sale of the Notes. The terms below are applicable to all series of notes that may be issued hereunder. Terms and Conditions of the Notes are set forth below under "Terms and Conditions of the Notes." References to numbered Conditions are to the sections bearing those numbers under "Terms and Conditions of the Notes."

Issuer	Banque Fédérative du Crédit Mutuel
Offered Amount	The Issuer may use this Base Offering Memorandum to offer an aggregate principal amount of Notes of up to U.S.$10,000,000,000 or its equivalent in other currencies.
Maturities	Any maturity in excess of one day, or in any case such other minimum maturity as may be required from time to time by the relevant regulatory authority. No maximum maturity is contemplated.
Issue Price	Notes may be issued at par or at a discount from, or premium over, par and either on a fully paid or partly paid basis. The Notes may be offered by Dealers at a fixed price or at a price that varies depending on market conditions.
Denominations	Unless otherwise specified in the relevant Pricing Supplement, Notes will be issued in minimum denominations of U.S.$200,000 and multiples of U.S.$1,000 in excess thereof, subject to compliance with all legal and regulatory requirements applicable to the relevant Specified Currency (as defined in Terms and Conditions of the Notes, below).
Currencies	Except as specified in the relevant Pricing Supplement, Notes will be denominated in and payments in respect of an issue of Notes will be made in, U.S. dollars.
Form of Notes	Unless otherwise specified in the relevant Pricing Supplement, Notes will be issued in the form of one or more fully registered global securities, without coupons, registered in the name of a nominee of DTC and deposited with a custodian for DTC. Investors may hold a beneficial interest in Notes through DTC, or through Euroclear Bank SA/NV, as operator of the Euroclear System ("**Euroclear**") or Clearstream Banking, S.A., ("**Clearstream, Luxembourg**"), in each as a participant in DTC, or indirectly through financial institutions that are participants in any of those systems. Owners of beneficial interests in Notes generally will not be entitled to have their Notes registered in their names, will not, except in the limited circumstances described in the Notes and/or the relevant Pricing Supplement, be entitled to receive certificates in their names evidencing their Notes and will not be considered the holder of any

Notes under the Agency Agreement (as defined herein) for the Notes.

Status of the Notes ..... Notes may be either senior preferred notes ("**Senior Preferred Notes**") or senior non-preferred notes ("**Senior Non-Preferred Notes**"), as specified in the relevant Pricing Supplement.

(a) Status of Senior Preferred Notes

Senior Preferred Notes (being those Notes identified as Senior Preferred Notes in the relevant Pricing Supplement) will constitute direct, unconditional, unsecured and senior (*chirographaires*) obligations of the Issuer ranking as Senior Preferred Obligations and rank and will rank equally and rateably without any preference or priority among themselves and:

i. *pari passu* with all other direct, unconditional, unsecured and senior or unsubordinated obligations of the Issuer outstanding as of the date of entry into force of the law n°2016-1691 dated December 9, 2016 (the "**Law**") on December 11, 2016;

ii. *pari passu* with all other present or future Senior Preferred Obligations of the Issuer issued after the date of entry into force of the Law on December 11, 2016;

iii. junior to all present or future obligations of the Issuer benefiting from statutorily preferred exceptions; and

iv. senior to all present or future Senior Non-Preferred Obligations of the Issuer (including any Senior Non-Preferred Notes) and any obligations ranking *pari passu* or junior to Senior Non-Preferred Obligations of the Issuer.

"**Senior Non-Preferred Obligations**" means any senior obligations (including Senior Non-Preferred Notes) of, or other senior instruments issued by, the Issuer which fall or are expressed to fall within the category of obligations described in Article L. 613-30-3–I-4°. of the French Monetary and Financial Code.

"**Senior Preferred Obligations**" means any senior obligations (including Senior Preferred Notes) of, or other senior instruments issued by, the Issuer, which fall or are expressed to fall within the category of obligations described in Article L. 613-30-3–I-3°. of the French Monetary and Financial Code.

If so specified in the relevant Pricing Supplement, the Issuer may elect to treat the Senior Preferred Notes as

eligible liabilities to meet the MREL or TLAC Requirements. However, if an MREL or TLAC Disqualification Event occurs, the Issuer's obligations with respect to, and the status of, such Notes will not be affected, but the Issuer may have the right to redeem such Senior Preferred Notes or to substitute or vary their terms so they become Qualifying Senior Preferred Notes, as described in more detail herein.

(b) Status of Senior Non-Preferred Notes

Senior Non-Preferred Notes (being those Notes identified as Senior Non-Preferred Notes in the relevant Pricing Supplement) will constitute direct, unconditional, unsecured and senior (*chirographaires*) obligations of the Issuer ranking as Senior Non-Preferred Obligations and rank and will rank equally and rateably without any preference or priority among themselves and:

i. *pari passu* with all other present or future Senior Non-Preferred Obligations of the Issuer;

ii. junior to all present or future Senior Preferred Obligations of the Issuer; and

iii. senior to all present or future subordinated obligations of the Issuer (including any subordinated Notes) and any obligations ranking *pari passu* or junior to subordinated obligations of the Issuer.

Subject to applicable law, in the event any judgment is rendered by any competent court declaring the judicial liquidation of the Issuer or if the Issuer is liquidated for any other reason, the rights of payment of the holders of Senior Non-Preferred Notes will be subordinated to the payment in full of all present or future holders of Senior Preferred Obligations and holders of, or creditors in respect of, obligations expressed by their terms to rank in priority to the Senior Non-Preferred Notes and of those preferred by mandatory and/or overriding provisions of law (collectively, "**Senior Preferred Creditors**") and, subject to such payment in full, the holders of Senior Non-Preferred Notes will be paid in priority to any present or future subordinated obligations of the Issuer. In the event of incomplete payment of Senior Preferred Creditors, the obligations of the Issuer in connection with the Senior Non-Preferred Notes will be terminated.

The Issuer intends to treat the Senior Non-Preferred Notes as eligible liabilities to meet the MREL or TLAC Requirements. However, if an MREL or TLAC Disqualification Event occurs, the Issuer's obligations with respect to, and the status of, such Notes will not be affected, but the Issuer may have the right to redeem such

Senior Non-Preferred Notes or to substitute or vary their terms so they become Qualifying Senior Non-Preferred Notes, as described in more detail herein.

(c) Status of subordinated Notes

In the event that the Issuer decides to issue subordinated Notes, the terms relating to their subordination will be set forth in a supplement to this Base Offering Memorandum. Unless this Base Offering Memorandum is accompanied by such a supplement, the term "Notes" as used herein does not include subordinated notes.

Fixed Rate Notes..... Fixed rate notes ("**Fixed Rate Notes**") will bear interest at the rate set forth in the relevant Pricing Supplement. Interest on Fixed Rate Notes will be payable on the dates specified in the relevant Pricing Supplement and on redemption.

Interest will be calculated on the basis of the Day Count Fraction (as defined in the Terms and Conditions of the Notes, below) agreed to between the Issuer and the relevant Dealers and specified in the relevant Pricing Supplement.

Floating Rate Notes..... Floating rate notes ("**Floating Rate Notes**") will bear interest at a rate calculated:

i. by reference to the benchmark specified in the relevant Pricing Supplement (LIBOR, EURIBOR or another benchmark) as adjusted for any applicable margin; or

ii. on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency (as defined in the Terms and Conditions of the Notes) governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc.; or

iii. as otherwise specified in the relevant Pricing Supplement.

Interest periods will be specified in the relevant Pricing Supplement.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

The margin, if any, in respect of the floating interest rate will be agreed to between the Issuer and the relevant Dealers, and will be set forth in the relevant Pricing Supplement.

	Interest on Floating Rate Notes will be payable and will be calculated as specified, prior to issue, in the relevant Pricing Supplement. Interest will be calculated on the basis of the Day Count Fraction agreed to between the Issuer and the relevant Dealers and set forth in the relevant Pricing Supplement. In the event of the discontinuation of any benchmark rate applicable to a Series of Floating Rate Notes, an alternative rate will be determined in the manner described in the Terms and Conditions of the Notes. See Condition 3(c)(ii)(4).
Other Notes.....	The Issuer and the Dealers may agree to issue from time to time other types of Notes, including but not limited to linked notes, dual currency Notes, zero coupon Notes or indexed Notes. Terms applicable to any other such types of Notes will be set forth in a supplement to this Base Offering Memorandum and/or the relevant Pricing Supplement.
Redemption.....	The relevant Pricing Supplement will indicate whether the relevant Notes can be redeemed prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. The Senior Preferred Notes (if specified in the relevant Pricing Supplement to be MREL/TLAC eligible) and the Senior Non-Preferred Notes (in all cases) will be redeemable at the Issuer's option upon the occurrence of an MREL or TLAC Disqualification Event, subject to certain conditions described in the Terms and Conditions of the Notes. Except as set forth in the relevant Pricing Supplement, the Notes will be redeemable at the option of the Issuer upon the occurrence of certain changes in tax law. The applicable redemption price will be par plus accrued and unpaid interest, or such other redemption price (which may include a make-whole amount) as may be specified in the relevant Pricing Supplement. Any optional redemption of Senior Preferred Notes (if specified in the relevant Pricing Supplement to be MREL/TLAC eligible) and of the Senior Non-Preferred Notes (in all cases) is subject to the prior written consent of the Relevant Regulator and/or the Relevant Resolution Authority, if required. "**MREL or TLAC Disqualification Event**" means that, by reason of a change in the MREL or TLAC Requirements, which change was not reasonably foreseeable by the Issuer at the Issue Date of a given Series of Notes, all or part of the aggregate outstanding nominal amount of such Series of Notes is excluded fully or partially from the eligible liabilities available to meet the MREL or TLAC Requirements. For the avoidance of doubt, the exclusion of a Series of Notes from the eligible liabilities available to meet the MREL or TLAC Requirements (i) due to the remaining maturity of such Notes being less than any

	period prescribed thereunder and/or (ii) by reason of any quantitative limitation on the amount of liabilities that rank *pari passu* with unsubordinated liabilities that can count towards the MREL or TLAC Requirements, does not constitute an MREL or TLAC Disqualification Event.
Repurchase.....	The Issuer and any of its affiliates may at any time purchase Notes in the open market or otherwise and at any price. Such Notes may be held, reissued or, at the option of the Issuer, surrendered to the Registrar for cancellation (subject to any requirements of French law). Such repurchases are subject to the consent of the Relevant Regulator and/or the Relevant Resolution Authority, if required, in the case of Senior Preferred Notes that are MREL/TLAC eligible, and in the case of Senior Non-Preferred Notes.
Substitution and Variation	In the event that (i) a Tax Event occurs or (ii) with respect to Senior Preferred Notes specified in the relevant Pricing Supplement to be MREL/TLAC eligible and Senior Non-Preferred Notes, an MREL or TLAC Disqualification Event or an Alignment Event occurs, and in each case such event is continuing in respect of a Series of Notes, the Issuer may, in respect of any such Series of Notes, at any time having given no less than 30 nor more than forty-five (45) calendar days' notice to the holders of such Notes in accordance with Condition 12 (*Notices*), substitute all (but not some only) of such Notes or vary the terms of all (but not some only) of such Notes, without any requirement for the consent or approval of such holders, so that they become or remain Qualifying Notes. Such substitution or variation of such Series of Notes shall be subject to the Relevant Regulator having given its prior written approval to such substitution or variation if so required at such time by the Relevant Rules.
Events of Default	(a) Senior Preferred Notes Except in the case of Senior Preferred Notes specified in the relevant Pricing Supplement as being MREL/TLAC eligible, events of default in respect of Senior Preferred Notes will include failure to pay principal or interest and failure to comply with other obligations, in each case subject to certain grace periods described herein, as well as any merger involving the Issuer where the surviving entity does not assume the Issuer's obligations under the Senior Preferred Notes, and certain bankruptcy, insolvency and similar events. If the relevant Pricing Supplement specifies that Senior Preferred Notes of a Series are MREL/TLAC eligible, there will be no events of default in respect of such Senior Preferred Notes, and holders of such Notes will not be entitled in any event to require that they be redeemed prior to their Maturity Date. Senior Preferred Notes of such

	Series will become immediately due and payable in the event that an order is made or an effective resolution is passed for the liquidation (*liquidation judiciaire* or *liquidation amiable*) of the Issuer or if the Issuer is liquidated for any other reason, at their principal amount together with interest accrued thereon to the date of payment without any further formality. (b) Senior Non-Preferred Notes There are no events of default in respect of Senior Non-Preferred Notes and holders of such Notes are not entitled in any event to require Senior Non-Preferred Notes to be redeemed prior to their Maturity Date. Senior Non-Preferred Notes will become immediately due and payable in the event that an order is made or an effective resolution is passed for the liquidation (*liquidation judiciaire* or *liquidation amiable*) of the Issuer or if the Issuer is liquidated for any other reason at their principal amount together with interest accrued thereon to the date of payment without any further formality.
Waiver of Set-Off	Unless otherwise specified in the relevant Pricing Supplement, no holder of any Note may at any time exercise or claim any Waived Set-Off Rights against any right, claim, or liability the Issuer has or may have or acquire against such holder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort or any non-contractual obligations, in each case whether or not relating to such Notes) and each such holder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities.
Rating.....	Unless otherwise specified in the relevant Pricing Supplement, the Senior Preferred Notes issued under the program are expected to be rated Aa3 by Moody's France SAS, A by S&P Global Ratings France S.A.S. and A+ by Fitch Ratings Limited. The expected ratings for the Senior Non-Preferred Notes issued under the program will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. Neither the rating agency nor the Issuer is obligated to provide you with any notice of any suspension, change or withdrawal of any rating.
Listing	The Issuer does not expect to list the Notes on any stock exchange or automated quotation system, although they may do so with respect to a particular Series of Notes. The Pricing Supplement for each issue of Notes will state

	whether, and on what stock exchanges, if any, the relevant Notes will be listed.
Governing Law	The Notes will be governed by, and construed in accordance with, the laws of the State of New York, except for Condition 2 (*Status of the Notes*), which will be governed by, and construed in accordance with, French law.
Distribution	The Issuer may sell Notes (i) to or through underwriters or dealers, whether affiliated or unaffiliated, (ii) directly to one or more purchasers, (iii) through the Dealers, or (iv) through a combination of any of these methods of sale. Each Pricing Supplement will explain the ways in which the Issuer intends to sell a specific issue of Notes, including the names of any underwriters, agents or dealers and details of the pricing of the issue of Notes, as well as any commissions, concessions or discounts the Issuer is granting the underwriters, agents or dealers, and whether they will be offered in reliance on Rule 144A and, if in reliance on Rule 144A, whether they will also be offered pursuant to Regulation S.
Arranger	Citigroup Global Markets Inc.
Dealers	Banque Fédérative du Crédit Mutuel, Barclays Capital Inc., BNP Paribas Securities Corp., Citigroup Global Markets Inc., Citigroup Global Markets Limited, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC, and any other Dealer appointed by the Issuer from time to time.
Fiscal and Principal Paying Agent, Exchange Agent and Transfer Agent	Citibank, N.A., London Branch.
Registrar	Citigroup Global Markets Europe AG.
Calculation Agent	Citibank, N.A., London Branch, or as otherwise specified in the relevant Pricing Supplement.
Use of Proceeds.....	Unless otherwise indicated in the relevant Pricing Supplement, the Issuer will use the net proceeds it receives from any offering of the Notes for general corporate purposes.
Transfer Restrictions	The Rule 144A Notes and the Regulation S Notes may not be offered or sold except pursuant to an exemption from the registration requirements of the Securities Act and any applicable state securities laws. The Rule 144A Notes are being offered and sold in the United States only to qualified institutional buyers, as defined in Rule 144A under the Securities Act, and the Regulation S Notes are being

	offered and sold outside the United States only to non-U.S. persons in "offshore transactions" as defined in, and in accordance with, Regulation S under the Securities Act, as applicable. See "Notice to Prospective Investors in the United States of America."
No Registration	The Issuer has not registered, and will not register, the Rule 144A Notes or the Regulation S Notes under the Securities Act or any state securities laws.
Consent to Bail-In	By its acquisition of the Notes, each Noteholder acknowledges, accepts, consents and agrees to be bound by the effect of the exercise of the Bail-in Power, (as defined in Condition 16 (*Bail-In*)) by a Relevant Resolution Authority (as defined in Condition 16 (*Bail-In*)).

SUMMARY FINANCIAL DATA OF THE CRÉDIT MUTUEL-CM11 GROUP

Investors should read the following summary consolidated financial data together with the historical consolidated financial statements of the Crédit Mutuel-CM11 Group, the related notes thereto and the other financial information included or incorporated by reference in this Base Offering Memorandum. The consolidated financial statements of the Crédit Mutuel-CM11 Group have been prepared in accordance with International Financial Reporting Standards, as adopted in the European Union, and have been audited by Ernst & Young et Autres and PricewaterhouseCoopers France. The financial information as of and for the year ended December 31, 2015 included in the Crédit Mutuel-CM11 Group's audited consolidated financial statements as of and for the year ended December 31, 2016, incorporated by reference herein, was restated to account for a change in the accounting method applicable from January 1, 2016 to the recognition of the capitalization reserve in the insurance activity.

Selected Consolidated Balance Sheet Data of the Crédit Mutuel-CM11 Group

	At December 31,		
(in millions of euros)	**2015 (restated)[1]**	**2016**	**2017**
Assets			
Financial assets at fair value through profit or loss	27,120	27,862	32,742
Available-for-sale financial assets	110,296	107,089	103,164
Loans and receivables due from credit institutions	70,250	37,694	37,609
Loans and receivables due from customers	304,136	329,958	344,942
Held-to-maturity financial assets	13,095	11,657	10,720
Other assets	45,955	95,496	90,022
Total assets	**570,853**	**609,756**	**619,199**
Liabilities and Shareholders' Equity			
Financial liabilities at fair value through profit or loss	13,500	11,971	9,821
Derivatives used for hedging purposes	5,729	4,913	3,254
Due to credit institutions	43,990	49,209	43,890
Central banks	0	0	285
Due to customers	254,370	276,194	288,532
Debt securities	105,396	112,458	112,431
Technical reserves of insurance companies	88,698	93,396	96,423
Provisions	2,405	2,835	3,041
Remeasurement adjustment on interest-rate risk hedged portfolios	(1,530)	(1,165)	(518)
Current tax liabilities	620	764	831
Deferred tax liabilities	1,100	1,268	1,273
Accrued expenses and other liabilities	13,223	11,616	11,207
Subordinated debt	6,088	6,710	7,725
Shareholders' equity – minority interests	2,825	3,113	2,390
Shareholders' equity – Group share	**34,308**	**36,474**	**38,600**
Total liabilities	**570,853**	**609,756**	**619,199**

(1) *Figures restated to account for a change in the accounting method applicable from January 1, 2016 to the recognition of the capitalization reserve in the insurance activity.*

Selected Income Statement Data of the Crédit Mutuel-CM11 Group

	Year ended December 31,		
(in millions of euros)	**2015 (restated)[1]**	**2016**	**2017**
Net banking income	**12,845**	**13,302**	**14,009**
Gross operating income	**4,938**	**5,100**	**5,551**
Cost of risk	(803)	(826)	(871)
Operating income	**4,135**	**4,273**	**4,680**
Share of earning in associates	42	(136)	(334)
Net income less minority interests	**2,254**	**2,410**	**2,208**

(1) *Figures restated to account for a change in the accounting method applicable from January 1, 2016 to the recognition of the capitalization reserve in the insurance activity.*

The table below sets forth information on the breakdown of net banking income by segment of the Crédit Mutuel-CM11 Group:

	Year ended December 31,		
(in millions of euros)	**2015 (restated)[1]**	**2016 (restated)[1]**	**2017**
Retail banking	**9,564**	**9,666**	**10,031**
Insurance	**1,581**	**1,492**	**1,764**
Corporate banking	**382**	**393**	**382**
Capital markets	**403**	**412**	**383**
Private banking	**510**	**512**	**509**
Private equity	**172**	**195**	**259**
IT and logistics	**897**	**632**	**681**

(1) *Figures restated to account for to account for minor changes to segment reporting applicable from January 1, 2017. See "Presentation of Financial Information—Restatement of 2016 Segment Reporting."*

SUMMARY FINANCIAL DATA OF THE BFCM GROUP

Investors should read the following summary consolidated financial data together with the historical consolidated financial statements of the BFCM Group, the related notes thereto and the other financial information included or incorporated by reference in this Base Offering Memorandum. The consolidated financial statements of the BFCM Group have been prepared in accordance with International Financial Reporting Standards, as adopted in the European Union, and have been audited by Ernst & Young et Autres and PricewaterhouseCoopers France. The financial information as of and for the year ended December 31, 2015 included in the BFCM Group's audited consolidated financial statements as of and for the year ended December 31, 2016, incorporated by reference herein, was restated to account for a change in the accounting method applicable from January 1, 2016 to the recognition of the capitalization reserve in the insurance activity.

Selected Consolidated Balance Sheet Data of the BFCM Group

	At December 31,		
(in millions of euros)	**2015 (restated)[1]**	**2016**	**2017**
Assets			
Financial assets at fair value through profit or loss	26,392	26,927	31,275
Available-for-sale financial assets	100,324	96,597	92,913
Loans and receivables due from credit institutions	86,879	53,138	50,311
Loans and receivables due from customers	190,903	213,329	224,682
Held-to-maturity financial assets	11,385	10,101	9,379
Other assets	42,767	91,252	85,025
Total assets	**458,650**	**491,344**	**493,585**
Liabilities and Shareholders' Equity			
Financial liabilities at fair value through profit or loss	12,859	11,279	9,221
Derivatives used for hedging purposes	5,733	4,930	3,344
Due to credit institutions	49,290	55,474	50,586
Central banks	0	0	285
Due to customers	162,041	178,256	184,014
Debt securities	105,176	112,304	112,453
Technical reserves of insurance companies	77,229	81,547	84,289
Provisions	1,824	2,235	2,436
Remeasurement adjustment on interest-rate risk hedged portfolios	(676)	(573)	(270)
Current tax liabilities	389	456	530
Deferred tax liabilities	1,018	1,163	1,180
Accrued expenses and other liabilities	11,630	9,995	9,522
Subordinated debt	6,741	7,360	8,375
Shareholders' equity – minority interests	3,738	4,092	3,412
Shareholders' equity – Group share	**21,657**	**22,826**	**24,192**
Total liabilities	**458,650**	**491,344**	**493,585**

(1) *Figures restated to account for a change in the accounting method applicable from January 1, 2016 to the recognition of the capitalization reserve in the insurance activity.*

Selected Income Statement Data of the BFCM Group

(in millions of euros)	Year ended December 31, 2015 (restated)[1]	2016	2017
Net banking income	**9,239**	**9,830**	**10,422**
Gross operating income	**3,781**	**4,043**	**4,443**
Cost of risk	(696)	(749)	(783)
Operating income	**3,085**	**3,295**	**3,660**
Share of earning in associates	59	(122)	(300)
Net income less minority interests	**1,541**	**1,655**	**1,549**

(1) *Figures restated to account for a change in the accounting method applicable from January 1, 2016 to the recognition of the capitalization reserve in the insurance activity.*

RISK FACTORS

The discussion below is of a general nature and is intended to describe various risk factors associated with an investment in any Notes issued under this Base Offering Memorandum. The factors that will be of relevance to the Notes will depend upon a number of interrelated matters including, but not limited to, the nature of the Notes issued. Prospective purchasers should carefully consider the following discussion of risks, the risk factors relating to BFCM and the Crédit Mutuel-CM11 Group in the Documents Incorporated by Reference incorporated by reference in this Base Offering Memorandum (see "Documents Incorporated by Reference") and any risk factors in any relevant Pricing Supplement before deciding whether to invest in the Notes. Investors must be aware that other risks and uncertainties which, as at the date of this Base Offering Memorandum, are not known to the Issuer, or are considered immaterial, may have a significant impact on BFCM, the Crédit Mutuel-CM11 Group, their activities, their financial condition or the Notes. Prospective investors should also read the detailed information set out elsewhere in this Base Offering Memorandum (including the documents incorporated by reference herein) and form their own opinions as to potential risks prior to making any investment decision.

RISKS RELATING TO THE GROUP AND ITS BUSINESS

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

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

- *Credit risk* is the risk of financial loss relating to the failure of a counterparty to honor its contractual obligations. The counterparty may be a bank, a financial institution, an industrial or commercial enterprise, a government, an investment fund, or a natural person. Credit risk applies to financing and guarantee activities as well as other activities where the Group is exposed to the risk of counterparty default, such as its trading, capital markets, derivatives and settlement activities.
- *Market risk* is the risk to earnings that arises from adverse movements of market parameters, such as interest rates, bond prices, foreign exchange rates and commodity prices. Market risk arises in connection with substantially all of the activities of the Group. It includes both direct exposures to market parameters arising from activities such as trading and asset management (where commissions are largely based on the market value of managed portfolios), as well as the risk of mismatches between assets and liabilities (for example, where assets carry different interest rate bases or currencies than liabilities).
- *Liquidity risk* is the risk that the Group is no longer able to meet its commitments to its creditors due to a mismatch between the terms of its assets and those of its liabilities, or where the Group is unable to sell its assets when necessary to honor its commitments to its creditors.
- *Operational risk* is the risk of losses due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Operational risk also includes non-compliance and reputational risk, including legal risks and the risk of damage caused to the Group's image that may arise as a result of non-compliance with its regulatory or statutory obligations or rules of professional conduct.
- *Insurance risk* is the risk that any discrepancy between provisions for amounts payable under insurance policies sold by the Group's insurance companies and the amounts actually paid adversely affects profits.

Quantitative information relating to these risks and their potential impact on the results of operations of the Group is set forth in Part III.3 of the 2017 Registration Document. That section also

discusses the manner in which the Group seeks to manage these risks. If the risk management strategy of the Group is not effective, any of the foregoing risks could affect its business, results of operations and financial condition.

Difficult market and economic conditions could have a material adverse effect in the future on the operating environment for financial institutions and accordingly, on the Group's financial situation and earnings.

The Group's businesses are sensitive to changes in financial markets and more generally to economic conditions in France, Europe and the rest of the world. Economic conditions in the markets where the Group operates could in particular have some or all of the following impacts:

- Adverse economic conditions could affect the business and operations of the Group's customers, resulting in an increased rate of default on loans and receivables.
- A decline in market prices of bonds, shares and commodities could impact many of the businesses of the Group, including in particular trading, corporate banking and capital markets, insurance and asset management revenues.
- Macro-economic policies adopted in response to actual or anticipated economic conditions could have unintended effects, and are likely to impact market parameters such as interest rates and foreign exchange rates, which in turn could affect the businesses of the Group that are most exposed to market risk.
- Perceived favorable economic conditions generally or in specific business sectors could result in asset price bubbles, which could in turn exacerbate the impact of corrections when conditions become less favorable.
- A significant economic disruption (such as the global financial crisis of 2008 or the European sovereign debt crisis of 2011) could have a severe impact on all of the activities of the Group, particularly if the disruption is characterized by an absence of market liquidity that makes it difficult to sell certain categories of assets at their estimated market value or at all.

Such a deterioration may result from, among other things, crises affecting sovereign debt, the capital, credit or liquidity markets, regional or global recessions, sharp fluctuations in commodity prices, currency exchange rates or interest rates, the volatility of derivatives, inflation or deflation, or adverse geopolitical events (such as natural disasters, acts of terrorism, geopolitical tensions, cyberattacks or armed conflicts).

Although economic indicators of developed countries showed positive trends and equity and debt markets performed well in 2017, there is no guarantee that such positive trends will continue. Given this improved economic outlook, the Federal Reserve Bank in the United States and the European Central Bank have started to tighten their monetary policies. A significant decline in availability of liquidity could weigh on demand for credit and economic development. European markets could be affected by a number of factors, including the uncertainty linked to the framework of the relationship between the United Kingdom and the European Union following the decision of the United Kingdom to leave the European Union. The prices of commodities may also be impacted by unforeseeable geopolitical factors.

It is difficult to predict when economic or market downturns will occur, and which markets will be most significantly impacted thereby. If economic or market conditions in France or elsewhere in Europe or global markets more generally, were to deteriorate or become more volatile, the Group's operations could be disrupted and its business, results of operations and financial condition may be adversely affected.

An economic environment characterized by sustained low interest rates could adversely affect the profitability and financial condition of the Group.

In recent years, global markets have been characterized by low interest rates, and there are indications that this low interest rate environment may persist for an extended period of time. During periods of low interest rates, interest rate spreads tend to tighten and the Group may be unable to lower its funding costs sufficiently to offset reduced income from lending at such rates. The Group's efforts to reduce its cost of deposits may be restricted by the prevalence of regulated savings products (such as *livret Bleu/livret A* passbook savings accounts and home savings plans) with interest rates set above current market levels. In addition, the Group may experience an increase in early repayment and refinancing of mortgages and other fixed rate consumer and corporate loans as clients look to take advantage of lower borrowing costs. This, along with the issuance of new loans at the low prevailing market interest rates, could result in an overall decrease in the average interest rate of the Group's portfolio of loans, and therefore in its interest income, which could negatively impact the profitability of the Group's retail banking activities and its overall financial position. Furthermore, if market interest rates were to rise in the future, a portfolio featuring significant amounts of lower interest rate loans as a result of an extended period of low interest rates would be expected to decline in value. If the Group's hedging strategies are ineffective or provide only a partial hedge against such a change in value, the Group could incur losses. An environment of persistently low interest rates can also have the effect of flattening the yield curve in the market more generally, which could reduce the premiums generated by the Group from its funding activities and negatively affect its profitability and financial condition. A flattening yield curve can also influence financial institutions to engage in riskier activities in an effort to earn the desired level of returns, which can increase overall market risk and volatility.

The end of a period of prolonged low interest rates, in particular due to tightening monetary policy, also carries risks. Any sharper or more rapid than expected tightening could have a negative impact on the economic recovery. On the lending side, it could in particular cause stress in the Group's loan and bond portfolios, possibly leading to an increase in non-performing exposures and defaults. More generally, the ending of accommodative monetary policies (including central bank asset purchases) may lead to severe corrections in certain markets or asset classes (e.g., non-investment grade corporate and sovereign borrowers, certain sectors of equities and real estate) that particularly benefitted from the prolonged low interest rate and high liquidity environment, and such corrections could potentially be contagious to financial markets generally, including through substantially increased volatility.

Legislative action and regulatory measures in response to the global financial crisis have impacted and may continue to impact the Group and the financial and economic environments in which it operates.

Since the financial crisis, numerous laws and regulations have been enacted or proposed with a view to introducing a number of changes, some permanent, in the global financial environment. While the objective of these new measures is to avoid a recurrence of the financial crisis, the new measures have changed substantially, and may continue to change, the environment in which the Group and other financial institutions operate and, as such, have a significant effect on the Group's activities. These various regulations are designed to preserve the stability of banks (in particular their solvency, liquidity and financial soundness) in order to protect customers, depositors, investors, creditors and taxpayers. These developments have led to uncertainty in the regulatory environment, and certain measures could have a material impact on the Group's results of operations and the structure of its balance sheet.

The measures that have been or may be adopted include more stringent capital and liquidity requirements, taxes on financial transactions, limits or taxes on employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly

proprietary trading and investment and ownership of interests in private equity funds and hedge funds) or new ring-fencing requirements relating to certain activities, restrictions on certain types of financial activities or products such as derivatives, a "bail-in" procedure (the mandatory write-down or conversion into equity of certain debt instruments in the event of resolution), enhanced recovery and resolution regimes, periodic stress tests and the creation of new regulatory bodies or the strengthening of the powers of existing bodies.

Some of the recently adopted regulatory measures are already the subject of proposed revisions. The pace of regulatory change and the frequency and complexity of regulatory proposals have substantially increased compliance costs for the Group and generated uncertainty regarding the Group's operating environment. For example, the European Commission has issued several legislative proposals proposing to amend a number of key EU banking directives and regulations relating to capital adequacy and bank recovery and resolution, which have only recently come into effect. If adopted, these legislative proposals would, among other things, modify the requirements applicable to the "minimum requirement for own funds and eligible liabilities" (MREL), which is a requirement that banks maintain a minimum amount of capital and liabilities that can be written down or converted to equity if a bank experiences significant financial difficulties. These proposals are subject to amendment by the European Parliament and Council. It is not yet possible to determine whether these proposals will be fully adopted or to assess their impact.

The Group is subject to significant regulation in each of the countries in which it operates; regulatory actions could adversely affect the Group's business and results.

A variety of regulatory and supervisory regimes apply to the Group and its subsidiaries in France and in each of the other countries in which it operates. In addition to reputational damage and the possibility of civil claims being brought against the Group, non-compliance could lead to significant intervention by regulatory authorities and fines, public reprimand, enforced suspension of operations or, in extreme cases, withdrawal of authorizations to operate. The financial services industry has come under increased scrutiny from a variety of regulators in recent years, with increases in the penalties and fines sought by regulatory authorities, a trend that may accelerate in the current financial environment.

The businesses and earnings of the Group can be materially adversely affected by the policies and actions of various regulatory authorities of France, other European Union countries or foreign governments and international organizations. Such constraints could limit the ability of Group entities to expand their businesses or to pursue certain activities. The nature and impact of future changes in such policies and regulatory actions are unpredictable and beyond the Group's control. Such changes could include, but are not limited to, the following:

- monetary, interest rate and other policies of central banks and regulators;
- general changes in government or regulatory policy liable to significantly influence investor decisions, in particular in the markets in which the Group operates;
- general changes in regulatory requirements, including prudential rules relating to the regulatory capital adequacy framework and the recovery and resolution regime;
- changes in rules and procedures relating to internal controls;
- changes in financial reporting rules;
- expropriation, nationalization, price controls, exchange controls, confiscation of assets and changes in legislation relating to foreign ownership; and

- any other adverse change of law that may affect demand for the products and services offered by the Group.

The Group's activities are highly concentrated in France, exposing the Group to risks linked to a potential downturn in French economic conditions.

The French market represents the largest share of the Group's net banking income and assets. In 2017, France accounted for approximately 78% of the Group's net banking income and approximately 89% of its customer credit risk originated in France at the end of 2017.

Because of the concentration of the Group's business in France, a significant deterioration in French economic conditions would have a greater impact on the Group's results and financial condition than would be the case for a group with more internationally diversified activities. An economic downturn in France could impact the credit quality of the Group's individual and business customers, make it more difficult for the Group to identify customers for new business that meet its credit criteria, and affect fee income by reducing life insurance policy sales, assets under management or brokerage activities. In addition, if housing prices in France were to be significantly affected by adverse economic conditions, the Group's home loan activities and portfolio (which represented approximately 49% of the Group's total portfolio of customer loans, excluding accrued interest as of December 31, 2017) could be significantly and adversely affected.

BFCM must maintain high credit ratings, or the Group's business and profitability could be adversely affected.

Credit ratings are important to BFCM's liquidity and funding costs, and therefore to those of the Group. A rating downgrade could have a negative impact on the Group's liquidity and competitive position, increase borrowing costs, limit access to the capital markets or trigger obligations under certain bilateral provisions in some derivatives contracts of the Group's financing and market segment (CM-CIC Marchés). It could also mean the Group could be forced to provide additional margin for certain market transactions (over-the-counter derivatives, securities transactions, etc.).

The risk of a downgrade of France's sovereign debt credit rating also exposes the entire economy to adverse repercussions. Although there were no changes to France's ratings in 2017, any future downgrade of France's sovereign debt credit rating would likely cause BFCM's rating to likewise drop, which would negatively impact the Group's financing conditions.

The cost of BFCM's long-term unsecured funding is directly related to its credit spread (the difference in the interest paid on its bonds and that paid on government bonds with the same maturity), which in turn depends in large part on its credit rating, which is itself correlated to a certain degree to the sovereign risk rating. Increases in credit spreads can significantly increase BFCM's cost of funding. Changes in credit spreads are continuous, market-driven, and subject at times to unpredictable and highly volatile movements. Credit spreads are also influenced by market perception of the issuer's solvency. Credit spreads may also be influenced by movements in the cost to purchasers of credit default swaps referenced to BFCM's bonds, which is influenced both by the credit quality of those bonds, and by a number of market factors that are beyond the control of BFCM and the Group.

Despite the risk management policies, procedures and methods implemented, the Group may be exposed to unidentified or unforeseen risks that could lead to material losses.

The Group has devoted significant resources to developing its risk management policies and corresponding risk assessment techniques, procedures and methods, and intends to continue to do so in the future. Nonetheless, the Group's risk management techniques and strategies may not be fully effective in limiting its risk exposure in all economic market environments or against all types of risk, including risks that the Group fails to identify or foresee.

Some of the Group's qualitative tools and metrics for managing risk are based on the use of observed historical market behavior. The Group then analyses the observed data, using statistical methods, to quantify its risk exposure. The Group uses complex and subjective analysis based on projected economic conditions and their impact on borrowers' capacity to repay and the value of the assets to measure the losses linked to credit risk exposure and to assess the value of certain assets. During periods of market turbulence, such analysis could result in inaccurate estimates and call into question the reliability of these evaluation procedures.

These tools and metrics may incorrectly predict future risk exposures. These risk exposures could, for example, arise from factors the Group did not anticipate or correctly evaluate in its statistical models. This would limit the Group's ability to manage its risks and could affect its results.

Like all financial institutions, the Group is subject to the risk of non-compliance with its risk management policies and procedures, either through human error or malicious intent. In recent years, several financial institutions have suffered significant losses from unauthorized market activities conducted by employees. While the Group makes every effort to monitor compliance with its risk management policies and procedures, it is impossible to be certain that its monitoring will be effective in avoiding losses from unauthorized activities.

Given the international scope of its activities, the Group may be vulnerable to specific political, macroeconomic and financial environments or specific situations in the countries where it operates.

The Group is subject to the risk that economic, financial, political or social conditions in a foreign country will affect the Group's financial interests. The Group's country risk measurement and monitoring system is based on a proprietary scoring method. The internal score assigned to countries is based on the structural solidity of their economies, their repayment capacity, governance and political stability.

While the Group's relatively limited international activities reduce its exposure to country risk compared to financial institutions that are more active internationally, the Group nonetheless has substantial business activities and affiliates in Germany, Spain, Italy and North Africa that could expose it to risks. The Group monitors country risk and takes it into account in the provisions recorded in its financial statements. However, a significant change in a country's political or macroeconomic environments may require the Group to record additional provisions or lead it to incur losses in amounts that exceed the current provisions.

The Group faces significant competition.

The Group faces intense competition in all of its main businesses in the markets in which it operates or in which it may decide to operate. The French and European financial services markets are relatively mature, and demand for financial services is, to some extent, linked to overall economic development. Competition in this environment is based on many factors, particularly the products and services offered, pricing, distribution systems, customer service, brand recognition, perceived financial strength and the willingness to use capital to serve client needs. Some of the Group's competitors in France are larger and have greater resources than the Group, and they may have a stronger name in some areas of France. The Group's international subsidiaries also face significant competition from banks and financial institutions that have their head offices in the countries where they operate, as well as other international financial institutions that are active in those countries. If the Group is unable to respond to the competitive environment in France or in its other markets with attractive and profitable product and service offerings, it may lose market share in important areas of its business or incur losses on some or all of its activities. In addition, downturns in the global economy or in the economy of the Group's major markets could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for the Group and its

competitors. New, competitive companies that are subject to separate or more flexible regulations, or to different prudential ratios, could also enter the market. These new market players may be able to offer a more competitive range of products and services.

Technological advances and the growth of digital commerce have enabled non-banking institutions to offer products and services that were traditionally banking products, and have allowed financial institutions and other companies to offer electronic and internet-based financial solutions, including electronic securities trading. These new entrants could apply downward pressure on the prices of the Group's products and services or affect the Group's market share. Furthermore, new payment systems and new currencies, such as bitcoin, and new technologies that facilitate transaction processing, such as blockchain, have become increasingly commonplace. The effect of the emergence of these new technologies, which are subject to little regulation compared to the Group, is difficult to predict, but their increased use could reduce the Group's market share or divert amounts that would otherwise have been invested in portfolios managed by more established financial institutions such as the Group.

Market downturns may lead to lower revenues from life insurance, brokerage, asset management and other commission- and fee-based businesses.

A market slowdown would lead to a decline in transaction volumes and slower growth of asset management, life insurance and similar products. These transactions and products generate fee and commission income for the Group, which could therefore be adversely affected in the event of a slowdown in these areas. In addition, because the fees that the Group charges for the management of its customers' portfolios are in many cases based on the value or performance of those portfolios, a market downturn would reduce the value of the managed portfolios, and accordingly, the revenues generated by the Group's asset management and private banking businesses. Future downturns could therefore have negative effects on the Group's results and financial position.

Even in the absence of a market downturn, any underperformance by the Group's mutual funds and life insurance products may result in increased withdrawals and reduced inflows, which would reduce the revenues the Group receives from its asset management and insurance businesses.

Uncertainty in the financial strength and conduct of other financial institutions and market participants could adversely affect the Group.

The Group's ability to engage in funding, investment and derivative transactions could be adversely affected by uncertainty in the strength of other financial institutions or market participants. Financial institutions are closely interrelated as a result of their trading, clearing, counterparty, funding or other activities. As a result, default by, or even rumors or questions about the solvency of, one or more financial services institutions, or a loss of confidence in the financial services industry generally, may lead to market-wide liquidity problems and could lead to further losses or defaults. The Group has direct or indirect exposure to many counterparties in the financial sector, including brokers and dealers, commercial banks, investment banks, collective investment funds and hedge funds, and other institutional clients with which it regularly executes transactions. Many of these transactions expose the Group to credit risk in the event of default. In addition, this risk could be exacerbated if the collateral the Group holds cannot be liquidated or is liquidated at prices that are not sufficient to cover the full amount of the loan or derivative exposure.

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

In some of the Group's businesses, prolonged market movements, particularly price falls, may reduce activity in the market or reduce its liquidity. These developments can lead to material losses if the Group cannot close out deteriorating positions in a timely way. This may be the case in particular for assets that the Group holds for which there are not very liquid markets to begin with. Assets that

are not traded on stock exchanges or other public markets, such as derivatives contracts between banks, may have values that the Group calculates using internal models rather than market prices. Monitoring the deterioration in the price of assets like these is difficult and could lead to losses that the Group did not anticipate.

For investment purposes, the Group takes positions in the debt, foreign exchange and equity markets as well as in unlisted equities, real-estate assets and other types of assets. Price volatility, i.e. the breadth of price swings over a given period or in a given market, independently of the level of the market, could have a negative impact on these positions. If the volatility proves to be lower or higher than expected by the Group, this could result in losses on many other products used by the Group, such as derivatives.

Changes to accounting principles could have an impact on the Group's financial statements and capital ratios and give rise to additional costs.

Applicable accounting principles evolve and change over time, and the Group's financial statements and capital ratios are exposed to the risk of changes of such principles. For example, in July 2014 the International Accounting Standards Board published IFRS 9 "Financial Instruments", which, following its adoption by the European Union, replaced IAS 39 as of January 1, 2018. This standard changes and supplements the rules on the classification and measurement of financial instruments. It introduces a new impairment model for financial instruments based on expected credit losses, while the current model is based on provisions for incurred losses, and new rules on general hedge accounting. The new approach based on expected credit losses could result in substantial additional impairment charges for the Group and add volatility to its regulatory capital ratios, and the costs incurred by the Group relating to the implementation of such norms may have a negative impact on its results of operations. The Groups expects that the first-time application of the new approach would reduce its common equity Tier 1 ratio by 0.15 percentage points.

A substantial increase in net additions to impairment provisions or a shortfall in the level of previously recorded impairment provisions could adversely affect the Group's results and financial position.

In the context of its lending activities, the Group periodically allocates amounts to provisions for non-performing loans, which are recorded in its income statement under cost of risk. The Group's overall level of these expenses is based upon its assessment of prior loss experience, the volume and type of lending, industry standards, past due loans, economic conditions and other factors reflecting the recovery rates for the various loans.

Although the Group seeks to establish an appropriate level of provisions, its lending businesses may have to increase their provisions for loan losses in the future as a result of increases in non-performing assets or for other reasons, such as deteriorating market conditions, giving rise to an increase in counterparty defaults and bankruptcies, or factors affecting specific countries. Any significant increase in provisioning charges for loans, losses or a significant change in the Group's estimate of the risk of loss inherent in its portfolio of non-impaired loans, or any change in IFRS, as well as the occurrence of loan losses in excess of the provisions set aside, could have an adverse effect on the Group's earnings and financial position.

The Group's hedging strategies do not rule out the risk of loss.

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

effective in mitigating the Group's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also affect the Group's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in the Group's reported earnings.

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

The Group's employees are one of its most essential resources and, in many areas of the financial services industry, competition for qualified personnel is intense. The results of the Group depend on its ability to attract new employees and to retain and motivate its existing employees. The Group's ability to attract and retain qualified employees could potentially be impaired by enacted or proposed legislative and regulatory restrictions on employee compensation in the financial services industry. Changes in the business environment may lead the Group to move employees from one business to another or to reduce the number of employees in certain of its businesses. This may cause temporary disruptions as employees adapt to new roles and may reduce the Group's ability to take advantage of improvements in the business environment. In addition, current and future laws (including laws relating to immigration and outsourcing) may restrict the Group's ability to move responsibilities or personnel from one jurisdiction to another. This may impact the Group's ability to take advantage of business opportunities or potential efficiencies.

Future events may be different from those reflected in the management assumptions and estimates used in the preparation of the Group's financial statements, which may cause unexpected losses in the future.

Pursuant to IFRS rules and interpretations in effect at the date of this Base Offering Memorandum, the Group is required to use certain estimates in preparing its financial statements, including accounting estimates to determine loan loss provisions, provisions for future litigation, and the fair value of certain assets and liabilities, among other items. Should the Group's estimates prove substantially inaccurate, or if the methods by which such values were determined are revised in future IFRS rules or interpretations, the Group may experience unexpected losses.

An interruption in or breach of the Group's information systems may result in lost business and other losses.

Like most other banks, the Group relies heavily on communications and information systems to conduct its business. Any failure, interruption or breach in security of these systems could result in failures or interruptions in the Group's customer relationship management, general ledger, deposit, servicing and/or loan organization systems. If the Group's information systems were to fail, even for a short period of time, it would be unable to serve some customers' needs in a timely manner and could lose their business. Likewise, a temporary shutdown of the Group's information systems, even though it has back-up recovery systems and contingency plans, could result in considerable costs for information retrieval and verification. The Group cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. Any such failure or interruption could have a material adverse effect on the Group's financial position and results.

The Group is also exposed to the risk of operational interruption or breakdown of one of its providers of clearing, currency market, clearing house, custodian services, or other financial intermediaries or outside service providers it uses to undertake or facilitate transactions on securities. Insofar as interconnectivity increases with its service providers, the Group can be increasingly exposed to the risk of operational failure of its providers' information systems. The Group cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed.

Attacks on the Group's IT systems may have a negative effect on the proper functioning of banking services and the protection of the Group's customers.

Like other organizations, the Group's IT systems are the target of an increasing number of attacks. Corporate information systems are exposed to complicated and constantly developing new threats that have the potential to significantly impact all companies and, more specifically, those in the banking sector, both financially and reputationally. The Group has prioritized the resilience of its technical infrastructure, the continuity of services to customers, and the security of data exchanges, both in terms of anticipating, and its ability to react to, threats. These actions may not, however, be enough to fully protect the Group, its employees, its partners or its customers, given the changing nature and sophistication of cyberattacks. Despite the Group's efforts, such attacks could disrupt customer services or lead to losses, theft or the disclosure of confidential data, and the infiltration of the Group's IT security systems could cause interruptions in business activity, information recovery and verification costs and reputational damage. Such consequences could have an adverse effect on the Group's business activities, operating income and financial position.

Unforeseen events could interrupt the Group's operations and cause substantial losses and additional costs.

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

Reputational risk could have a negative impact on the Group's profitability and business outlook.

Various issues may give rise to reputational risk and damage the Group and its business prospects. These issues include inappropriately dealing with potential conflicts of interest, legal and regulatory requirements, competition issues, ethical issues, money laundering laws, information security policies and sales and trading practices. The Group's reputation could also be damaged by an employee's misconduct, or fraud or embezzlement by financial intermediaries to which the Group is exposed, any downward revision, restatement or correction of its reported results or any legal or regulatory proceeding whose outcome may be negative. Any damage to the Group's reputation might lead to a loss of business that could impact its earnings and financial position. Failure to address these issues adequately could also give rise to additional legal risk, which might increase the number of litigation claims and the amount of damages asserted against Group entities, or subject Group entities to regulatory sanctions.

The legal risks to which the Group is exposed could have an adverse effect on its financial position and results.

The Group and certain of its employees could be involved in various lawsuits, including civil, administrative and criminal proceedings. The large majority of these proceedings come within the scope of the Group's ordinary activities. Lawsuits increase the risk of loss or damage to the Group's reputation. Such proceedings or regulatory enforcement measures could also give rise to civil or criminal penalties, which would undermine the Group's activity, financial position and operating income. It is inherently difficult to predict the outcome of lawsuits, regulatory proceedings and orders involving Group entities.

When preparing its financial statements, the Group estimates the consequences of litigations and claims in which it is involved and recognizes a provision when the losses associated with such

proceedings are likely and can be reasonably estimated. If such estimates prove to be inaccurate or the provisions recognized by the Group prove to be insufficient to cover the risks arising from such proceedings, it could have an adverse material effect on the Group's financial position and results.

RISKS RELATING TO THE ISSUER'S ORGANIZATIONAL STRUCTURE

BFCM does not hold any ownership or financial interest in the Local Banks.

BFCM does not own any interest in the Local Banks, nor does it share in the profits and losses of the Local Banks. Its economic interest in the results of the Local Banks' operations is limited to the financing it provides in its capacity as the Group's funding arm. Moreover, BFCM has no voting rights or other rights to influence the management, strategy or policies of the Local Banks.

The Local Banks control BFCM and their interests may differ from those of investors in the securities issued by BFCM.

Almost all BFCM shares are directly or indirectly owned by the Local Banks, including 93% through the Caisse Féderale de Crédit Mutuel (CF de CM). As a result, CF de CM and the Local Banks have the power to control the outcome of all votes at meetings of BFCM's shareholders, including votes on decisions such as the appointment or approval of members of its board of directors and the distribution of dividends. While maintaining BFCM's reputation as a leading issuer is of major importance for the Group, it could happen that some decisions taken by BFCM Shareholders' Meetings could be contrary to the interests of BFCM bondholders.

BFCM does not participate in the Group's financial solidarity mechanism.

The local banks are not under any obligation to support BFCM's liquidity or solvency in the event such support were needed. While BFCM's credit ratings are based in part on the rating agencies' assumption that support from the Local Banks in the Crédit Mutuel-CM11 Group would be available if needed due to the key role played by BFCM in the Group's financial structure, this assumption is based solely on the views of the rating agencies regarding the economic interest of the local banks and not on any legal obligation. If BFCM's financial condition were to deteriorate, there can be no assurance that the local banks or CF de CM would recapitalize or otherwise provide support to BFCM.

Certain local banks conduct business under the Crédit Mutuel name but belong to federations that are not part of the Group.

Of the 18 Crédit Mutuel federations operating in France, only 11 federations comprise the Group. The banks of seven other federations use Crédit Mutuel's name and logo, and they and their non-mutual subsidiaries hold themselves out as part of Crédit Mutuel. If one or more of the Crédit Mutuel federations that are outside the Group were to experience difficulties, such as a business downturn, a deterioration in asset quality or a rating downgrade, it is possible that the market would fail to understand that the federation in difficulty is not part of the Group. In such event, difficulties experienced by a federation outside of the Group could adversely affect the reputation of the Group and/or have an impact on the Group's financial position and earnings

The Group's Local Banks, together with local banks in federations outside the Group, are part of a mutual financial support mechanism that includes all eighteen Crédit Mutuel federations.

The eighteen Crédit Mutuel federations have a mutual financial support mechanism that could require the Local Banks in the Group to provide support to local banks in federations that are outside the Group. While the support system for a local bank would initially be implemented at the regional level, within such local bank's federation, if the resources available at the regional level were insufficient, then the national support mechanism could be called upon, requiring support from other

federations. While the Local Banks in the Group also benefit from the support of the federations that are outside the Group, they remain exposed to risks relating to local banks that are not part of the Group.

Some aspects of the Group's governance are subject to the decisions taken by the Confédération Nationale du Crédit Mutuel.

Under French law, certain matters relating to the governance of the eighteen Crédit Mutuel federations (including 11 in the Group and seven outside the Group) are determined by a central body known as the *Confédération Nationale du Crédit Mutuel* ("**CNCM**"). The CNCM represents all local cooperative banks in the eighteen federations in dealings with French bank regulatory and supervisory authorities. In addition, the CNCM has the power to exercise financial, technical and administrative oversight functions relating to the organization of the Crédit Mutuel banks, and to take steps to ensure their proper functioning, including striking a bank from the list of banks authorized to operate as part of the Crédit Mutuel system.

RISKS RELATING TO THE NOTES

Risks relating to Senior Preferred Notes and Senior Non-Preferred Notes

The Notes are complex instruments that may not be suitable for certain investors.

The Notes are complex financial instruments and may not be a suitable investment for certain investors. Each potential investor in the Notes should determine the suitability of such investment in light of its own circumstances and have sufficient financial resources and liquidity to bear the risks of an investment in the Notes, including the possibility that the entire amount invested in the Notes could be lost. A potential investor should not invest in the Notes unless it has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the market value of the Notes, and the impact of this investment on the potential investor's overall investment portfolio.

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

The market for debt securities issued by banks, such as the Notes, is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other Western and other industrialized countries. There can be no assurance that events in France, Europe, the United States 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.

There will be no prior market for the Notes.

At the time of issuance of each Series of Notes, there will be no trading market for such Notes, and there can be no assurance that any market will develop for the Notes or that holders will be able to sell their Notes in the secondary market. No party has any obligation to make a market in the Notes.

Any early redemption at the option of the Issuer, including if provided for in any Pricing Supplement for a particular issue of Notes or in the case of certain changes in tax law, could cause the yield received by holders to be considerably less than anticipated.

The Pricing Supplement for a particular issue of Notes may provide for early redemption at the option of the Issuer. In addition, the Issuer will have the right to redeem the Notes if certain changes in tax law occur with respect to such Notes as described in Condition 4(b) (*Redemption for*

Taxation Reasons), subject to the prior consent of the Relevant Regulator and/or the Relevant Resolution Authority, if required.

An optional redemption feature may limit the market value of the relevant Notes. During any period when the Issuer may elect to redeem a Series of Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period if there is, or the market believes there is, an increased likelihood of such Notes becoming eligible for redemption in the near term.

If market interest rates decrease, the risk to holders that the Issuer will exercise its right of redemption increases. The yields received upon early redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the holder. In addition, investors that 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.

The terms and conditions of the Notes contain very limited covenants.

Under the terms and conditions of the Notes, the Issuer is generally permitted to sell or otherwise dispose of any or substantially all of its assets to another corporation or other entity. If the Issuer decides to dispose of a large amount of its assets, investors in the Notes will not be entitled to declare an acceleration of the maturity of the Notes, and those assets will no longer be available to support the Notes. The Notes do not contain any negative pledge provisions or other covenants nor any cross-default provisions.

In addition, the Notes do not require the Issuer to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer's ability to use cash to make investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service its debt obligations, including those of the Notes.

The Notes may be subject to mandatory write-down or conversion to equity under EU and French laws relating to bank recovery and resolution

The EU Bank Recovery and Resolution Directive (the "**BRRD**") and the Single Resolution Mechanism, as transposed into French law by a decree-law (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) dated August 20, 2015, provide resolution authorities with the power to "bail-in" any non-excluded liabilities (including senior preferred or senior non-preferred debt instruments such as the Notes), meaning writing them down or converting them to shares or other equity instruments, if resolution proceedings are initiated in respect of the issuing institution. A resolution proceeding may be initiated in respect of an institution if it or the group to which it belongs is failing or likely to fail, there is no reasonable prospect that another measure would avoid such failure within a reasonable time period, and a resolution measure is required to ensure the continuity of critical functions, to avoid a significant adverse effect on the financial system, to protect public funds by minimizing reliance on extraordinary public financial support, and to protect client funds and assets, in particular those of depositors. The bail-in power may be exercised by a resolution authority in respect of obligations such as the Notes if the write-down or conversion of capital instruments and subordinated debt (which must occur before the bail-in of senior preferred or senior non-preferred debt) is not sufficient to recapitalize the institution. The terms and conditions of the Notes contain provisions giving effect to the bail-in power. See Condition 16 (*Bail-In*).

The bail-in power could result in the full or partial write down or conversion to shares or other equity instruments of the Notes. In addition, if the Issuer's financial condition, or that of the Group, deteriorates or is perceived to deteriorate, the existence of the bail-in powers could cause the market value of the Notes to decline more rapidly than would be the case in the absence of such

powers. Public financial support would not be available except as a last resort, after resolution tools, including the bail-in power, have been fully exhausted.

In addition to the bail-in tool, the BRRD provides the resolution authorities with broader powers to implement other resolution measures, which may include, among other things, the sale of the institution's business to a third party or a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

For further information about the BRRD and related matters, see the section entitled "*Government Supervision and Regulation of Credit Institutions in France*."

The qualification of certain Notes as instruments eligible to be counted towards the MREL or TLAC Requirements is subject to uncertainty

The Issuer may, if specified in the relevant Pricing Supplement, treat the Senior Preferred Notes of any Series, and the Issuer intends to treat the Senior Non-Preferred Notes of all Series, as eligible to be counted towards its MREL or TLAC Requirements. There is uncertainty regarding the final substance of the applicable MREL or TLAC Requirements, and the Issuer cannot provide any assurance that the relevant Senior Preferred Notes or the Senior Non-Preferred Notes will be or remain included in eligible liabilities available to meet the MREL or TLAC Requirements.

The Issuer is currently subject to MREL requirements, but is not subject to anticipated TLAC requirements, which are expected to apply only to Global Systemically Important Banks (G-SIBs). There can be no assurance that the TLAC requirements will remain limited to G-SIBs. There currently are no European laws or regulations implementing the TLAC concept, which is set forth in a term sheet published by the Financial Stability Board. The European Commission has proposed directives and regulations intended to give effect to the FSB TLAC Term Sheet and to modify the requirements for MREL eligibility, providing generally for convergence between the eligibility requirements for MREL and TLAC. While the Issuer believes that the terms and conditions of the Senior Preferred Notes intended to be treated as eligible instruments, and of the Senior Non-Preferred Notes, are consistent with the European Commission's proposals, these proposals have not yet been finalized or interpreted and, when finally adopted, the final applicable MREL or TLAC Requirements may be different from those set forth in these proposals.

Because of the uncertainty surrounding the substance of the final regulations implementing the TLAC requirements and any potential changes to the regulations giving effect to MREL, the Issuer cannot provide any assurance that relevant Senior Preferred Notes or the Senior Non-Preferred Notes will ultimately be eligible to be included in liabilities available to meet MREL or TLAC Requirements. If they are not, or if they initially are eligible and subsequently become ineligible due to a change in applicable MREL or TLAC Requirements, then an MREL or TLAC Disqualification Event will occur in respect of such Senior Non Preferred Notes and, if specified as applicable in the relevant Pricing Supplement, such Senior Preferred Notes, with the consequences indicated below.

The Notes may be redeemed upon the occurrence of an MREL or TLAC Disqualification Event.

In addition to the early redemption risks discussed above in "*—Any early redemption at the option of the Issuer, including if provided for in any Pricing Supplement for a particular issue of Notes or in the case of certain changes in tax law, could cause the yield received by holders to be considerably less than anticipated*", the Issuer may redeem all (but not some only) of the Senior Preferred Notes of a Series that is designated in the relevant Pricing Supplement as MREL/TLAC eligible, and may redeem all (but not some only) of the Senior Non-Preferred Notes of a Series, upon or following the occurrence of an MREL or TLAC Disqualification Event, subject to the provisions

described in Condition 4(c) (*Redemption upon the occurrence of an MREL or TLAC Disqualification Event*), and to the prior consent of the Relevant Regulator and/or the Relevant Resolution Authority, if required. The Issuer's optional redemption in connection with an MREL or TLAC Disqualification Event may limit the market value of Notes that are (or are intended to be) eligible to meet the MREL or TLAC Requirements. This also may be true prior to any redemption period if the market believes that the Notes may become eligible for redemption in the near term.

If the Issuer redeems a Series of Notes upon or following the occurrence of an MREL or TLAC Disqualification Event, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which case Noteholders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes may be subject to substitution and/or variation without Noteholder consent.

If a Tax Event occurs with respect to a Series of Notes, or if an MREL or TLAC Disqualification Event or an Alignment Event occurs with respect to a Series of Senior Preferred Notes intended to be MREL/TLAC eligible or with respect to a Series of Senior Non-Preferred Notes, the Issuer may, at its option, and without the consent or approval of holders of the relevant Series of Notes which may otherwise be required under the terms and conditions of such Notes, elect either (i) to substitute all (but not some only) of such Series of Notes or (ii) to vary the terms of all (but not some only) of such Series of Notes, in each case so that they become or remain Qualifying Notes. While Qualifying Notes generally must contain terms that are materially no less favorable to holders as the original terms of the relevant Senior Preferred Notes or Senior Non-Preferred Notes, there can be no assurance that the terms of any Qualifying Notes will be viewed by the market, or by a particular investor, as equally favorable, or that the Qualifying Notes will trade at prices that are equal to the prices at which the Notes would have traded on the basis of their original terms.

Such substitution or variation will be effected without any cost or charge to the holders of such Notes, but may have adverse tax consequences for such holders. Further, prior to the making of any such modification or taking any action, or prior to any substitution, variation, modification or amendment, the Issuer shall not be obliged to consider the tax position of individual holders of such Notes or the tax consequences of any such substitution, variation, modification, amendment or other action for individual holders of such Notes. No holder of such Notes shall be entitled to claim, whether from the Fiscal and Principal Paying Agent, the Issuer, or any other person, any indemnification or payment in respect of any tax consequence of any such substitution, variation, modification, amendment or other action upon individual holders of such Notes.

The terms and conditions of the Notes contain a waiver of set-off rights.

The terms and conditions of the Notes contain a waiver by their holders of setoff rights, which is a requirement to allow Notes to be eligible liabilities for purposes of the MREL or TLAC Requirements on the basis of the current European Commission proposals. The exercise of set-off rights in respect of the Issuer's obligations under the Notes upon the opening of a resolution procedure would in any event be prohibited by Article 68 of BRRD (as transposed into French law). As a result of the foregoing, holders of the Notes will not at any time be entitled to set-off the Issuer's obligations under the Notes against obligations owed by them to the Issuer.

The terms and conditions of the Notes may not provide for any events of default.

There will be no events of default in respect of the Senior Preferred Notes indicated as MREL/TLAC eligible in the relevant Pricing Supplement, or in respect of the Senior Non-Preferred Notes. As a result, in no event will holders of such Notes be able to accelerate the maturity of their Notes. Accordingly, in the event that any payment on such Notes is not made when due, each holder

of such Notes will have a claim only for amounts then due and payable on their Notes. However, if any judgment were issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer were liquidated for any other reason, then such Notes shall become immediately due and payable, subject to certain limitations described in Condition 2 (*Status of the Notes*).

Changes in the method by which a benchmark is determined may adversely affect the value of Floating Rate Notes.

The rate of interest on the Floating Rate Notes may be calculated on the basis of the London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") or any other reference rate specified in the relevant Pricing Supplement (any such reference rate, a "**Benchmark**") as adjusted for any applicable margin. Accordingly, changes in the method by which any Benchmark is calculated or the discontinuation of any Benchmark may impact the rate of interest applicable to Floating Rate Notes bearing interest on the basis of such Benchmark, and thus their value.

LIBOR, EURIBOR and other Benchmarks are subject to ongoing national and international regulatory reforms. Some of these reforms are already effective while others are still to be implemented. Following the implementation of any such reforms, the manner of the administration or determination of such Benchmarks may change with the result that they may perform differently than in the past, or their calculation method may be revised, or they could be eliminated entirely.

In June 2016, the European Union adopted a Regulation (the "**Benchmark Regulation**") on indices (such as LIBOR and EURIBOR) used in the European Union as benchmarks in financial contracts. The principal provisions of the Benchmark Regulation entered into force as of January 1, 2018. It provides that administrators of benchmarks in the European Union (such as ICE Benchmark Administration Limited and the European Money Market Institute, which currently administer LIBOR and EURIBOR, respectively) generally must be authorized by or registered with regulators no later than January 1, 2020, and that they must comply with a code of conduct designed primarily to ensure reliability of input data, governing issues such as conflicts of interest, internal controls and benchmark methodologies. The Benchmark Regulation could have a material impact on a given series of Floating Rate Notes, in particular, if the terms of any applicable Benchmark are changed in order to comply with the requirements of the Benchmark Regulation, or if an administrator determines that it is not possible to adjust a Benchmark to make it compliant with the Benchmark Regulation.

Benchmark administrators in the United Kingdom will be required to comply with the Benchmark Regulation so long as the United Kingdom remains part of the European Union (and possibly thereafter, depending on the terms of withdrawal), and will also be required to comply with U.K. national requirements. U.K. national requirements may have a particularly significant impact on the calculation of LIBOR (or whether LIBOR continues to exist as a Benchmark). On July 27, 2017, the Financial Conduct Authority (the "**FCA**") announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021. The FCA announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

It is not possible to predict the effect of any reforms to LIBOR or any other Benchmark. Changes in the methods pursuant to which LIBOR or any other applicable Benchmark is determined, or the announcement that a Benchmark will be replaced with a successor or alternative rate, could result in a sudden or prolonged increase or decrease in the reported values of such Benchmark, increased volatility or other effects. If this were to occur, the rate of interest on and the trading value of the affected Floating Rate Notes could be adversely affected.

If LIBOR, EURIBOR or any other Benchmark is discontinued or the authorization or registration of a relevant benchmark administrator under the Benchmark Regulation is withdrawn, the rate of interest on the affected Floating Rate Notes will be changed in ways that may be adverse to holders of such Notes, without any requirement that the consent of such Noteholders be obtained.

Pursuant to the terms and conditions of any Floating Rate Notes, if the Issuer determines at any time that the relevant Benchmark for such Notes has been discontinued or the authorization or registration of a relevant benchmark administrator under the Benchmark Regulation has been withdrawn (and no authorized successor administrator for the relevant Benchmark has been named), the Issuer will appoint a Reference Rate Determination Agent (which may be (i) a leading bank or a broker-dealer in the principal financial centre of the Specified Currency (which may include one of the Dealers) as appointed by the Issuer, (ii) the Issuer, (iii) an affiliate of the Issuer, (iv) the Calculation Agent (if agreed in writing by the Calculation Agent) or (v) any other entity which the Issuer considers has the necessary competencies to carry out such role) who will determine a Replacement Reference Rate, as well as any necessary changes to the business day convention, the definition of business day, the interest determination date, the day count fraction and any method for calculating the Replacement Reference Rate, including any adjustment factor needed to make such Replacement Reference Rate substantially comparable to the Benchmark being replaced. Such Replacement Reference Rate will (in the absence of manifest error) be final and binding, and will apply to the relevant Floating Rate Notes without any requirement that the Issuer obtain consent of any Noteholders.

The Replacement Reference Rate may perform differently from the discontinued Benchmark. For example, there are currently proposals to replace LIBOR (which generally has a term of one, three or six months) with an overnight rate. Similarly, proposals have been made to use a rate on secured repurchase transactions on government obligations to replace LIBOR, which is currently based on interbank lending rates and carries an implicit element of credit risk of the banking sector. These and other changes could significantly affect the performance of an alternative rate compared to the historical and expected performance of LIBOR. There can be no assurance that any adjustment factor applied to any Series of Notes will adequately compensate for this impact. This could in turn impact the rate of interest on and trading value of the affected Floating Rate Note. Moreover, any holders of such Notes that enter into hedging instruments based on the relevant Benchmark may find their hedges to be ineffective, and they may incur costs replacing such hedges with instruments tied to the Reference Replacement Rate.

If the Reference Rate Determination Agent is unable to determine an appropriate Replacement Reference Rate for any affected Benchmark, then the provisions for the determination of the rate of interest on the affected Floating Rate Notes will not be changed. In such cases, the terms and conditions of the Floating Rate Notes provide that, if it is not possible to determine a value for a given Benchmark, the relevant interest rate on such Floating Rate Notes will generally be equal to the last Relevant Screen Page Rate available for the immediately preceding Interest Period on the Relevant Screen Page (as determined by the Calculation Agent), effectively converting such Floating Rate Notes into fixed rate obligations. The terms and conditions of such Notes also provide for other fallbacks, such as consulting Reference Banks for rate quotations, which may prove to be unworkable if the Reference Banks decline to provide such quotations for a sustained period of time (or at all).

Additionally, (i) if for any reason a Replacement Reference Rate has not been determined by the Reference Rate Determination Agent by the Interest Determination Cut-off Date (as defined in the terms and conditions of the Notes) or (ii) even if the Reference Rate Determination Agent is able to determine an appropriate Replacement Reference Rate for a discontinued Benchmark, if such replacement would result in an MREL or TLAC Disqualification Event with respect to the relevant Series of Notes, or in the Relevant Regulator treating the next Interest Payment Date as the effective maturity of such Notes, rather than the relevant Maturity Date, the rate of interest will not be changed, but will instead be determined on the basis of the last Relevant Screen Page Rate available for the immediately preceding Interest Period. The case described in (ii) above could occur if, for example, the switch to the Replacement Reference Rate would be considered as an incentive to redeem the relevant Notes that would be inconsistent with the regulatory requirements applicable to such Notes. While this mechanism will ensure that such Notes will not become subject to a potential MREL or TLAC Disqualification Event, it will result in such Notes being effectively converted into fixed rate instruments.

In the event that no Replacement Reference Rate is determined and the affected Notes are effectively converted to fixed rate obligations as described above, investors holding such Notes might incur costs from unwinding hedges. Moreover, in a rising interest rate environment, holders of such Notes will not benefit from any increase in rates. The trading value of such Notes could as a consequence be adversely affected.

It is possible that, if a Benchmark is discontinued or the authorization or registration of an administrator is withdrawn, it will take some time before a clear successor rate is established in the market. Accordingly, the terms and conditions of the Floating Rate Notes provide as an ultimate fallback that, following the designation of a replacement rate, if the Reference Rate Determination Agent appointed by the Issuer considers that such replacement rate is no longer substantially comparable to the Benchmark or does not constitute an industry accepted successor rate, the Issuer will re-appoint a rate determination agent (which may or may not be the same entity as the original Rate Determination Agent) for the purposes of confirming the replacement rate or determining a substitute replacement rate (despite the continued existence of the initial replacement rate). Any such substitute replacement rate, once designated pursuant to the terms and conditions, will apply to the affected Floating Rate Notes without the consent of their holders. This could impact the rate of interest on and trading value of the affected Floating Rate Notes. In addition, any holders of such Floating Rate Notes that enter into hedging instruments based on the original replacement rate may find their hedges to be ineffective, and they may incur costs replacing such hedges with instruments tied to the new replacement rate.

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

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for 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, such as domestic dealers or brokers in foreign markets, holders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties.

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

Investors will not be able to calculate in advance their rate of return on Floating Rate Notes.

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield for Floating Rate Notes at the time they purchase them, so their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the Notes provide for frequent interest payment dates, investors are exposed to reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Notes issued at substantial discount or premium may be subject to higher price fluctuations than non-discounted Notes.

Changes in market interest rates have a substantially stronger impact on the prices of Notes issued at a substantial discount or premium than on the prices of ordinary Notes because the discounted issue prices are substantially below par. If market interest rates increase, Notes issued at a substantial discount or premium can suffer higher price losses than other bonds having the same

maturity and credit rating. Due to their leverage effect, Notes issued at a substantial discount or premium are a type of investment associated with a particularly high price risk.

Transactions in the Notes could be subject to the European financial transaction tax, if adopted.

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax (the "**FTT**") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain (the "**Participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has a very broad scope and could, if introduced in its current form, impose a tax at generally not less than 0.1%, generally determined by reference to the amount of consideration paid, on certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt. The mechanism by which the tax would be applied and collected is not yet known, but if the proposed directive or any similar tax is adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

Under the Commission's Proposal, 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 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 the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the Participating Member States may decide to withdraw (in addition to Estonia which already withdrew). Prospective holders of Notes are advised to seek their own professional advice in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

Additional Risks Relating to Senior Non-Preferred Notes

Senior Non-Preferred Notes are Senior Non-Preferred Obligations and are junior to certain obligations.

The Issuer's obligations under the Senior Non-Preferred Notes constitute Senior Non-Preferred Obligations within the meaning of Article L.613-30-3–I-4° of the French Monetary and Financial Code (the "**Law**"). While the Senior Non-Preferred Notes by their terms are expressed to be direct, unconditional, unsecured and senior (*chirographaires*) obligations of the Issuer, they nonetheless rank junior in priority of payment to Senior Preferred Obligations of the Issuer, including the Senior Preferred Notes, in the case of judicial liquidation. The Issuer's Senior Preferred Obligations include all of its deposit obligations, its obligations in respect of derivatives and other financial contracts, its unsubordinated debt securities outstanding as of the date of entry into force of the Law on December 11, 2016 and all unsubordinated or senior debt securities issued thereafter that are not expressed to be senior non-preferred obligations within the meaning of the Law (including Senior Preferred Notes).

If the Issuer enters into resolution, the Senior Non-Preferred Notes may be subject to bail-in, meaning potential write-down or conversion into equity securities or other instruments. Because the Senior Non-Preferred Notes rank junior to Senior Preferred Obligations, the Senior Non-Preferred Notes would be written down or converted in full before any of the Issuer's senior preferred

obligations were written down or converted. See "*Risk Relating to the Notes—The Notes may be subject to mandatory write-down or conversion to equity under EU and French laws relating to bank recovery and resolution.*" In addition, if the Issuer enters into judicial liquidation proceedings, it will be required to pay substantial amounts of senior preferred obligations before any payment is made in respect of the Senior Non-Preferred Notes.

As a consequence, holders of the Senior Non-Preferred Notes bear significantly more risk than holders of senior preferred obligations (such as Senior Preferred Notes), and could lose all or a significant part of their investments if the Issuer were to enter into resolution or judicial liquidation proceedings.

USE OF PROCEEDS

Unless otherwise indicated in the relevant Pricing Supplement, the Issuer will use the net proceeds it receives from any offering of the Notes for general corporate purposes.

CAPITALIZATION

Capitalization of the Crédit Mutuel-CM11 Group

The table below sets forth the consolidated capitalization of the Crédit Mutuel-CM11 Group as at December 31, 2017.

(in millions of euros)	**December 31, 2017**
Debt securities	112,431
Subordinated debt	7,725
Total debt	**120,156**
Shareholder's equity - Group share:	
Subscribed capital and issue premiums	6,010
Consolidated reserves	29,035
Unrealized or deferred gains and losses	1,347
Net income for the year	2,208
Shareholder's equity – Group share	**38,600**
Shareholder's equity - Minority interests	2,390
Total capitalization	**161,146**

There has been no material change in the consolidated capitalization of the Crédit Mutuel-CM11 Group since December 31, 2017.

Capitalization of the BFCM Group

The table below sets forth the consolidated capitalization of the BFCM Group as at December 31, 2017.

(*in millions of euros*)	**December 31, 2017**
Debt securities	112,453
Subordinated debt	8,375
Total debt	**120,828**
Shareholder's equity – Group share:	
Subscribed capital and issue premiums	6,197
Consolidated reserves	15,393
Unrealized or deferred gains and losses	1,053
Net income for the year	1,549
Shareholder's equity - Group share	**24,192**
Shareholder's equity - Minority interests	3,412
Total capitalization	**148,432**

There has been no material change in the consolidated capitalization of the BFCM Group since December 31, 2017.

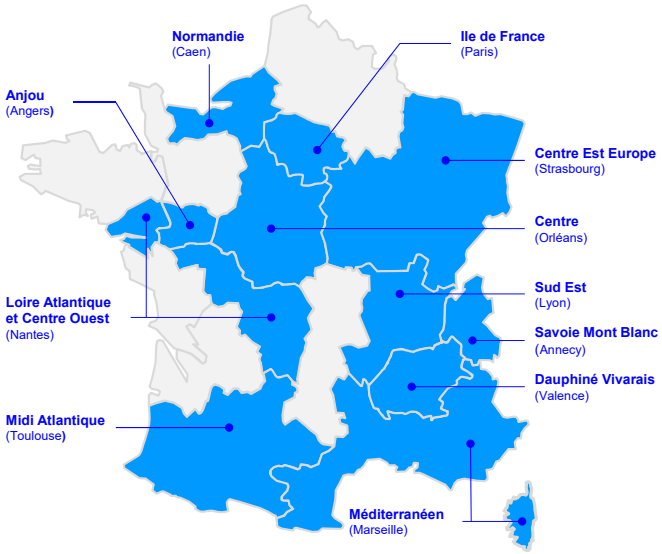
HISTORY AND STRUCTURE OF THE CRÉDIT MUTUEL-CM11 GROUP

History of the Crédit Mutuel-CM11 Group

The Crédit Mutuel-CM11 Group traces its roots to 1882, when the first Crédit Mutuel local bank was founded in the Alsace region in Northeastern France. Initially, loans were granted only to members, who were also the owners of the local banks. All profits were placed in a non-distributable reserve. Although the Local Banks now welcome customers who are not members, and distribute a modest portion of their profits to their members, they are still guided by the cooperative principles that were present at the founding of the Crédit Mutuel-CM11 Group.

Over time, the number of local banks in the Crédit Mutuel network expanded, and they formed regional federations to serve their mutual interests. Eighteen regional federations currently exist nationwide, varying widely in their number of local banks and clients and their economic weight. Over time, a number of these regional federations have joined together to form the Crédit Mutuel-CM11 Group. Through the Crédit Mutuel-CM11 Group, these federations centralize their products, funding, risk management and administrative functions, as well as holding interests in affiliates in France and internationally.

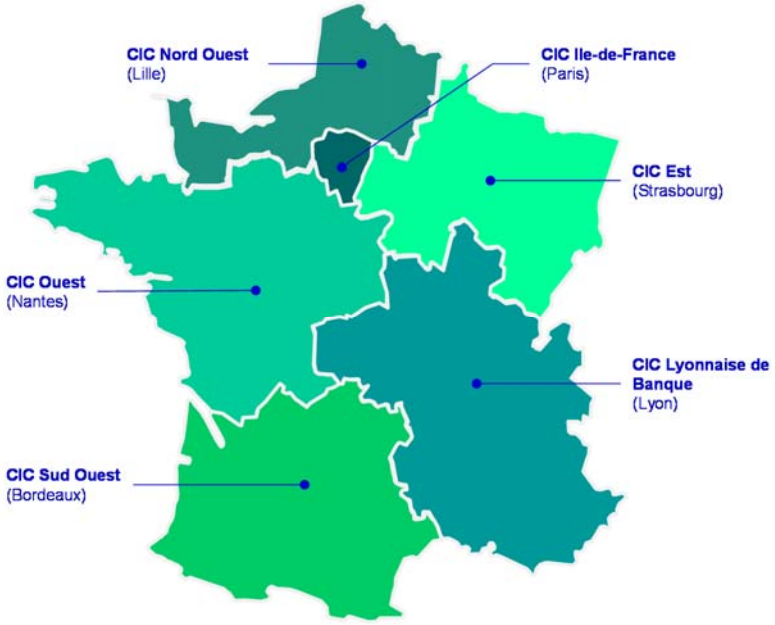
In 2011 the Crédit Mutuel-CM11 Group included ten regional federations and another regional federation joined as of January 1, 2012 (CM11). The 11 regional federations that currently form the Crédit Mutuel-CM11 Group include 1,380 Local Banks as members. The regional coverage of the 11 federations in the Crédit Mutuel-CM11 Group is illustrated by the following diagram:



The strategy and policies of the Crédit Mutuel-CM11 Group are determined by a group-wide body (known as the "*Chambre Syndicale*"), with headquarters in Strasbourg, in which each of the regional federations is represented. Funding needs are met by a group central bank, the Caisse Fédérale de Crédit Mutuel (CF de CM), which takes deposits from and provides financing to the Local Banks. CF de CM in turn owns substantially all of BFCM (the remainder is owned by certain Local Banks). BFCM raises funds in international markets on behalf of the Crédit Mutuel-CM11 Group, which it on-lends to the Local Banks (through CF de CM), and also provides funding for other businesses of the Crédit Mutuel-CM11 Group. BFCM also holds substantially all of the Crédit Mutuel-CM11 Group's interests in entities other than those in the Crédit Mutuel network.

Over time, the Crédit Mutuel-CM11 Group has acquired interests in financial institutions with complementary activities. The most significant acquisition was Crédit Industriel et Commercial (CIC)

in which BFCM held an interest of 93.14% (with 6.25% of the remainder held by Mutuelles Investissement in which BFCM in turn holds 90%) as of December 31, 2017. The CIC group operates through five regional banks that together cover all of France and also operates the Crédit Mutuel-CM11 Group's financing and market, private banking and private equity businesses. CIC also has four foreign branches (New York, London, Singapore and Hong Kong) and 36 representative offices around the world.



The Crédit Mutuel-CM11 Group has also pursued a strategy of prudent international expansion. In 2008, the Crédit Mutuel-CM11 Group acquired Citibank Deutschland (now TARGOBANK Germany), and in 2009, the Crédit Mutuel-CM11 Group acquired a controlling interest in the consumer finance group Cofidis. In 2010, the Crédit Mutuel-CM11 Group created a 50/50 partnership with Banco Popular Español, currently known as TARGOBANK Spain. BFCM increased its total equity stake in TARGOBANK Spain to 51.02% in March 2016 before acquiring Banco Popular Español's stake on June 2, 2017 and becoming the sole shareholder. The Crédit Mutuel-CM11 Group has also developed various partnerships and acquired various minority interests, including interests in Banque de Tunisie, and Banque Marocaine du Commerce Extérieur. The Crédit Mutuel-CM11 Group has no presence in Greece, Cyprus or Ireland, and only a small presence in Italy and Portugal (in each case through Cofidis).

Organisational Structure of the Crédit Mutuel-CM11 Group

As a result of the historical development described above, the Crédit Mutuel-CM11 Group currently includes the following principal entities:

- 1,380 Local Banks owned by almost 5 million shareholding members, with nearly 16,000 locally elected board members who serve without compensation and anchor the Local Banks in their communities. The activities of the Local Banks are exclusively focussed on retail banking and distribution of insurance and other Crédit Mutuel-CM11 Group products and services.

- The CF de CM, in which the Local Banks own 88.3% of the share capital as of December 31, 2017 and a group insurance company owns the remainder.

- BFCM, in which the CF de CM owns 93.0% of the share capital as of December 31, 2017 and various Local Banks the remainder. See "—Role of BFCM in the Crédit Mutuel-CM11 Group" for information on the activities of BFCM.

- CIC (Crédit Industriel et Commercial) and subsidiaries, which operate one of the Crédit Mutuel-CM11 Group's retail networks, as well as the Crédit Mutuel-CM11 Group's financing and market, private banking and private equity segments.

- Banque Européenne du Crédit Mutuel (BECM) (formerly "Banque de l'Economie du Commerce et de la Monétique SAS"), owned by BFCM, which has provided financing to the corporate clients of the Crédit Mutuel-CM11 Group retail banks since 1992.

- TARGOBANK Germany, which provides mainly consumer finance in Germany, and TARGOBANK Spain, which concentrates in home loans in Spain.

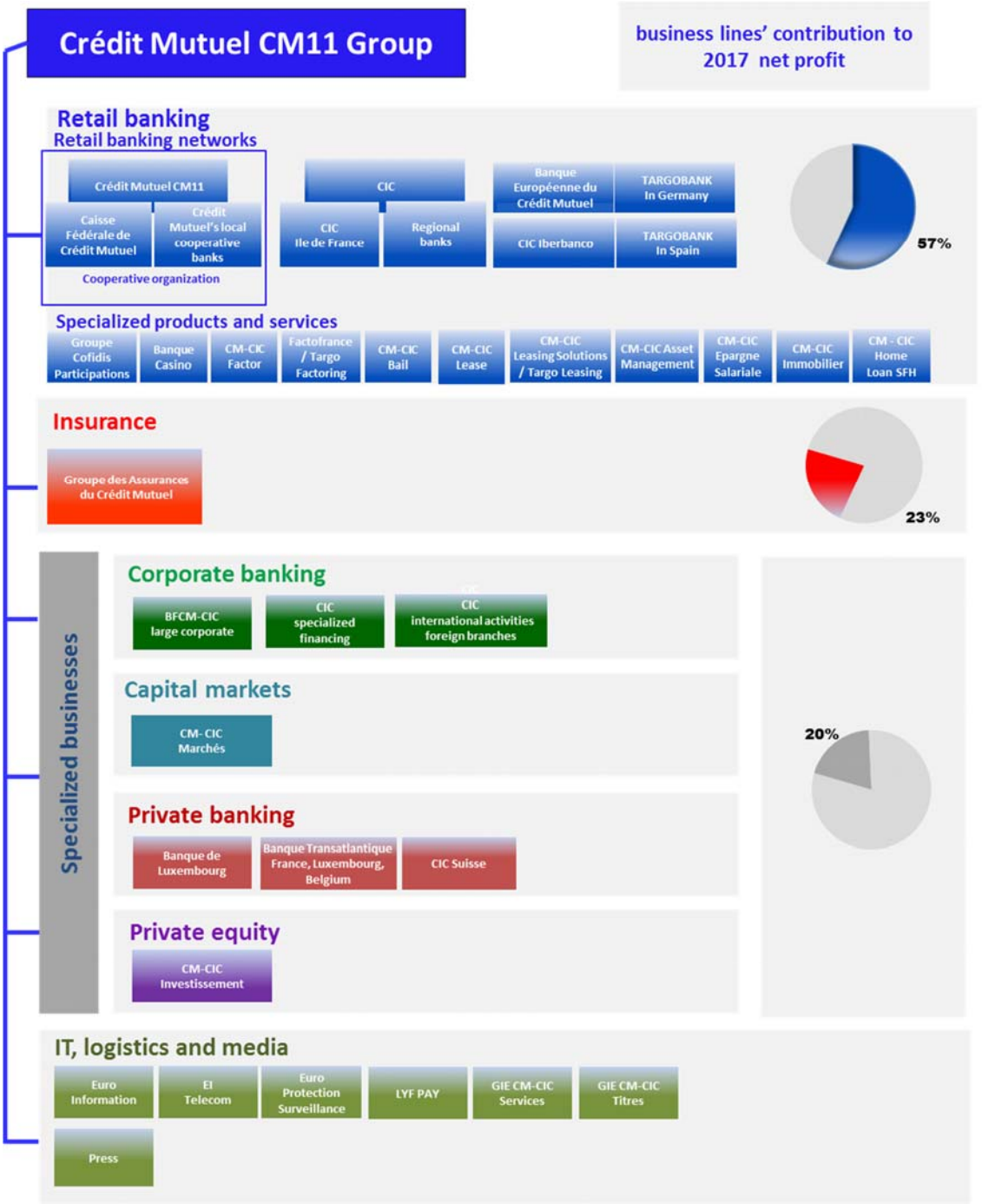
- Cofidis, which is one of the leaders in French consumer finance and also has activities elsewhere in Europe.

- Interests in other international financial institutions in Europe and North Africa.

- GACM and subsidiaries, which operate the Crédit Mutuel-CM11 Group's insurance segment.

- Subsidiaries that provide support functions (such as information technology) or that operate in non-banking sectors such as real estate and press/media.

The following diagram illustrates the structure of the Crédit Mutuel-CM11 Group and its principal entities as of the date of this Base Offering Memorandum:



Role of BFCM in the Crédit Mutuel-CM11 Group

BFCM plays two principal roles in the Crédit Mutuel-CM11 Group. First, BFCM is the central financing arm of the Crédit Mutuel-CM11 Group, acting as the principal issuer of debt securities in international markets. In this capacity, BFCM provides financing to Crédit Mutuel-CM11 Group financial institutions to meet their funding needs, and receives deposits from Crédit Mutuel-CM11 Group financial institutions that have excess liquidity. Second, BFCM is the holding company for all of the Group's businesses, other than the Local Banks that operate the Crédit Mutuel retail banking network.

The financial results of BFCM as the financing arm of the Crédit Mutuel-CM11 Group are included in the financing and market segment of the Crédit Mutuel-CM11 Group. As BFCM is a holding company for the Crédit Mutuel-CM11 Group, BFCM's consolidated financial results reflect the financial results of the Crédit Mutuel-CM11 Group, excluding the results of the Crédit Mutuel retail network. See Sections III.1 "Presentation of the activities and results of the Crédit Mutuel-CM11 Group" and V.2 "BFCM Group's Management Report" in the 2017 Registration Document for more detail.

The Crédit Mutuel-CM11 Group and the Eighteen Crédit Mutuel Federations

There are a total of eighteen Crédit Mutuel federations operating in France. Eleven of these are part of the Crédit Mutuel-CM11 Group. Three federations that are not a part of the Crédit Mutuel-CM11 Group have joined together in a group that operates in a manner that is somewhat similar to that of the Crédit Mutuel-CM11 Group. In addition to the eighteen regional federations, there is a federation with nationwide scope specifically for the farming sector, which is not part of the Crédit Mutuel-CM11 Group.

The Local Banks in the Crédit Mutuel-CM11 Group share a common French bank authorization code, own interests in the CF de CM (and thus BFCM and the BFCM Group), raise external funding through BFCM and pool various administrative resources, such as their risk management structure and information technology system.

The National Crédit Mutuel Confédération and Caisse Centrale

While the local banks in the other seven federations operate outside the Crédit Mutuel-CM11 Group, there is a certain degree of cooperation among all eighteen federations (in addition to the fact that they all operate under the same tradename using the same logo). The local banks in the eighteen federations are collectively represented by the Confédération Nationale du Crédit Mutuel ("**CNCM**"), which acts as the "central body" of the entire Crédit Mutuel network in accordance with French law. The role of the CNCM as "central body" includes representing the entire group (the local banks in all eighteen federations) in dealings with the European Central Bank, which is the European banking regulator (the "**ECB**"), as well as exercising certain supervisory functions with respect to administrative, technical and financial matters. The CNCM is empowered to take any necessary measures in this regard, including causing local banks to merge or to close operations.

The eighteen federations are also members of an institution known as the *Caisse Centrale du Crédit Mutuel* (the "**Caisse Centrale**"). The local banks, through central banks at the level of each federation, are required to place at least 2% of their deposits with the *Caisse Centrale*, which is available to fund the liquidity needs of the local banks (again, through their federation-level central banks). Historically, the *Caisse Centrale* provided funding for federations without direct access to financial markets. Today, that role is largely played by BFCM for the Local Banks in the Crédit Mutuel-CM11 Group.

The Financial Support Mechanism

The local banks are part of a financial support mechanism that operates at both the regional and national levels. At the regional level, the mechanism involves the local banks that are part of the same federation. At the national level, the mechanism involves all eighteen federations, including the seven federations that are not part of the Crédit Mutuel-CM11 Group.

At the regional level, Crédit Mutuel's financial support mechanism is organized in accordance with Article R.511-3 of the French Monetary and Financial Code. This article provides that the ECB acting through ACPR's proposal may, with respect to mutual and cooperative groups, issue a collective license to a local bank for itself and all its affiliated local banks "when the liquidity and solvency of the local banks are guaranteed through this affiliation." Each of the regional central banks

has received a collective license for itself and all of its member local banks. The ACPR has deemed that the liquidity and solvency of the local banks is guaranteed through this affiliation. In addition, each regional federation manages a financial support fund, to which each of the local banks and the regional central bank contribute funds. The regional federation determines the levels of contributions and whether local banks receive subsidies, loans, advances or other assistance from the fund. If the fund were to prove to be insufficient to support a local bank in difficulty, then the regional federation could require the other local banks in that federation (including those in the Crédit Mutuel-CM11 Group) to provide additional support beyond their contributions to the fund.

At the national level, the regional groups' membership in the national CNCM and the *Caisse Centrale* ensures nationwide mutual support. As the central body, the CNCM ensures the mutual support and proper operation of all Crédit Mutuel local banks and guarantees the liquidity and solvency of each member institution and of the entire network. In this respect, it may take all necessary measures to guarantee the liquidity and the solvency of each of the institutions as well as the whole network. As a result, if a local bank were to experience difficulties and the resources of its federation were to prove insufficient, then the CNCM could call upon the other federations to provide support. The federations that are part of the Crédit Mutuel-CM11 Group could in such circumstances be required to provide support to a federation that is not part of the Crédit Mutuel-CM11 Group. While this has never occurred since the Crédit Mutuel-CM11 Group was created, the risk of it occurring in the future cannot be excluded, even if the Crédit Mutuel-CM11 Group considers that it is highly unlikely absent extremely unusual circumstances.

GOVERNMENT SUPERVISION AND REGULATION OF CREDIT INSTITUTIONS IN FRANCE

French Banking Regulatory and Supervisory Bodies

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

The French Supervisory Banking Authorities

In France, the ACPR was created in September 2013 to supervise financial institutions and insurance firms and be in charge of ensuring the protection of consumers and the stability of the financial system. On October 15, 2013, the European Union adopted Regulation (EU) No 1024/2013 establishing a single supervisory mechanism for credit institutions of the euro-zone and opt-in countries (the "**ECB Single Supervisory Mechanism**"), which has conferred specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions. This European regulation has given to the ECB, in conjunction with the relevant national regulatory authorities, direct supervisory authority for certain European credit institutions and banking groups, including the Crédit Mutuel-CM11 Group.

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

- The ECB is exclusively competent to carry out, for prudential supervisory purposes, the following tasks in relation to all credit institutions, regardless of the significance of the credit institution concerned:
    - to authorize credit institutions and to withdraw authorization of credit institutions; and
    - to assess notifications of the acquisition and disposal of qualifying holdings, in other credit institutions, except in the case of a bank resolution.
- The other supervisory tasks are performed by both the ECB and the ACPR, their respective supervisory roles and responsibilities being allocated on the basis of the significance of the supervised entities, with the ECB directly supervising significant banks, such as the Crédit Mutuel-CM11 Group, while the ACPR is in charge of the supervision of the less significant entities. These supervisory tasks include, *inter alia*, the following:
    - to ensure compliance with all prudential requirements laid down in general EU banking rules for credit institutions in the areas of own funds requirements, securitization, large exposure limits, liquidity, leverage, reporting and public disclosure of information on such matters;
    - to carry out supervisory reviews, including stress tests and their possible publication, and on the basis of this supervisory review, to impose where necessary on credit institutions higher prudential requirements to protect financial stability under the conditions provided by EU law;

- to impose robust corporate governance practices (including the fit and proper requirements for the persons responsible for the management process, internal control mechanisms, remuneration policies and practices) and effective internal capital adequacy assessment processes; and

- to carry out supervisory tasks in relation to recovery plans, and early intervention where credit institutions or group does not meet or is likely to breach the applicable prudential requirements, including structural changes required to prevent financial stress or failure but excluding, however, resolution measures.

- The ACPR may apply requirements for capital buffers to be held by credit institutions at the relevant level, in addition to own funds requirements (including countercyclical buffer rates). If deemed necessary, the ECB may, instead of the ACPR but by cooperating closely with it, apply such higher requirements.

Supervisory framework

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

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

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

Where regulations have been violated, the relevant Supervisory Banking Authority may impose administrative sanctions, which may include warnings, fines, suspension or dismissal of managers and deregistration of the bank, resulting in its winding up. The relevant Supervisory

Banking Authority also has the power to appoint a temporary administrator to manage provisionally a bank that it deems to be mismanaged. Insolvency proceedings may be initiated against banks or other credit institutions, or investment firms only after prior approval of the relevant Supervisory Banking Authority.

The Resolution Authority

In France, the ACPR is in charge of implementing measures for the prevention and resolution of banking crises, including, but not limited to, the Bail-In Tool described below. See "—Resolution Measures" below.

Since January 1, 2016, a single resolution board (the "**Single Resolution Board**") established by Regulation (EU) No 806/2014 of the European Parliament and of the Council of July 15, 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a single resolution mechanism and a single resolution fund (the "**Single Resolution Mechanism Regulation**"), together with national authorities, are in charge of resolution planning and preparation of resolution decisions for cross-border credit institutions and banking groups as well as credit institutions and banking groups directly supervised by the ECB, such as the Crédit Mutuel-CM11 Group. The ACPR remains responsible for implementing the resolution plan according to the Single Resolution Board's instructions.

The "**Relevant Resolution Authority**" means the ACPR, the Single Resolution Board and/or any other authority entitled to exercise or participate in the exercise of any bail-in power and the write down or conversion power from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the Single Resolution Mechanism Regulation).

Other French Banking Regulatory and Supervisory Bodies

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

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

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

Banking Regulations

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

Credit institutions such as the Issuer must comply with minimum capital ratio requirements. In addition to these requirements, the principal regulations applicable to credit institutions concern risk diversification and liquidity, monetary policy, restrictions on equity investments and reporting requirements. As of the date hereof, in the various countries in which the Crédit Mutuel-CM11 Group operates, it complies with the specific regulatory ratio requirements in accordance with procedures established by the relevant supervisory authorities.

Minimum Capital Ratio Requirements

French credit institutions are required to maintain minimum capital to cover their credit, market, counterparty and operational risks. Pursuant to the CRD IV Regulation, credit institutions are required to maintain a minimum total capital ratio of 8%, a minimum Tier 1 capital ratio of 6% and a minimum common equity Tier 1 ratio of 4.5%, each to be obtained by dividing the institution's relevant eligible regulatory capital by its total risk exposure (also commonly referred to as risk-weighted assets or RWA) (Pillar 1 capital requirements). The Supervisory Banking Authority may also require French credit institutions to maintain capital in excess of the requirements described above (Pillar 2 capital requirements).

The European Banking Authority ("**EBA**") also published guidelines on December 19, 2014 addressed to competent authorities on common procedures and methodologies for the supervisory review and evaluation process ("**SREP**") which contained guidelines proposing a common approach to determining the amount and composition of additional own funds requirements and which were implemented with effect from January 1, 2016. Under these guidelines, competent authorities should set a composition requirement for the additional own funds requirements to cover certain risks of at least 56% common equity Tier 1 capital and at least 75% Tier 1 capital. The guidelines also contemplate that competent authorities should not set additional own funds requirements in respect of risks which are already covered by capital buffer requirements and/or additional macro-prudential requirements; and, accordingly, the "combined buffer requirement" (referred to below) is in addition to the minimum own funds requirement and to the additional own funds requirement.

Following the results of the 2017 SREP for 2018, the ECB confirmed the level of additional requirement in respect of Pillar 2 for the Crédit Mutuel-CM11 Group that is equal to 1.50% as from January 1, 2018. Taking into account the different additional regulatory buffers (as further described below), the minimum requirement in respect of the common equity Tier 1 ratio required of the Crédit Mutuel-CM11 Group on a consolidated basis was set at 7.88%. As of December 31, 2017, the consolidated common equity Tier 1 ratio (excluding transitional measures) of the Crédit Mutuel-CM11 Group was 16.5%.

In addition, French credit institutions have to comply with certain common equity Tier 1 buffer requirements, including a capital conservation buffer of 2.5% that is applicable to all institutions, the global systemically important institutions buffer of up to 3.5% that is applicable to global-systemically important banks ("**G-SIBs**") and the other systemically important institutions buffer of up to 2% that is applicable to other systemically important banks ("**O-SIBs**"). Where a group, on a consolidated basis, is subject to a G-SIB buffer and an O-SIB buffer, the higher buffer

shall apply. The Crédit Mutuel –CM11 Group is considered an O-SIB (but not a G-SIB) as of the end of 2017, with an O-SIB buffer of 0.50%. If in the future the Crédit Mutuel-CM11 Group were to become a G-SIB, the additional requirements applicable to G-SIBs would apply.

On November 23, 2016, the European Commission proposed amendments to the CRD IV Regulation (which were subsequently modified and remain subject to further amendments) (the "**CRD IV Revision Proposals"**), which among other things would increase the maximum O-SIB buffer to 3%. French credit institutions may also have to comply with other common equity Tier 1 buffers to cover countercyclical and systemic risks. These buffer requirements are being implemented progressively until 2019.

Non-compliance with minimum capital requirements (including Pillar 1 and Pillar 2 requirements) may result in the initiation of resolution measures and possibly the withdrawal of a group's banking license. Non-compliance with capital buffer requirements may result in distribution restrictions (including restrictions on the payment of dividends, Additional Tier 1 coupons and variable compensation).

Under the CRD IV Revision Proposals, each institution would also be expected to maintain a minimum leverage ratio beginning two years from the enactment of the new CRD IV Regulation as revised pursuant to the CRD IV Revision Proposals, defined as an institution's Tier 1 capital divided by its total exposure measure, of 3%. As of December 31, 2017, the leverage ratio of the Crédit Mutual-CM11 Group was 5.9%.

Moreover, in accordance with the revised standards published by the Basel Committee on Banking Supervision on December 7, 2017 to finalize the Basel III post-crisis regulatory reforms, each G-SIB would have to comply with a leverage ratio buffer requirement equal to 50% of the applicable G-SIB's capital buffer as of January 1, 2022. The revised standards of Basel III also include the following elements: (i) a revised standardized approach for credit risk, which will improve the robustness and risk sensitivity of the existing approach, (ii) revisions to the internal ratings-based approach for credit risk, where the use of the most advanced internally modeled approaches for low-default portfolios will be limited, (iii) revisions to the credit valuation adjustment (the "**CVA**") framework, including the removal of the internally modeled approach and the introduction of a revised standardized approach, (iv) a revised standardized approach for operational risk, which will replace the existing standardized approaches and the advanced measurement approaches and (v) an aggregate output floor, which will ensure that banks' risk-weighted assets ("RWAs") generated by internal models are no lower than 72.5% of RWAs as calculated by the Basel III framework's standardized approaches.

The implementation of the amendments to the Basel III framework within the EU may go beyond the Basel Committee standards and provide for European specificities. Therefore, currently no firm conclusion regarding the impact of the revised standards on the future capital requirements of the Group can be made. The revised standards are scheduled to take effect from January 1, 2022, and will be phased in over five years. The Basel Committee has also extended the implementation date of the revised minimum capital requirements for market risk, which was originally set to be implemented on January 1, 2019 to January 1, 2022.

Additional Risk Diversification and Liquidity, Monetary Policy, Restrictions on Equity Investments and Reporting Requirements

French credit institutions must satisfy, on a consolidated basis, certain restrictions relating to concentration of risks (*ratio de contrôle des grands risques*). The aggregate of a French credit institution's loans and a portion of certain other exposures (*risques*) to a single customer (and related entities) may not exceed 25% of the credit institution's eligible capital and, with respect to exposures to certain financial institution, the higher of 25% of the credit institution's eligible capital and €150

million. Certain individual exposures may be subject to specific regulatory requirements. Under the CRD IV Revision Proposals, the capital that can be taken into account to calculate the large exposures limit would be limited to Tier 1 capital, and each G-SIB's exposure to other G-SIBs would be limited to 15% of such G-SIB's Tier 1 capital.

The CRD IV Regulation also introduced liquidity requirements, pursuant to which institutions are required to hold liquid assets, the total value of which would cover the net liquidity outflows that might be experienced under gravely stressed conditions over a period of 30 calendar days. The required liquidity coverage ratio ("**LCR**") is 100% starting in 2018. As of the end of 2017, the Crédit Mutuel-CM11 Group's LCR was 131%.

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

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

French regulations permit only licensed credit institutions to engage in banking activities on a regular basis. Similarly, institutions licensed as banks may not, on a regular basis, engage in activities other than banking, bank-related activities and a limited number of non-banking activities determined pursuant to the regulations issued by the French Minister of Economy. A regulation issued in November 1986 and amended from time to time sets forth an exhaustive list of such non-banking activities and requires revenues from those activities to be limited in the aggregate to a maximum of 10% of total net revenues.

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

Examination

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

foreign subsidiaries and branches, subject to international cooperation agreements) on an unannounced basis.

Deposit Guarantees

All credit institutions operating in France are required by law to be a member of the deposit and resolution guarantee fund (*Fonds de garantie des dépôts et de résolution*), except branches of banks in the European Economic Area ("**EEA**") that are covered by their home country's guarantee system. Domestic customer deposits denominated in euros and currencies of the EEA are covered up to an amount of €100,000 and securities up to an aggregate value of €70,000, in each case per customer and per credit institution. The contribution of each credit institution is calculated on the basis of the aggregate deposits and risk exposure of such credit institution.

Additional Funding

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

Internal Control Procedures

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

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

Compensation Policy

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

Money Laundering

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

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

Resolution Measures

On May 15, 2014, the European Parliament and the Council of the European Union adopted Directive 2014/59/EU, establishing an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**"). The stated aim of the BRRD is to provide relevant resolution authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimize taxpayers' exposure to losses. The BRRD was implemented in France through a decree-law (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) dated August 20, 2015, ratified on December 9, 2016.

Resolution

Under the decree-law, the Relevant Resolution Authority (see "—The Resolution Authority" above) may commence resolution proceedings in respect of an institution when the Relevant Resolution Authority determines that:

- the institution is failing or likely to fail;
- there is no reasonable prospect that another action will prevent the failure within a reasonable time; and
- a resolution measure is required, and a liquidation procedure would fail, to achieve the objectives of the resolution: (i) to ensure the continuity of critical functions, (ii) to avoid a significant adverse effect on the financial system, (iii) to protect public funds by minimizing reliance on extraordinary public financial support, and (iv) to protect client funds and assets, and in particular those of depositors.

Failure of an institution means that it does not respect requirements for continuing authorization, it is unable to pay its debts or other liabilities when they fall due, it requires extraordinary public financial support (subject to limited exceptions), or the value of its liabilities exceeds the value of its assets.

After resolution proceedings are commenced, the Relevant Resolution Authority may use one or more of several resolution tools with a view to recapitalizing or restoring the viability of the institution, as described below. Resolution tools are to be implemented so that shareholders bear losses first, then holders of capital instruments qualifying as additional Tier 1 and Tier 2 instruments, and thereafter creditors bear losses in accordance with the order of their claims in normal insolvency proceedings, subject to certain exceptions. French law also provides for certain safeguards when certain resolution tools and measures are implemented including the "no creditor worse off" principle,

whereby creditors of the institution under resolution should not incur greater losses than they would have incurred had the institution been wound up under a liquidation proceeding.

Limitation on Enforcement

Article 68 of BRRD, as transposed in France, provides that certain crisis prevention measures and crisis management measures, including the opening of a resolution proceeding in respect of the Issuer, may not by themselves give rise to a contractual enforcement right against the Issuer or the right to modify the Issuer's obligations, so long as the Issuer continues to meet its payment obligations. On November 23, 2016, the European Commission proposed amendments to the BRRD (which were subsequently modified and remain subject to further amendments) (the "**BRRD Revision Proposals**") extending this requirement to the suspension of payment and delivery obligations decided by the Relevant Resolution Authority. Accordingly, if a resolution proceeding is opened in respect of the Issuer, holders of the Notes will not have the right to take enforcement actions or to modify the terms of the Notes. Such rights are in any event limited given the absence of events of default and the waiver of set-off rights in the terms and conditions of the Senior Non-Preferred Notes and any Senior Preferred Notes treated as MREL/TLAC eligible.

Write-Down and Conversion of Capital Instruments

Capital instruments may be written down or converted to equity or other instruments either in connection with (and prior to) the opening of a resolution proceeding, or in certain other cases described below (without a resolution proceeding). Capital instruments for these purposes include common equity Tier 1, additional Tier 1 and Tier 2 instruments.

The Relevant Resolution Authority must write down capital instruments, or convert them to equity or other instruments, if it determines that the conditions for the initiation of a resolution procedure have been satisfied, the viability of the issuing institution or its group depends on such write-down or conversion, or the issuing institution or its group requires extraordinary public support (subject to certain exceptions). The principal amount of capital instruments may also be written down or converted to equity or other instruments if (i) the issuing institution or the group to which it belongs is failing or likely to fail and the write-down or conversion is necessary to avoid such failure, (ii) the viability of the institution depends on the write-down or conversion (and there is no reasonable perspective that another measure, including a resolution measure, could avoid the failure of the issuing institution or its group in a reasonable time), or (iii) the institution or its group requires extraordinary public support (subject to certain exceptions). The failure of an issuing institution is determined in the manner described above. The failure of a group is considered to occur or be likely if the group breaches its consolidated capital ratios or if such a breach is likely to occur in the near term, based on objective evidence (such as the incurrence of substantial losses that are likely to deplete the group's own funds).

If one or more of these conditions is met, common equity Tier 1 instruments are first written down, transferred to creditors or, if the institution enters resolution and its net assets are positive, significantly diluted by the conversion of other capital instruments and eligible liabilities. Once this has occurred, other capital instruments (first additional Tier 1 instruments, then Tier 2 instruments) are either written down or converted to common equity Tier 1 instruments or other instruments (which are also subject to possible write-down).

The Bail-In Tool

Once a resolution procedure is initiated, the powers provided to the Relevant Resolution Authority include the "Bail-In Tool", meaning the power to write down eligible liabilities of a credit institution in resolution, or to convert them to equity. Eligible liabilities include all non-excluded liabilities, including subordinated debt instruments not qualifying as capital instruments, unsecured

senior non-preferred debt instruments (such as the Senior Non-Preferred Notes) and unsecured senior preferred debt instruments (such as the Senior Preferred Notes). The Bail-In Tool may also be applied to any liabilities that are capital instruments and that remain outstanding at the time the Bail-In Tool is applied.

Before the Relevant Resolution Authority may exercise the Bail-In Tool in respect of eligible liabilities, capital instruments must first be written down or converted to equity or other instruments, in the following order of priority: (i) common equity Tier 1 instruments are to be written down first, (ii) other capital instruments (additional Tier 1 instruments) are to be written down or converted into common equity Tier 1 instruments and (iii) Tier 2 capital instruments are to be written down or converted to common equity Tier 1 instruments. Once this has occurred, the Bail-In Tool may be used to write down or convert eligible liabilities as follows: (i) subordinated debt instruments other than capital instruments are to be written down or converted into common equity Tier 1 instruments in accordance with the hierarchy of claims in normal insolvency proceedings, and (ii) other eligible liabilities are to be written down or converted into common equity Tier 1 instruments, in accordance with the hierarchy of claims in normal insolvency proceedings. In this regard, unsecured senior non-preferred debt instruments (such as the Senior Non-Preferred Notes) would be written down or converted to equity before any Senior Preferred Obligations (such as the Senior Preferred Notes) of the Issuer. Instruments of the same ranking are generally written down or converted into equity on a pro rata basis.

Other resolution measures

In addition to the Bail-In Tool, the Relevant Resolution Authority is provided with broad powers to implement other resolution measures with respect to failing institutions or, under certain circumstances, their groups, which may include (without limitation): the total or partial sale of the institution's business to a third party or a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), discontinuing the listing and admission to trading of financial instruments, the dismissal of managers or the appointment of a temporary administrator (*administrateur spécial*) and the issuance of new equity or own funds.

When using its powers, the Relevant Resolution Authority must take into account the situation of the concerned group or institution under resolution and potential consequences of its decisions in the concerned Member States.

Recovery and resolution plans

Each institution or group must prepare a recovery plan (*plan préventif de rétablissement*) that will be reviewed by the Supervisory Banking Authority. This obligation should not arise with respect to an entity within the group that is already supervised on a consolidated basis. The Relevant Resolution Authority is in turn required to prepare a resolution plan (*plan préventif de résolution*) for such institution or group:

- Recovery plans must set out measures contemplated in case of a significant deterioration of an institution's financial situation. Such plans must be updated on a yearly basis (or immediately following a significant change in an institution's organization or business). The Supervisory Banking Authority must assess the recovery plan to determine whether the implementation of the arrangements proposed is reasonably likely to maintain or restore the viability and financial position of the institution or of the group, also review whether the plan could impede the resolution powers if a resolution is commenced, and, as necessary, can require modifications or request changes in an institution's organization.

- Resolution plans prepared by the Relevant Resolution Authority must set out, in advance of any failure, how the various resolution powers set out above are to be implemented for each institution, given its specific circumstances. Such plans must also be updated on a yearly basis (or immediately following a significant change in an institution's organization or business).

The Single Resolution Fund

As of January 1, 2016, the Single Resolution Mechanism Regulation provides for the establishment of a single resolution fund that may be used by the Single Resolution Board to support a resolution plan (the "**Single Resolution Fund**"). The Single Resolution Fund has replaced national resolution funds implemented pursuant to the BRRD with respect to significant banks such as the Issuer. This Single Resolution Fund is financed by contributions raised from banks (such contributions are based on the amount of each bank's liabilities, excluding own funds and covered deposits, and adjusted for risks). The Single Resolution Fund will be gradually built up during an eight-year period (2016-2023) and shall reach at least 1% of covered deposits by December 31, 2023. At June 30, 2017, the Single Resolution Fund had €17.4 billion available.

MREL and TLAC

Under the BRRD, to ensure that the Bail-in Tool will be effective if it is ever needed, institutions are required to maintain a minimum level of own funds and eligible liabilities, calculated as a percentage of their own funds and total liabilities (including unsubordinated liabilities) based on certain criteria including systemic importance. The percentage is determined for each institution by the Relevant Resolution Authority. This minimum level is known as the "minimum requirement for own funds and eligible liabilities" or "MREL" and is to be set in accordance with Article 45 of the BRRD and Commission Delegated Regulation (EU) 2016/1450 of May 23, 2016.

On November 9, 2015, the Financial Stability Board (the "**FSB**") proposed in a document entitled "Principles of Loss–absorbing and Recapitalisation Capacity of GSIBs in Resolution" (the "**FSB TLAC Term Sheet**") that G-SIBs maintain significant amounts of liabilities that are subordinated (by law, contract or structurally) to certain priority liabilities that are excluded from these so-called "**TLAC**" (or "**total loss-absorbing capacity**") requirements, such as guaranteed or insured deposits and derivatives. The TLAC requirements are intended to ensure that losses are absorbed by shareholders and creditors, other than creditors in respect of excluded liabilities, rather than being borne by government support systems. The TLAC requirement will impose a level of "**Minimum TLAC**" that will be determined individually for each G-SIB, and that will be at least equal to (i) 16% of risk-weighted assets beginning January 1, 2019, and 18% of risk-weighted assets beginning January 1, 2022, and (ii) 6% of the Basel III leverage ratio denominator beginning January 1, 2019, and 6.75% beginning January 1, 2022 (each of which could be extended by additional firm-specific requirements or buffer requirements). The TLAC requirements will, if adopted and implemented in France, apply in addition to capital requirements applicable to a given G-SIB. Even though TLAC and MREL pursue the same regulatory objective, their respective requirements and criteria differ.

The CRD IV Revision Proposals and the BRRD Revision Proposals (together, the "**Proposals**") would give effect to the FSB TLAC Term Sheet, as amended from time to time, and modify the requirements applicable to MREL. The main objective of the Proposals is to implement and integrate the TLAC requirements into the MREL rules thereby avoiding duplication from the application of two parallel requirements and ensuring that both requirements are met with largely similar instruments. Under the Proposals, G-SIBs would be required to comply with Pillar 1 MREL requirements equivalent to the Minimum TLAC requirements mentioned above (G-SIBs may also be required to comply with additional MREL requirements as decided by the Relevant Resolution Authority, or Pillar 2 G-SIB MREL requirements). The BRRD Revision Proposals also provide that

each banking group must comply with an MREL requirement sufficient to provide for effective recapitalization following the institution of resolution proceedings, resulting in the restoration of the group's minimum capital ratios and minimum leverage ratio. There are currently several versions of the BRRD Revision Proposals designed to give effect to this principle that are under consideration, and it is not possible to predict the final form that any amendments to the BRRD will ultimately take.

The Proposals provide a number of new criteria in order for an instrument to be considered an eligible liability for purposes of the MREL requirements. In particular, such instruments may not provide for acceleration, and they must not allow their holders to exercise setoff rights. For purposes of the Pillar 1 MREL requirements applicable only to G-SIBs (and thus currently not applicable to the Crédit Mutuel-CM11 Group), eligible liabilities must generally be subordinated to certain excluded liabilities (including covered deposits and certain derivatives), except that unsubordinated debt (such as the Senior Preferred Notes) may count towards the minimum Pillar 1 MREL requirements in an amount up to 2.5% of total risk exposure through January 1, 2022 and up to 3.5% thereafter. For purposes of the MREL requirements applicable to other banking groups (including Pillar 2 G-SIB MREL requirements), eligible liabilities generally are not required to be subordinated, except that the Relevant Resolution Authority may impose a subordination requirement in certain circumstances under discussion, including to the extent that the absence of subordination might give rise to a claim that the application of the Bail-in Tool to unsubordinated liabilities would violate the "no creditor worse off" principle. Accordingly, it currently is not possible to determine the extent to which unsubordinated liabilities (such as the Senior Preferred Notes) may count as eligible liabilities for purposes of the MREL requirements. The most recent versions of the Proposals include grandfathering clauses designed to ensure that instruments issued before the adoption of the CRR and the BRRD amendments will count as eligible liabilities. These Proposals also provide that MREL requirements will be fully applicable after a transition period ending January 1, 2024 (with an intermediate target established as of January 1, 2022).

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes that will be attached to or incorporated by reference into each Global Note and that will be endorsed upon each certificated Note. The Global Notes may take the form of one or more master notes representing one or more series of Notes. The applicable supplement or Pricing Supplement prepared by, or on behalf of, the Issuer in relation to any Notes may specify other terms and conditions that shall, to the extent so specified or to the extent inconsistent with the terms of the Notes set forth herein, replace such terms for the purposes of a specific issue of Notes. Any other such terms and conditions as set forth in the applicable supplement or Pricing Supplement will be incorporated into, or attached to, each Global Note and endorsed upon each certificated Note. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Agency Agreement (as defined below) or in the applicable supplement or Pricing Supplement unless the context otherwise requires or unless otherwise stated.

In addition to the Terms and Conditions below, the Issuer may decide from time to time to issue Notes under other terms and conditions, including but not limited to subordinated Notes, dual currency notes, zero-coupon Notes, linked Notes or indexed Notes. The terms of conditions of any such Notes will be set forth in a supplement to this Base Offering Memorandum and/or the relevant Pricing Supplement.

This Note is one of a Series of the Notes ("**Notes**," which expression shall include (i) in relation to any Notes represented by a Global Note (defined below), units of the lowest specified denomination ("**Specified Denomination**") in the Specified Currency (defined below) of the relevant Notes, and (ii) certificated Notes issued in exchange (or part exchange) for a Global Note) issued subject to, and with the benefit of, an Agency Agreement (as it may be updated or supplemented from time to time, the "**Agency Agreement**") dated October 8, 2013, and made among the Issuer, Citibank, N.A., London Branch, as calculation agent (the "**Calculation Agent**"), fiscal agent (the "**Fiscal Agent**"), principal paying agent (the "**Principal Paying Agent**" and, together with the Fiscal Agent, the "**Fiscal and Principal Paying Agent**"), transfer agent ("**Transfer Agent**") and ("**Exchange Agent**") and Citigroup Global Markets Europe AG, as registrar (the "**Registrar**"). The Principal Paying Agent, any additional paying agent (each a "**Paying Agent**" and, together with the Fiscal Agent, the "**Paying Agents**"), the Registrar, the Transfer Agent and the Calculation Agent are referred to together as the "Agents."

As used herein, "**Tranche**" means Notes that are identical in all respects and "**Series**" means each original issue of Notes together with any further issues expressed to form a single series with the original issue that are denominated in the same currency and that have the same maturity date or redemption date, as the case may be, interest basis and interest payment dates, if any, and the terms of which, save for the issue date or interest commencement date and the issue price, are otherwise identical, and the expressions "Notes of the relevant Series" and "holders of Notes of the relevant Series" and related expressions shall be construed accordingly. If Notes of a further issue have the same CUSIP, ISIN or other identifying number as that of an original issue, the Notes of the further issue must be fungible with that of the original issue for U.S. federal income tax purposes.

To the extent the Pricing Supplement (or the supplement, if applicable) for a particular Series of Notes specifies other terms and conditions that are in addition to, or inconsistent with, the terms and conditions as described herein, such new terms and conditions shall apply to such Series of Notes.

1. Form, Denomination, Title and Transfer

(a) Form, Denomination and Title

(i) The Notes are in global form ("**Global Notes**"), in the Specified Currency and Specified Denominations. Beneficial interests in the Global Notes will trade only in book-entry form, and Global Notes representing such beneficial

interests (which may be in the form of one or more master notes), will be registered in the name of Cede & Co., as nominee for DTC, and deposited with a custodian for DTC, as described in the Agency Agreement. The Notes are, to the extent specified in the relevant Pricing Supplement, Fixed Rate Notes, Floating Rate Notes or any other types of Notes specified in the relevant Pricing Supplement, subject to all applicable laws and regulations, any other type of Notes specified in the relevant Pricing Supplement.

(ii) The Issuer shall procure that there shall at all times be a Fiscal and Principal Paying Agent and one or more Paying Agents, which can be the Fiscal and Principal Paying Agent, for so long as any Note is outstanding. The Issuer has appointed the Registrar at its office specified below to act as registrar of the Notes. The Issuer shall cause to be kept at the specified office of the Registrar, for the time being at 5th Floor Reuterweg 16, 60323 Frankfurt, Germany, a Register on which shall be entered, among other things, the name and address of the holders of Notes and particulars of all transfers of title to Notes.

(iii) References to "**Noteholders**" and "**Holders**" mean the person or entity in whose name Notes are registered in the Register maintained for this purpose pursuant to the Agency Agreement. For so long as DTC or its nominee is the registered owner or holder of a Global Note of a Series, DTC or such nominee, as the case may be, will be considered the sole Holder of the Notes represented by such Global Note for all purposes under the Agency Agreement and the Notes, except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

(iv) Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC and, as participants in DTC, Euroclear and/or Clearstream, Luxembourg.

(v) The Notes will not be issued in certificated form, and beneficial interests in the Global Notes may not be exchanged for definitive certificated Notes, except as set forth under "—Transfers and Exchanges of Notes."

(b) Transfers and Exchanges of Notes

(i) Transfers of interests in Global Notes

Transfers of beneficial interests in Global Notes will be effected by DTC, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in certificated form only in the Specified Denominations and only in accordance with the terms and conditions specified below and in the Agency Agreement.

(ii) Transfers of Notes in certificated form

Subject as provided in paragraph (v) below and to compliance with all applicable legal and regulatory restrictions, upon the terms and subject to the conditions set forth in the Agency Agreement, including the transfer restrictions contained therein, a Note in certificated form may be transferred in whole or in part (in the Specified Denominations). In order to effect any such transfer (A) the holder or holders must (1) surrender the Note for registration

of the transfer of the Note (or the relevant part of the Note) at the specified office of a Registrar or Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his, her or their attorney or attorneys duly authorized in writing and (2) complete and deposit such other certifications specified in the Agency Agreement and as may be required by such Registrar or Transfer Agent and (B) such Registrar or Transfer Agent must, after due and careful inquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Registrar and Transfer Agent may from time to time prescribe (the initial such regulations being set out in Schedule 5 to the Agency Agreement). Subject as provided above, the Registrar or Transfer Agent will, within three (3) Business Days of the request (or within twenty-one (21) Business Days if the transfer is of Notes represented by a Global Certificate where such Certificate is to be represented by an individual Certificate or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) procure the authentication and delivery of, to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Note in certificated form of a like aggregate nominal amount to the Note (or the relevant part of the Note) transferred. In the case of the transfer of only part of a Note in certificated form, a new Note in certificated form in respect of the balance of the Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(iii) Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 4 (*Redemption, Purchase, Substitution and Variation and Cancellation*), the Issuer shall not be required to register the transfer of any Note, or part of a Note, called for partial redemption.

(iv) Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular, uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(v) Exchanges and transfers of Notes generally

(1) Beneficial interests in Global Notes will not be exchangeable for certificated Notes and will not otherwise be issuable as certificated Notes unless:

(A) an Event of Default under the Notes of that Series has occurred and is continuing;

(B) DTC notifies the Issuer that it is unwilling or unable to continue as depositary and the Issuer does not appoint a successor within ninety (90) calendar days; or

(C) DTC ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and the Issuer does not appoint a successor within ninety (90) calendar days.

If any of the events described in the preceding paragraph occurs, the Issuer will issue definitive Notes in certificated form in an amount equal to a holder's beneficial interest in the Notes. Certificated Notes

will be issued only in the Specified Denomination, and will be registered in the name of the person DTC specifies in a written instruction to the Registrar of the Notes.

(2) Holders of Notes in certificated form may exchange such Notes for interests in a Global Note (if any) of the same Series at any time, subject to compliance with all applicable legal and regulatory restrictions and upon the terms and subject to the conditions set forth in the Agency Agreement.

2. Status of the Notes

Notes may be either senior preferred notes ("**Senior Preferred Notes**") or senior non-preferred notes ("**Senior Non-Preferred Notes**"), as specified in the relevant Pricing Supplement.

(a) Status of Senior Preferred Notes

Senior Preferred Notes (being those Notes identified as Senior Preferred Notes in the relevant Pricing Supplement) will constitute direct, unconditional, unsecured and senior (*chirographaires*) obligations of the Issuer ranking as Senior Preferred Obligations and rank and will rank equally and rateably without any preference or priority among themselves and:

(i) *pari passu* with all other direct, unconditional, unsecured and senior or unsubordinated obligations of the Issuer outstanding as of the date of entry into force of the law n°2016-1691 dated December 9, 2016 (the "**Law**") on December 11, 2016;

(ii) *pari passu* with all other present or future Senior Preferred Obligations of the Issuer issued after the date of entry into force of the Law on December 11, 2016;

(iii) junior to all present or future obligations of the Issuer benefiting from statutorily preferred exceptions; and

(iv) senior to all present or future Senior Non-Preferred Obligations of the Issuer (including any Senior Non-Preferred Notes) and any obligations ranking *pari passu* or junior to Senior Non-Preferred Obligations of the Issuer.

"**Senior Non-Preferred Obligations**" means any senior obligations (including Senior Non-Preferred Notes) of, or other senior instruments issued by, the Issuer which fall or are expressed to fall within the category of obligations described in Article L. 613-30-3–I-4°. of the French Monetary and Financial Code.

"**Senior Preferred Obligations**" means any senior obligations (including Senior Preferred Notes) of, or other senior instruments issued by, the Issuer, which fall or are expressed to fall within the category of obligations described in Article L. 613-30-3–I-3°. of the French Monetary and Financial Code.

(b) Status of Senior Non-Preferred Notes

Senior Non-Preferred Notes (being those Notes identified as Senior Non-Preferred Notes in the relevant Pricing Supplement) will constitute direct, unconditional, unsecured and senior (*chirographaires*) obligations of the Issuer ranking as Senior Non-Preferred Obligations and rank and will rank equally and rateably without any preference or priority among themselves and:

(i) *pari passu* with all other present or future Senior Non-Preferred Obligations of the Issuer;

(ii) junior to all present or future Senior Preferred Obligations of the Issuer; and

(iii) senior to all present or future subordinated obligations of the Issuer (including any subordinated Notes) and any obligations ranking *pari passu* or junior to subordinated obligations of the Issuer.

Subject to applicable law, in the event any judgment is rendered by any competent court declaring the judicial liquidation of the Issuer or if the Issuer is liquidated for any other reason, the rights of payment of the holders of Senior Non-Preferred Notes will be subordinated to the payment in full of all present or future holders of Senior Preferred Obligations and holders of, or creditors in respect of, obligations expressed by their terms to rank in priority to the Senior Non-Preferred Notes and of those preferred by mandatory and/or overriding provisions of law (collectively, "**Senior Preferred Creditors**") and, subject to such payment in full, the holders of Senior Non-Preferred Notes will be paid in priority to any present or future subordinated obligations of the Issuer. In the event of incomplete payment of Senior Preferred Creditors, the obligations of the Issuer in connection with the Senior Non-Preferred Notes will be terminated.

3. Interest and Other Calculations

(a) Rate of Interest and Accrual

Each Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each applicable Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 3(d) (*Margin, Maximum/Minimum Rates of Interest, Installment Amounts and Redemption Amounts and Rounding*).

(b) Business Day Convention

If any date referred to herein that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(i) the Floating Rate Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;

(ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day;

(iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(c) Rate of Interest on Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Pricing Supplement and, except as otherwise specified in the relevant Pricing Supplement, the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Pricing Supplement.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (i), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions (as defined below) and under which:

(1) the Floating Rate Option is as specified in the relevant Pricing Supplement;

(2) the Designated Maturity is a period specified in the relevant Pricing Supplement; and

(3) the relevant Reset Date is the first day of that Interest Accrual Period, unless otherwise specified in the relevant Pricing Supplement.

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

(ii) Screen Rate Determination for Floating Rate Notes

(1) Where Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Relevant Rate which appears or appear, as the case may be, on the Relevant Screen Page (or any other such page as may replace that page on the relevant service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) (the "**Relevant Screen Page Rate**") as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR, each a "**Principal Financial Centre**") on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Relevant Rate from time to time in respect of Floating Rate Notes is specified in the relevant Pricing Supplement as being other than LIBOR, EURIBOR, or other specified Rate of Interest in respect of such Notes will be determined as provided in the relevant Pricing Supplement.

(2) if the Relevant Screen Page is not available or if subparagraph (1)(A) applies and no such offered quotation appears on the Relevant Screen Page, or if subparagraph (1)(B) applies and fewer than three offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, except as provided in subparagraph 4 below, the Calculation Agent shall request, if the Relevant Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Relevant Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Relevant Rate if the Relevant Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Relevant Rate is EURIBOR, at approximately 11.00 a.m. (Brussels Time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent;

(3) if paragraph (2) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Relevant Rate is LIBOR, at approximately 11.00 a.m. (London time) or if the Relevant Rate is EURIBOR, at approximately 11.00 a.m. (Brussels Time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Relevant Rate by leading banks in, if the Relevant Rate is LIBOR, the London inter-bank market or, if the Relevant Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Relevant Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Relevant Rate, at which, if the Relevant Rate is LIBOR, at approximately 11.00 a.m. (London time) or if the Relevant Rate is EURIBOR, at approximately 11.00 a.m. (Brussels Time) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Relevant Rate is LIBOR, the London inter-bank market or, if the Relevant Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be

determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin, Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period). Notwithstanding the foregoing, if the Issuer determines that the absence of quotations is due to the discontinuation of the Relevant Screen Page Rate, then the Relevant Rate will be determined in accordance with paragraph (4) below.

(4) Notwithstanding paragraphs (2) and (3) above, if the Issuer or the Calculation Agent determines at any time prior to, on or following any Interest Determination Date, that (x) the Relevant Screen Page Rate has been discontinued or (y) the authorization or registration of ICE Benchmark Administration (or any other administrator of the Relevant Screen Page Rate) is withdrawn pursuant to Article 35 of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**") or under any successor laws or regulations and no successor administrator with such authorization or registration is named in respect of the Relevant Screen Page Rate, the Issuer will as soon as reasonably practicable (and in any event prior to the next relevant Interest Determination Date) appoint an agent (the "**Reference Rate Determination Agent**"), which will determine whether a substitute or successor rate for purposes of determining the Relevant Rate on each Interest Determination Date falling on such date or thereafter that is substantially comparable (after taking into account any adjustments) to the Relevant Screen Page Rate is available. If the Reference Rate Determination Agent determines that there is a substantially comparable successor rate (after taking into account any adjustments), the Reference Rate Determination Agent will use such successor rate to determine the Relevant Rate. If the Reference Rate Determination Agent has determined a substitute or successor rate in accordance with the foregoing (such rate, the "**Replacement Reference Rate**"), for purposes of determining the Relevant Rate on each Interest Determination Date falling on or after such determination, (i) the Reference Rate Determination Agent will also determine changes (if any) to the business day convention, the definition of business day, the interest determination date, the day count fraction, and any method for obtaining the Replacement Reference Rate, including any adjustment factor needed to make such Replacement Reference Rate substantially comparable to the Relevant Screen Page Rate, in each case in a manner that is consistent with industry-accepted practices for such Replacement Reference Rate; (ii) references to the Relevant Rate in the terms and conditions and the Pricing Supplement applicable to the relevant Notes will be deemed to be references to the Replacement Reference Rate, including any alternative method for determining such rate as described in (i) above; (iii) the Reference Rate Determination Agent will notify the Issuer of the foregoing as soon as reasonably practicable; and (iv) the Issuer will give notice as soon as reasonably practicable to the Noteholders, the Fiscal and Principal Paying Agent

and the Calculation Agent specifying the Replacement Reference Rate, as well as the details described in (i) above.

The determination of the Replacement Reference Rate and the other matters referred to above by the Reference Rate Determination Agent will (in the absence of manifest error) be final and binding on the Issuer, the Calculation Agent, the Fiscal and Principal Paying Agent and the Noteholders unless the Issuer considers at a later date that the Replacement Reference Rate is no longer substantially comparable to the Relevant Rate or does not constitute an industry accepted successor rate, in which case the Issuer shall re-appoint a Reference Rate Determination Agent (which may or may not be the same entity as the original Reference Rate Determination Agent) for the purpose of confirming the Replacement Reference Rate or determining a substitute Replacement Reference Rate in an identical manner as described in the preceding paragraph, which will then (in the absence of manifest error) be final and binding on the Issuer, the Calculation Agent, the Fiscal and Principal Paying Agent and the Noteholders. If the Reference Rate Determination Agent is unable to or otherwise does not determine a substitute Replacement Reference Rate, then the last known Replacement Reference Rate will remain unchanged.

If (i) the Reference Rate Determination Agent determines that the Relevant Screen Page Rate has been discontinued or the authorization or registration of a relevant administrator is withdrawn, but for any reason a Replacement Reference Rate has not been determined on or prior to the Interest Determination Cut-off Date, or (ii) the Issuer determines that the replacement of the Relevant Screen Page Rate with the Replacement Reference Rate or any other amendment to the terms of the Notes necessary to implement such replacement would result in (in the case of Senior Non-Preferred Notes or, if applicable, Senior Preferred Notes) an MREL or TLAC Disqualification Event or in the Relevant Regulator treating the next Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date, no Replacement Reference Rate will be adopted, and the Relevant Screen Page Rate for the relevant Interest Accrual Period will be equal to the last Relevant Screen Page Rate available for the immediately preceding Interest Period on the Relevant Screen Page as determined by the Calculation Agent.

The Reference Rate Determination Agent may be (i) a leading bank or a broker-dealer in the principal financial center of the Specified Currency (which may include one of the Dealers) as appointed by the Issuer, (ii) the Issuer, (iii) an affiliate of the Issuer, (iv) the Calculation Agent (if agreed in writing by the relevant Calculation Agent) or (v) any other entity which the Issuer considers has the necessary competencies to carry out such role.

"**Interest Determination Cut-off Date**" means the date which falls five (5) calendar days before the end of the Interest Accrual Period relating to the Interest Determination Date in respect of which the provisions of paragraph (3)(C)(ii)(4) of Condition 3 shall be applied by the Issuer.

(d) Margin, Maximum/Minimum Rates of Interest, Installment Amounts and Redemption Amounts and Rounding:

(i) If any Margin is specified in the relevant Pricing Supplement (either generally, or in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, if the Margin is applicable generally, or the Rates of Interest for the specified Interest Accrual Period(s), if the Margin is applicable to one or more Interest Accrual Periods, calculated by adding (if a positive number) the value of such Margin to the Relevant Interest Rate or subtracting the absolute value of such Margin (if a negative number) from the Relevant Interest Rate, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest, Installment Amount or Redemption Amount is specified in the relevant Pricing Supplement, then any Rate of Interest, Installment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be. Whether or not a Maximum or Minimum Rate of Interest is specified in the relevant Pricing Supplement, in no event shall the Rate of Interest (including any applicable Margin) be less than zero.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest fifth decimal (with halves being rounded up), (y) all figures shall be rounded to seven (7) decimal places (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency.

(e) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the relevant Pricing Supplement, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Accrual Period comprises two or more Interest Accrual Periods, the Interest Amounts payable in respect of such Interest Accrual Period shall be the sum of the amounts of interest payable per Calculation Amount in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(f) Determination and Notification of Rates of Interest, Interest Amounts, Redemption Amounts and Installment Amounts

The Calculation Agent shall, as soon as practicable on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Installment Amount, obtain any quote or make any determination or calculation, determine the Rate of Interest and calculate the relevant Interest Amount for the relevant Interest Accrual Period, calculate the Redemption Amount or Installment Amount, obtain such quote or make such

determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Installment Amount to be notified to the Fiscal and Principal Paying Agent, the Issuer, each of the Paying Agents, the Noteholders (in accordance with Condition 12 (*Notices*)), any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange (or listing agent as the case may be) as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Accrual Period, if determined prior to such time, in the case of notification of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Accrual Period Date is subject to adjustment pursuant to Condition 3(b) (*Business Day Convention*), the Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Accrual Period or the Interest Accrual Period. If the Notes become due and payable under Condition 7 (*Events of Default*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 3 but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of each Rate of Interest, Interest Amount, Redemption Amount and Installment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(g) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Pricing Supplement and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the terms and conditions of the Notes. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Installment Amount or the Redemption Amount or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, or swap market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal New York office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(h) Interest Payments

Interest will be paid subject to and in accordance with the provisions of Condition 5 (*Payments*). Interest will cease to accrue on each Note, or, in the case of the redemption only of part of a Note, that part only of such Note, on the due date for redemption thereof unless, upon due presentation thereof (if required) payment of principal is improperly withheld or refused, in which event interest will continue to accrue, as well after as before any 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 holder of such Note and (ii) the day on which the Fiscal and Principal Paying Agent has notified the holder thereof, either in accordance with Condition 12 (*Notices*) or individually, of receipt of all sums due in respect thereof up to that date.

(i) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3 by the Calculation Agent shall (in the absence of willful misconduct, gross negligence or manifest error)

be binding on the Issuer, the Calculation Agent, the Paying Agents and all Noteholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

Neither the Issuer nor the other Agents shall have any responsibility to any person for any errors or omissions in (i) the calculation by the Calculation Agent of any amount due in respect of the Notes or (ii) any determination made by the Calculation Agent in relation to the Notes and, in each case, the Calculation Agent shall not be so responsible in the absence of its gross negligence or willful misconduct.

4. Redemption, Purchase, Substitution and Variation and Cancellation

(a) Final Redemption and Redemption by Installments

(i) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to the Issuer's or any Noteholder's option in accordance with Condition 4(b) (*Redemption for Taxation Reasons*), 4(c) (*Redemption upon the occurrence of an MREL or TLAC Disqualification Event*), 4(d) (*Purchases*), 4(f) (*Redemption at the Option of the Issuer ("Issuer Call")*), 4(g) (*Redemption at the Option of the Noteholders ("Noteholder Put")*) or 4(j) (*Cancellation*), each Note shall be finally redeemed on the Maturity Date specified in the relevant Pricing Supplement at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount or, in the case of a Note falling within paragraph (ii) below, its final Installment Amount).

(ii) Unless previously redeemed, purchased and cancelled as provided above or the relevant Installment Date (being one of the dates so specified in the relevant Pricing Supplement) is extended pursuant to the Issuer's or any Noteholder's option in accordance with Condition 4(b) (*Redemption for Taxation Reasons*), 4(c) (*Redemption upon the occurrence of an MREL or TLAC Disqualification Event*), 4(d) (*Purchases*), 4(f) (*Redemption at the Option of the Issuer ("Issuer Call")*), 4(g) (*Redemption at the Option of the Noteholders ("Noteholder Put")*) or 4(j) (*Cancellation*), each Note that provides for Installment Dates and Installment Amounts shall be partially redeemed on each Installment Date at the related Installment Amount specified in the relevant Pricing Supplement. The outstanding nominal amount of each such Note shall be reduced by the Installment Amount (or, if such Installment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Installment Date, unless payment of the Installment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Installment Amount.

(b) Redemption for Taxation Reasons

(i) If as a result of any change in, or in the official interpretation or administration of, any laws or regulations of a Tax Jurisdiction (as described in paragraph 6(a)) or any other authority thereof or therein becoming effective on or after the Issue Date (or the Issue Date of any Notes with which the relevant Notes form a single Series) the Issuer would be required to pay additional amounts in respect of the interest in connection with the Notes of any Series (a "**Withholding Tax Event**") as provided in Condition 6 (*Taxation*), then the Issuer may, subject to the provisions of Condition 4(i), at

its option on any Interest Payment Date, or if so specified in the relevant Pricing Supplement, at any time, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 12 (*Notices*), redeem all, but not some only, of the Notes of such Series at their Early Redemption Amount (together with any interest accrued to the date set for redemption), provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date upon which the Issuer could make payment without withholding for such taxes, and provided further that the obligation to pay such additional amounts of interest could not have been avoided by reasonable measures available to the Issuer.

(ii) If the Issuer would, on the next due date for payment of any interest in respect of Notes of any Series, be prevented by the law or regulations of any Tax Jurisdiction from making payment under the Notes of such Series (a "**Gross-Up Event**") (notwithstanding the undertaking to pay additional amounts in respect of interest as provided in Condition 6 (*Taxation*)) then the Issuer shall, subject to provisions of Condition 4(i), forthwith give notice of such fact to the Fiscal and Principal Paying Agent and shall upon giving not less than seven (7) calendar days' prior notice to the Noteholders in accordance with Condition 12 (*Notices*) redeem all, but not some only, of the Notes of such Series then outstanding at their Early Redemption Amount (together with (unless specified otherwise in the relevant Pricing Supplement) any interest accrued to the date set for redemption) on (A) the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount of interest then due and payable in respect of such Notes, provided that if such notice would expire after such Interest Payment Date the date for redemption pursuant to such notice to Noteholders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount of interest then due and payable in respect of such Notes, and (ii) fourteen (14) calendar days after giving notice to the Fiscal and Principal Paying Agent as aforesaid or (B) if so specified in the relevant Pricing Supplement, at any time, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer could make payment of the full amount of interest then due and payable in respect of such Notes, or, if that date is passed, as soon as practicable thereafter.

(c) Redemption upon the occurrence of an MREL or TLAC Disqualification Event

With respect to Senior Non-Preferred Notes and Senior Preferred Notes specified to be MREL/TLAC eligible in the relevant Pricing Supplement, subject to Condition 4(i) (if relevant), upon the occurrence of an MREL or TLAC Disqualification Event with respect to any such Series of Notes, the Issuer may, at its option at any time and having given no less than 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 outstanding Notes of such Series in whole, but not in part, at their Early Redemption Amount, together, if appropriate, with accrued interest to (but excluding) the date of redemption.

(d) Purchases

The Issuer and any of its affiliates may, subject to the provisions of Condition 4(i), at any time purchase Notes in the open market or otherwise at any price.

Unless otherwise specified in the relevant Pricing Supplement, Notes purchased by the Issuer pursuant to this Condition 4(d) may, subject to applicable law, be held or resold for the purpose of enhancing the liquidity of the Notes in accordance with Articles L.213-1 A and D.213-1-A of the French Monetary and Financial Code or as otherwise provided by applicable laws and regulations from time to time, or, at the option of the Issuer, surrendered to the Registrar for cancellation (subject to any requirements of French law).

(e) Early Redemption Amounts

The Early Redemption Amount payable in respect of any Note, upon redemption of such Note pursuant to Condition 4(b) (*Redemption for Taxation Reasons*) or upon it becoming due and payable as provided in Condition 7 (*Events of Default*) shall be the Final Redemption Amount unless otherwise specified in the relevant Pricing Supplement.

(f) Redemption at the Option of the Issuer ("Issuer Call")

If "**Issuer Call**" is specified in the relevant Pricing Supplement, the Issuer may, subject to the provisions of Condition 4(i) and to giving not less than fifteen (15) nor more than thirty (30) calendar days' irrevocable notice to the Noteholders of the relevant Series of Notes (or such other notice period as may be specified in the relevant Pricing Supplement) falling within the Issuer's Option Period redeem all, or, if so provided, some of the Notes on the Optional Redemption Date(s) provided in the relevant Pricing Supplement. Any such redemption or exercise of Notes shall be at their Optional Redemption Amount, together with interest accrued to the date fixed for redemption, if any.

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by certificated Notes, and in accordance with the rules of DTC, in the case of Redeemed Notes represented by a Global Note, not more than thirty (30) calendar days prior to the date fixed for redemption (such date of selection the "**Selection Date**"). In the case of Redeemed Notes represented by certificated Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 12 (*Notices*), not less than five (5) calendar days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by certificated Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of certificated Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from, and including, the Selection Date to, and including, the Optional Redemption Date pursuant to this Condition 4(e), and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 12 (*Notices*), at least five (5) calendar days prior to the Selection Date.

(g) Redemption at the Option of the Noteholders ("Noteholder Put")

If a Noteholder Put is specified in the relevant Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 12 (*Notices*) not less than fifteen (15) nor more than thirty (30) calendar days' notice (or such other notice period as may be specified in the relevant Pricing Supplement), the Issuer will, upon the expiration of such notice, redeem, subject to and in accordance with the terms specified in the relevant Pricing Supplement, in whole, but not in part, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to, but excluding, the Optional Redemption Date.

If a Note is in certificated form and held outside DTC, to exercise the right to require redemption of such Note, the Holder of such Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the

notice period, a duly completed and signed notice of exercise in the form obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the Holder must specify a bank account, or, if payment is required to be made by check, an address, to which payment is to be made under this Condition 4, accompanied by the Note or evidence satisfactory to the Paying Agent concerned that the Note will, following delivery of the Put Notice, be held to its order or under its control. If the Note is represented by a Global Note or is in certificated form and held through DTC, to exercise the right to require redemption of such Note the Holder of the Note must, within the notice period, give notice to the Paying Agent of such exercise in accordance with the standard procedures of DTC, which may include notice being given on his instruction by DTC to the Paying Agent by electronic means, in a form acceptable to DTC from time to time and, if a Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Paying Agent for notation accordingly.

Any Put Notice given by a Holder of any Note pursuant to this paragraph shall be irrevocable except if prior to the due date of redemption an Event of Default shall have occurred and be continuing, in which event such Holder, at his or her option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 4 and instead to declare such Note forthwith due and payable pursuant to Condition 7 (*Events of Default*).

The holder of a Note may not exercise a Noteholder Put in respect of any Note that has been the subject of the exercise of any of the Issuer's redemption options pursuant to Condition 4(b), 4(c) or 4(f).

(h) Substitution and Variation

In the event that (i) a Tax Event occurs or (ii) with respect to Senior Preferred Notes specified in the relevant Pricing Supplement to be MREL/TLAC eligible and Senior Non-Preferred Notes, in the event that an MREL or TLAC Disqualification Event or an Alignment Event occurs and is continuing in respect of a Series of such Notes, the Issuer may, subject to the provisions of Condition 4(i), having given no less than thirty (30) nor more than forty-five (45) calendar days' notice to the holders of such Series of Notes in accordance with Condition 12 (*Notices*), substitute all (but not some only) of the Notes of such Series or vary the terms of all (but not some only) of the Notes of such Series, without any requirement for the consent or approval of such holders, so that they become or remain Qualifying Notes. Such substitution or variation of such Notes shall be subject to the Relevant Regulator having given its prior written approval to such substitution or variation if so required at such time by the Relevant Rules.

For the purposes of this Condition:

An "**Alignment Event**" shall be deemed to have occurred if by reason of a change in the MREL or TLAC Requirements, an instrument of the Issuer with New Terms is permitted to be fully included in the eligible liabilities available to meet the MREL or TLAC Requirements (as defined by the then applicable regulations or MREL or TLAC Requirements criteria applicable to the MREL Group).

"**New Terms**" means, at any time, any terms and conditions of (i) an unsecured, senior preferred instrument within the meaning of Article L.613-30-3-I-3° of the French Monetary and Financial Code or (ii) an unsecured, senior non-preferred instrument within the meaning of Article L.613-30-3-I-4° of the French Monetary and Financial Code, as applicable, issued by the Issuer that are different in any material respect from the terms and conditions of the relevant Notes at such time.

"**Qualifying Notes**" means the Qualifying Senior Non-Preferred Notes and the Qualifying Senior Preferred Notes.

"**Qualifying Senior Non-Preferred Notes**" means in respect of any Senior Non-Preferred Notes which are the subject of any substitution or variation pursuant to this Condition, securities issued by the Issuer that have terms not materially less favorable to the holders of such Senior Non-Preferred Notes than the terms thereof, as reasonably and in good faith determined by the Issuer and which (1) contain terms which comply with the then applicable MREL or TLAC Requirements (which, for the avoidance of doubt, may result in the relevant securities not including, or restricting for a period of time the application of, the MREL or TLAC Disqualification Event which is included in the Notes); (2) have the same currency of payment, maturity, dates for payment of interest, denomination, aggregate outstanding nominal amount as such Senior Non-Preferred Notes and carry the same rate of interest from time to time applying to the Senior Non-Preferred Notes prior to the relevant substitution or variation pursuant to this Condition 4(h); (3) rank senior to, or *pari passu* with, the ranking of such Senior Non-Preferred Notes prior to the substitution or variation; (4) are not immediately subject to an MREL or TLAC Disqualification Event or Tax Event; (5) have at least the same solicited published rating ascribed to them or expected to be ascribed to them as that of the relevant Senior Non-Preferred Notes, if the relevant Senior Non-Preferred Notes had a solicited published rating from a rating agency immediately prior to such substitution or variation and (6) if such Senior Non-Preferred Notes were listed or admitted to trading on a Regulated Market immediately prior to such substitution or variation, are listed or admitted to trading on a Regulated Market as selected by the Issuer.

"**Qualifying Senior Preferred Notes**" means in respect of any Senior Preferred Notes which are the subject of any substitution or variation pursuant to this Condition, securities issued by the Issuer that have terms not materially less favorable to the holders of such Senior Preferred Notes than the terms thereof, as reasonably and in good faith determined by the Issuer and which (1) contain terms which comply with the then applicable MREL or TLAC Requirements (which, for the avoidance of doubt, may result in the relevant securities not including, or restricting for a period of time the application of, the MREL or TLAC Disqualification Event which is included in the Notes); (2) have the same currency of payment, maturity, dates for payment of interest, denomination, aggregate outstanding nominal amount as such Senior Preferred Notes and carry the same rate of interest from time to time applying to the Senior Preferred Notes prior to the relevant substitution or variation pursuant to this Condition 4(h); (3) rank senior to, or *pari passu* with, the ranking of such Senior Preferred Notes prior to the substitution or variation; (4) are not immediately subject to an MREL or TLAC Disqualification Event or Tax Event; (5) have at least the same solicited published rating ascribed to them or expected to be ascribed to them as that of the relevant Senior Preferred Notes, if the relevant Senior Preferred Notes had a solicited published rating from a rating agency immediately prior to such substitution or variation and (6) if such Senior Preferred Notes were listed or admitted to trading on a Regulated Market immediately prior to such substitution or variation, are listed or admitted to trading on a Regulated Market as selected by the Issuer.

(i) Conditions to redemption, purchase and substitution and variation at the option of the Issuer prior to the Maturity Date

Notes may only be redeemed, purchased substituted or varied pursuant to Condition 4(b), 4(c), 4(d), 4(f) or 4(h), as applicable and as the case may be, if the Relevant Regulator and/or the Relevant Resolution Authority have given their prior written approval to such redemption or purchase or cancellation (as applicable), if so required at such time by the Relevant Rules.

(j) Cancellation

All Notes surrendered for payment, redemption, registration of transfer or exchange or replacement shall be promptly cancelled and accordingly may not be re-issued or resold. In addition, any Notes purchased on behalf of the Issuer or any of its subsidiaries may be surrendered to the Registrar for cancellation and, if so cancelled, may not be re-issued or resold.

(k) Installments

Each Note in certificated form that is redeemable in installments will be redeemed in the Installment Amounts and on the Installment Dates specified in the relevant Pricing Supplement. All installments will be paid upon presentation and surrender of the relevant Notes. In the case of any installment other than the final installment, the Issuer shall procure the Issuance of a new Note in the nominal amount remaining outstanding.

5. Payments

(a) Payments of principal in respect of the Notes (which for the purpose of this Condition 5(a) shall include final Installment Amounts but no other Installment Amounts) shall, subject as mentioned below, be made against presentation and surrender of the Note at the specified office of any Paying Agent and in the manner provided in paragraph (b) below.

(b) Interest (which for the purpose of this Condition 5(b) shall include all Installment Amounts other than final Installment Amounts) on the Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof or in case of Notes to be cleared through The Depositary Trust Company ("**DTC**"), on the first DTC business day before the due date for payment thereof (or such other day as specified in the relevant Pricing Supplement for Notes denominated in a Specified Currency other than US dollars) (the "**Record Date**"). For the purpose of this Condition 5(b), "**DTC business day**" means any day on which DTC is open for business. Payments of interest on each Note shall be made in the currency in which such payments are due by check drawn on a bank in the principal financial center of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register, or through DTC in accordance with its standard procedures. Upon application by the holder to the specified office of any Paying Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial center of the country of that currency.

(c) Payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws, regulations and directives in any jurisdiction and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or directives, but without prejudice to Condition 6 (*Taxation*) or (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 6 (*Taxation*)) any law implementing an intergovernmental approach thereto (including any agreement between the United States and a Tax Jurisdiction).

(d) Payments through DTC: Payments of principal and interest in respect of such Notes represented by Global Notes registered in the name of DTC or its nominee, and denominated in US dollars will be made in accordance with Conditions 5(a) and (b). Payments of principal and interest in respect of Notes registered in the name of, or in the name of a nominee for, DTC and denominated in a Specified Currency other than US dollars will be made or procured to be made by the Fiscal and Principal Paying Agent in the Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Fiscal and Principal Paying Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the Issuer by the Fiscal and Principal Paying Agent, who shall remit such funds to the Exchange Agent, who in turn will make payments in such Specified

Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC business day after the Record Date (as specified in the relevant Pricing Supplement) for the relevant payment of interest and, in the case of payments of principal, at least twelve (12) DTC business days prior to the relevant payment date, to receive that payment in such Specified Currency. The Fiscal and Principal Paying Agent, after the Exchange Agent has converted amounts in such Specified Currency into US dollars, will cause the Exchange Agent to deliver such US dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made. The option for holders of Notes to receive payments in a Specified Currency shall only exist for so long as DTC allows DTC participants to make an irrevocable election in respect thereof.

6. Taxation

(a) Additional Amounts

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

(i) to or on behalf of a holder or beneficial owner who is subject to such Taxes in respect of such Note by reason of the holder or beneficial owner being connected with the Tax Jurisdiction otherwise than by reason only of the holding of such Note or receipt of payments thereon;

(ii) presented for payment (where presentation is required) more than thirty (30) calendar days after the Relevant Date, except to the extent that the holder would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of thirty (30) calendar days;

(iii) where such withholding or deduction would not have been so imposed but for the failure to comply, following a timely request by the Issuer, with any applicable certification, identification, documentation, information or other reporting requirement concerning the nationality, residence, identity or connection with a Tax Jurisdiction of the holder or beneficial owner if, without regard to any tax treaty, such compliance is required under the tax laws or regulations of a Tax Jurisdiction or any political subdivision or taxing authority thereof or therein to establish an entitlement to an exemption from such withholding or deduction;

(iv) presented for payment (where presentation is required) by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent; or

(v) where such withholding or deduction is imposed pursuant to FATCA, or its present or future implementation into the French law.

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

As used herein the "**Relevant Date**" in relation to any Note means whichever is the later of:

(1) the date on which the payment in respect of such Note first became due and payable; or

(2) if the full amount of the moneys payable on such a date in respect of such Note has not been received by the Paying Agent on or prior to the due date, the date on which notice is duly given to the Noteholders that such moneys have been so received.

References herein to interest shall be deemed also to refer to any additional amounts which may be payable under this Condition 6.

7. Events of Default

(a) Senior Preferred Notes

Unless the relevant Pricing Supplement specifies that the Senior Preferred Notes of a Series are MREL/TLAC eligible in which case no Events of Default (as defined herein) shall apply, in respect of a Series of Senior Preferred Notes, if any of the following events ("**Events of Default**") occurs and is continuing, the holder of any Senior Preferred Note may give written notice to the Fiscal and Principal Paying Agent at its specified office effective upon receipt thereof by the Fiscal and Principal Paying Agent that such Senior Preferred Note is immediately repayable, whereupon the Early Redemption Amount of such Senior Preferred Note together with accrued interest to the date of payment shall become immediately due and payable:

(i) if default is made in the payment of any principal or interest due on the Senior Preferred Notes or any of them on the due date and such default continues for a period of thirty (30) calendar days or more after written notice thereof is received by the Issuer from the Fiscal and Principal Paying Agent (and the Fiscal and Principal Paying Agent shall be bound to give such notice forthwith upon the request of any holder of Senior Preferred Notes); or

(ii) if the Issuer fails to perform or observe any of its other obligations under the Senior Preferred Notes or any of them and (except where such failure is incapable of remedy when no notice will be required) such failure continues for a period of sixty (60) calendar days after written notice is received by the Issuer from the Fiscal and Principal Paying Agent (and the Fiscal and Principal Paying Agent shall be bound to give such notice forthwith upon the request of any holder of the Senior Preferred Notes) specifying such default and requiring the same to be remedied; or

(iii) a judgment is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer, or the Issuer is subject to similar proceedings or, in the absence of legal proceedings, the Issuer makes a conveyance, assignment

or other arrangement for the benefit of its creditors or enters into a composition with its creditors, in each case to the extent permitted by applicable law; or

(iv) the Issuer sells, transfers or otherwise disposes of, directly or indirectly, the whole or a substantial part of its undertaking or assets, or the Issuer enters into or commences any proceedings in furtherance of voluntary liquidation or dissolution, except in the case of a disposal of all or substantially all of the Issuer's assets in favor of an entity which simultaneously assumes all or substantially all of the Issuer's liabilities including the Senior Preferred Notes or in connection with a merger or reorganization of the Issuer.

If the relevant Pricing Supplement specifies that the Senior Preferred Notes of a Series are MREL/TLAC eligible, there will be no Events of Default in respect of such Senior Preferred Notes and holders of such Notes will not be entitled to require the Senior Preferred Notes to be redeemed prior to their Maturity Date. Such Senior Preferred Notes will become immediately due and payable in the event that an order is made or an effective resolution is passed for the liquidation (*liquidation judiciaire or liquidation amiable*) of the Issuer or if the Issuer is liquidated for any other reason at their principal amount together with interest accrued thereon to the date of payment without any further formality.

(b) Senior Non-Preferred Notes

Unless specified as applicable in the relevant Pricing Supplement, in which case Condition 7(a) will be deemed to apply *mutatis mutandis* to such Series of Senior Non-Preferred Notes, there are no Events of Default in respect of Senior Non-Preferred Notes and holders of such Notes shall not be entitled to require the Senior Non-Preferred Notes to be redeemed prior to their Maturity Date. Senior Non-Preferred Notes will become immediately due and payable in the event that an order is made or an effective resolution is passed for the liquidation (*liquidation judiciaire* or *liquidation amiable*) of the Issuer or if the Issuer is liquidated for any other reason at their principal amount together with interest accrued thereon to the date of payment without any further formality.

8. Prescription

Claims for payment of principal in respect of the Notes shall be prescribed upon the expiration of 10 years from the due date thereof, and claims for payment of interest, if any, in respect of the Notes shall be prescribed upon the expiration of five years from the due date thereof.

9. Waiver of Set-Off

Unless otherwise specified in the relevant Pricing Supplement, no holder of any Note may at any time exercise or claim any Waived Set-Off Rights against any right, claim, or liability the Issuer has or may have or acquire against such holder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort or any non-contractual obligations, in each case whether or not relating to such Notes) and each such holder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities.

For the avoidance of doubt, nothing in this Condition is intended to provide or shall be construed as acknowledging any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any holder of any Note but for this Condition.

For the purposes of this Condition, "**Waived Set-Off Rights**" means any and all rights of or claims of any holder of any Note for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any such Note.

10. Replacement of Notes

If any Note, including any Global Note, is mutilated, defaced, stolen, destroyed or lost, it may be replaced at the specified office of the Registrar upon payment by the claimant of the costs incurred in connection therewith and on such terms as to evidence an indemnity as the Issuer may require. Mutilated or defaced Notes must be surrendered before replacements will be issued. Cancellation and replacement of Notes shall be subject to compliance with such procedures as may be required under any applicable law and subject to any applicable stock exchange requirements.

11. Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, bonds or debentures having the same terms and conditions as the Notes in all respects (or in all respects save for the principal amount thereof and the first payment of interest as set forth in the relevant Pricing Supplement) so as to form a single Series with the Notes; provided that such additional notes shall be issued under a separate CUSIP, ISIN or other identifying number as that of the original issue unless, for U.S. federal income tax purposes, such additional notes will be treated as part of the same issue, issued with no more than *de minimis* original issue discount or be part of a qualified reopening.

12. Notices

(a) All notices to the holders of registered Notes will be valid if mailed to the addresses of the registered holders or transmitted via DTC pursuant to paragraphs (c) and (d).

(b) All notices regarding Notes, both certificated and global, will be valid if published once in a leading English-language daily newspaper with general circulation in the United States, which is expected to be the Wall Street Journal. 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 such publication.

(c) Until such time as any certificated Notes are issued, there may, so long as all the Global Notes for a particular Series, whether listed or not, are held in their entirety on behalf of DTC, be substituted, in relation only to such Series, for such publication as aforesaid in Condition 12(b), the delivery of the relevant notice to DTC for communication by it to the holders of the Notes, except that if the Notes are listed on a stock exchange and the rules of that stock exchange so require, the relevant notice will be published through additional clearing systems and/or in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange or on the website of that stock exchange if permitted by such stock exchange.

(d) Notices to be given by any holder of any Notes shall be in writing and given by delivering the same, together with the relevant Note or Notes, to the Fiscal and Principal Paying Agent. While any Notes are represented by a Global Note, such notice may be given by a holder of any of the Notes so represented to the Fiscal and Principal Paying Agent via DTC in such manner as the Fiscal and Principal Paying Agent and DTC may approve for this purpose or in the manner specified in the Agency Agreement.

(e) In the event of an exercise of any Bail-In Power by the Relevant Resolution Authority in respect of the Notes, the Issuer shall ensure that a notice is sent to the Fiscal and

Principal Paying Agent notifying it of the exercise of the Bail-In Power promptly after such exercise. To the extent reasonably practicable, such notice shall be sent to the Fiscal and Principal Paying Agent no later than two (2) business days prior to the date on which any payments are due on the Notes. Such notice shall include a copy of the resolution issued by the Relevant Resolution Authority exercising such Bail-In Power (unless such resolution is not available on the date of such notice, in which case it shall be sent as soon as practicable).

13. Meetings of Noteholders, Modification and Waiver

(a) With respect to each Series of Notes, the Issuer may, with the consent of the holders of greater than 50% in aggregate principal amount of the then outstanding Notes of such Series, modify and amend the provisions of such Notes, including to grant waivers of future compliance or past default by the Issuer, and if so required, the Issuer will instruct the relevant Agent to give effect to any such amendment, as the case may be, at the sole expense of the Issuer. However, no such amendment or modification will apply, without the consent of each Noteholder affected thereby, to Notes of such Series owned or held by such Noteholder with respect to the following matters:

(i) to change the stated maturity of the principal of, any installment of or interest on such Notes, except as a result of any modification contemplated in Condition 3(c)(ii)(4);

(ii) to reduce the principal amount of, the amount of the principal that would be due and payable upon a declaration of acceleration pursuant to Condition 7 (*Events of Default*) of or the rate of interest on such Notes;

(iii) to change the currency or place of payment of principal or interest on such Notes; and

(iv) to impair the right to institute suit for the enforcement of any payment in respect of such Notes.

(b) In addition, no such amendment or notification may, without the consent of each affected Noteholder, reduce the percentage of principal amount of Notes of such Series outstanding necessary to make these modifications or amendments to such Notes or to reduce the quorum requirements or the percentages of votes required for the adoption of any action at a Noteholder meeting.

(c) The Issuer may also agree to amend any provision of any Series of Notes of the Issuer with the holder thereof, but that amendment will not affect the rights of the other Noteholders or the obligations of the Issuer with respect to the other Noteholders.

(d) No consent of the Noteholders is or will be required for any modification or amendment requested by the Issuer or with the consent of the Issuer to:

(i) add to the Issuer's covenants for the benefit of the Noteholders; or

(ii) surrender any right or power of the Issuer in respect of a Series of Notes or the Agency Agreement; or

(iii) provide security or collateral for a Series of Notes; or

(iv) cure any ambiguity in any provision, or correct any defective provision, of a Series of Notes; or

(v) change the terms and conditions of a Series of Notes or the Agency Agreement in any manner that the Issuer deems necessary or desirable so long as any such change does not, and will not, in the Issuer's sole opinion, adversely affect the rights or interest of any affected Noteholder; or

(vi) change the terms and conditions of any Series of Notes to give effect to any exercise of the Bail-In Power.

(e) The Issuer may at any time ask for written consent or call a meeting of the Noteholders of a Series to seek their approval of the modification of or amendment to, or obtain a waiver of, any provision of such Series of Notes. This meeting will be held at the time and place determined by the Issuer and specified in a notice of such meeting furnished to the Noteholders. This notice must be given at least thirty (30) calendar days and not more than sixty (60) calendar days prior to the meeting.

(f) If at any time the holders of at least 10% in principal amount for the then outstanding Notes of a Series request the Issuer to call a meeting of the holders of such Notes for any purpose, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, the Issuer will call the meeting for such purpose. This meeting will be held at the time and place determined by the Issuer and specified in a notice of such meeting furnished to the Noteholders. This notice must be given at least thirty (30) calendar days and not more than sixty (60) calendar days prior to the meeting.

(g) Noteholders who hold a majority in principal amount of the then outstanding Notes of a Series will constitute a quorum at a Noteholders' meeting. In the absence of a quorum, a meeting may be adjourned for a period of at least twenty (20) calendar days. At the reconvening of a meeting adjourned for lack of quorum, holders of 25% in principal amount of the then outstanding Notes of such Series shall constitute a quorum. Notice of the reconvening of any meeting may be given only once, but must be given at least ten (10) calendar days and not more than fifteen (15) calendar days prior to the meeting.

(h) At any meeting when there is a quorum present, holders of greater than 50% in principal amount of the then outstanding Notes of a Series present or represented at such meeting may approve the modification or amendment of, or a waiver of compliance for, any provision of the Notes of such Series except for specified matters requiring the consent of each Noteholder, as set forth above. Modifications, amendments or waivers made at such a meeting will be binding on all current and future Noteholders.

14. Agents

In acting under the Agency Agreement, the Agents will act solely as agents of the Issuer and do not assume any obligations or relationship of agency or trust to or with the Noteholders, except that, without affecting the obligations of the Issuer to the Noteholders, to repay Notes and pay interest thereon, funds received by the Fiscal and Principal Paying Agent for the payment of the principal of or interest on the Notes shall be held by it for the Noteholders until the expiration of the relevant period of prescription described under Condition 8 (*Prescription*). The Issuer will agree to perform and observe the obligations imposed upon it under the Agency Agreement. The Agency Agreement contains provisions for the indemnification of the Agents and for relief from responsibility in certain

circumstances and entitles any of them to enter into business transactions with the Issuer and any of their affiliates without being liable to account to the Noteholders for any resulting profit.

15. Governing Law; Consent to Jurisdiction and Service of Process

The Notes and the Agency Agreement will be governed by, and construed in accordance with, the laws of the State of New York; provided, however, that Condition 2 (*Status of the Notes*) of the Notes will be governed by, and construed in accordance with, French law.

The Issuer has consented to the jurisdiction of the courts of the State of New York and the U.S. courts located in The City of New York, Borough of Manhattan, with respect to any action that may be brought in connection with the Notes. The Issuer has appointed CT Corporation System, with offices currently at 111 Eighth Avenue, New York, New York 10011, as its agent upon whom process may be served in any action brought against the Issuer in any U.S. or New York State court in connection with the Notes.

16. Bail-In

(a) Acknowledgment

Notwithstanding any other term of the Notes or any other agreement, arrangement or understanding between the Issuer and the Noteholders, by its acquisition of Notes, each Noteholder (which for the purposes of this Condition includes any current or future holder of a beneficial interest in such Notes) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Bail-in Power (as defined below) by the Relevant Resolution Authority (as defined below), which may include and result in any of the following, or some combination thereof:

(1) the reduction of all, or a portion, of the Amounts Due (as defined below) on a permanent basis;

(2) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the Noteholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes, in which case the Noteholder agrees to accept in lieu of its rights under the Notes any such shares, other securities or other obligations of the Issuer or another person;

(3) the cancellation of the Notes, and/or;

(4) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and

(ii) that the terms of the Notes are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-in Power by the Relevant Resolution Authority.

For purposes of this Condition, the "**Amounts Due**" means the outstanding nominal amount of the Notes, and any accrued and unpaid interest on the Notes.

(b) Bail-in Power

For these purposes, "**Bail-in Power**" means any power existing from time to time under any laws, regulations, rules or requirements in effect in France, relating to the transposition of Directive 2014/59/EU of the European Parliament and of the Council of May 15, 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time, "**BRRD**"), including without limitation pursuant to French decree-law No. 2015-1024 dated August 20, 2015 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) (as amended from time to time, the "**August 20, 2015 Decree Law**"), Regulation (EU) No 806/2014 of the European Parliament and of the Council of July 15, 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (as amended from time to time, "**SRM**"), or otherwise arising under French law, and in each case the instructions, rules and standards created thereunder, pursuant to which the obligations of a Regulated Entity (or an affiliate of such Regulated Entity) can be reduced (in part or in whole), canceled, suspended, transferred, varied or otherwise modified in any way, or securities of a Regulated Entity (or an affiliate of such Regulated Entity) can be converted into shares, other securities, or other obligations of such Regulated Entity or any other person, whether in connection with the implementation of a bail-in tool following placement in resolution or otherwise.

"**Regulated Entity**" means any entity referred to in Section I of Article L.613-34 of the French Monetary and Financial Code as modified by the August 20, 2015 Decree Law, which includes certain credit institutions, investment firms, and certain of their parent or holding companies established in France.

"**Relevant Resolution Authority**" means the *Autorité de contrôle prudentiel et de résolution* (the "**ACPR**"), the Single Resolution Board ("**SRB**") established pursuant to the SRM, and/or any other authority entitled to exercise or participate in the exercise of any Bail-in Power from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the SRM).

(c) Payment of Interest and Other Outstanding Amounts Due

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the Issuer unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations in effect in France and the European Union applicable to the Issuer or other members of its group.

(d) No Event of Default

Neither a cancellation of the Notes, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of any Bail-in Power by the Relevant Resolution Authority with respect to the Notes will be an Event of Default or otherwise constitute non-performance of a contractual obligation, or entitle the Noteholder to any remedies (including equitable remedies), which are hereby expressly waived.

(e) Notice to Noteholders

Upon the exercise of any Bail-in Power by the Relevant Resolution Authority with respect to the Notes, the Issuer will make available a written notice to the Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable regarding such exercise of the Bail-in Power. The Issuer will also deliver a copy of such notice to the Fiscal and Principal Paying Agent.

(f) Duties of the Fiscal and Principal Paying Agent

Upon the exercise of any Bail-in Power by the Relevant Resolution Authority, (a) the Fiscal and Principal Paying Agent and any other Agent shall not be required to take any directions from Noteholders, and (b) the Agency Agreement shall impose no duties upon the Fiscal and Principal Paying Agent whatsoever, in each case with respect to the exercise of any Bail-in Power by the Relevant Resolution Authority.

(g) Proration

If the Relevant Resolution Authority exercises the Bail-in Power with respect to less than the total Amounts Due, unless the Fiscal and Principal Paying Agent or any other Agent is otherwise instructed by the Issuer or the Relevant Resolution Authority, any cancellation, write-off or conversion made in respect of the relevant Series of Notes pursuant to the Bail-in Power will be made on a pro-rata basis.

(h) Conditions Exhaustive

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer and any holder of a Note.

17. Definitions

Unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**ACPR**" means the *Autorité de contrôle prudentiel et de résolution*.

"**Agency Agreement**" has the meaning attributed thereto in the introductory paragraphs herein.

"**Agent**" has the meaning attributed thereto in the introductory paragraphs herein.

"**Alignment Event**" has the meaning attributed thereto in Condition 4(h) (*Substitution and Variation).*

"**Amounts Due**" has the meaning attributed thereto in Condition 16(a) (*Acknowledgement*).

"**August 20, 2015 Decree Law**" means French decree-law No. 2015-1024 dated August 20, 2015 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) (as amended from time to time).

"**Bail-In Power**" has the meaning attributed thereto in Condition 16(b) (*Bail-in Power*).

"**Benchmark**" means the benchmark specified in the relevant Pricing Supplement.

"**BRRD**" means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

"**Business Center**" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial center as may be specified as such in the relevant Pricing Supplement or, if none is so specified, the financial center with which the relevant Benchmark is most closely connected (which, in the case of LIBOR, shall be London and, in the case of EURIBOR, shall be Brussels) or, if none is so connected, New York.

"**Business Day**" means:

(i) in the case of Notes denominated in US Dollars, a day on which commercial banks and foreign exchange markets settle payments are open for general business, including dealing in foreign exchange and foreign currency deposits, in New York City; and/or

(ii) in the case of a Specified Currency other than the US Dollar and/or one or more Business Centers, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the Specified Currency in the Business Center(s) or, if none is specified, generally in each of the Business Centers so specified in the relevant Pricing Supplement.

"**Business Day Convention**" means the convention, if any, specified in the relevant Pricing Supplement, construed in accordance with Condition 3(b) (*Business Day Convention*).

"**Calculation Agent**" means the party designated as such in the preamble to these Conditions or such other agent as may be appointed in relation to a specific Series of Notes and, if other than the party referred to above, will be specified in the relevant Pricing Supplement in relation to a specific Series of Notes.

"**Calculation Amount**" means an amount specified in the relevant Pricing Supplement constituting either (i) in the case of one single denomination, the amount of that denomination (e.g., $10,000) or (ii) in the case of multiple denominations, the highest common amount by which the multiple denominations may be divided (for example, $1,000 in the case of $11,000, $12,000 or $13,000).

"**Certificate**" means a registered certificate representing one or more Notes of the same Series.

"**Code**" has the meaning attributed thereto in Condition 5(c) (*Payments*).

"**Crédit Mutuel Group**" means all of the affiliates to the central body of the Confédération Nationale du Crédit Mutuel, as provided in Article L.512-56 of the French Monetary and Financial Code.

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

(i) if "Actual/Actual" or "Actual/Actual–ISDA" is specified in the relevant Pricing Supplement, the actual number of calendar days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of calendar days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of calendar days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "Actual/Actual–ICMA" is specified in the relevant Pricing Supplement:

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

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of calendar days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of calendar days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of calendar days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of calendar days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

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

"**Determination Date**" means the date specified as such in the relevant Pricing Supplement or, if none is so specified, the Interest Payment Date;

if "Actual/365 (Fixed)" is specified in the relevant Pricing Supplement, the actual number of calendar days in the Calculation Period divided by 365;

if "Actual/360" is specified in the relevant Pricing Supplement, the actual number of calendar days in the Calculation Period divided by 360;

if "30/360," "360/360" or "Bond Basis" is specified in the relevant Pricing Supplement, the number of calendar days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\left[360 \times \left(Y_2 - Y_1\right)\right] + \left[30 \times \left(M_2 - M_1\right)\right] + \left(D_2 - D_1\right)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(iii) if "30E/360" or "Eurobond Basis" is specified in the relevant Pricing Supplement, the number of calendar days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\left[360 \times \left(Y_2 - Y_1\right)\right] + \left[30 \times \left(M_2 - M_1\right)\right] + \left(D_2 - D_1\right)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

(iv) if "30E/360 (ISDA)" is specified in the relevant Pricing Supplement, the number of calendar days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\left[360 \times \left(Y_2 - Y_1\right)\right] + \left[30 \times \left(M_2 - M_1\right)\right] + \left(D_2 - D_1\right)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

"**Designated Exchange Rate**" means the exchange rate identified as such in the relevant Pricing Supplement.

"**Designated Maturity**" has the meaning attributed thereto in the relevant Pricing Supplement.

"**DTC**" has the meaning attributed thereto in Condition 5(b) (*Payments*).

"**DTC business day**" has the meaning attributed thereto in Condition 5(b) (*Payments*).

"**Early Redemption Amount**" has the meaning attributed thereto in the relevant Pricing Supplement.

"**Effective Date**" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant Pricing Supplement or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates. The Effective Date shall not be subject to adjustment in accordance with any Business Day Convention unless specifically provided in the relevant Pricing Supplement.

"**Euro-zone**" means the region comprised of member states of the European Union that adopt or have adopted the single currency in accordance with the Treaty establishing the European Community as amended.

"**Event of Default**" has the meaning attributed thereto in Condition 7 (*Events of Default*).

"**Exchange Agent**" means Citibank N.A., London Branch, or any successor or substitute appointed from time to time as exchange agent pursuant to the Agency Agreement.

"**FATCA**" means Sections 1471 through 1474 of the Code or any successor or amended version of these provisions, any agreement with the U.S. Treasury entered into with respect thereto, any U.S. Treasury regulation issued thereunder or any other official interpretations or guidance issued with respect thereto; any intergovernmental agreement entered into with respect thereto, and any law, regulation, or other official interpretation or guidance promulgated pursuant to such intergovernmental agreement.

"**Final Redemption Amount**" has the meaning attributed thereto in the relevant Pricing Supplement.

"**Fiscal and Principal Paying Agent**" has the meaning attributed thereto in the introductory paragraphs herein.

"**Fixed Rate Notes**" means Notes identified as such in the relevant Pricing Supplement.

"**Floating Rate**" means the rate identified as such in the relevant Pricing Supplement.

"**Floating Rate Convention**" has the meaning attributed thereto in Condition 3(b)(i) (*Business Day Convention*).

"**Floating Rate Notes**" mean Notes identified as such in the relevant Pricing Supplement.

"**Floating Rate Option**" has the meaning attributed thereto in the relevant Pricing Supplement.

"**Following Business Day Convention**" has the meaning attributed thereto in Condition 3(b)(ii) (*Business Day Convention*).

"**Global Notes**" has the meaning attributed thereto in Condition 1(a)(i) (*Form, Denomination and Title*).

"**Gross-Up Event**" has the meaning attributed thereto in Condition 4(b)(i) (*Redemption for Taxation Reasons*).

"**Holders**" has the meaning attributed thereto in Condition 1(a)(iii) (*Form, Denomination and Title*).

"**Installment Amount**" means the amount identified as such in the relevant Pricing Supplement.

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

"**Interest Amount**" means, in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period, which shall be determined as follows (except as otherwise specified in the relevant Pricing Supplement):

(i) in the case of any Interest Accrual Period for which a fixed Interest Amount is specified in the relevant Pricing Supplement, such fixed Interest Amount; and

(ii) in respect of any other Interest Accrual Period, the amount of interest calculated pursuant to Condition 3(e) (*Calculations*).

"**Interest Commencement Date**" means, in the case of interest bearing Notes, the Issue Date or such other date as may be specified in the relevant Pricing Supplement.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Pricing Supplement or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two (2) Business Days in New York prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro.

"**Interest Payment Date**" has the meaning attributed thereto in the relevant Pricing Supplement.

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

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the relevant Pricing Supplement.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Pricing Supplement.

"**ISDA Rate**" has the meaning attributed thereto in Condition 3(c)(i) (*ISDA Determination for Floating Rate Notes*).

"**Issuer Call**" has the meaning attributed thereto in Condition 4(f) (*Redemption at the Option of the Issuer ("Issuer Call")*).

"**Issuer's Option Period**" means the period specified in the relevant Pricing Supplement with respect to Condition 4(f) (*Redemption at the Option of the Issuer ("Issuer Call")*).

"**Issue Date**" means, in relation to any Series, the date on which the Notes of that Series have been issued or, if not yet issued, the date agreed for their issue between the Issuer and the Relevant Dealer(s).

"**Margin**" means any amount specified as such in the relevant Pricing Supplement.

"**Maturity Date**" means the date identified as such in the relevant Pricing Supplement.

"**Maximum Rate of Interest**" means any amount specified as such in the relevant Pricing Supplement.

"**Minimum Rate of Interest**" means any amount specified as such in the relevant Pricing Supplement.

"**Modified Following Business Day Convention**" has the meaning attributed thereto in Condition 3(b)(iii) (*Business Day Convention*).

"**MREL**" means the minimum requirements for own funds and eligible liabilities and/or total loss-absorbing capacity requirements applicable to banking institutions referred to in the BRRD, or any other EU laws and regulations implemented into French laws and regulations, as the case may be, as amended from time to time.

"**MREL Group**" means the Crédit Mutuel Group, which consists of all of the affiliates to the central body of the Confédération Nationale du Crédit Mutuel, as provided in Article L.512-56 of the French Monetary and Financial Code.

"**MREL or TLAC Disqualification Event**" means that, by reason of a change in the MREL or TLAC Requirements, which change was not reasonably foreseeable by the Issuer at the Issue Date of a given Series of Notes, all or part of the aggregate outstanding nominal amount of such Series of Notes is excluded fully or partially from the eligible liabilities available to meet the MREL or TLAC Requirements (as defined by the then applicable regulations or MREL or TLAC criteria applicable to

the MREL Group). For the avoidance of doubt, the exclusion of a Series of Notes from the eligible liabilities available to meet the MREL or TLAC Requirements (i) due to the remaining maturity of such Notes being less than any period prescribed thereunder and/or (ii) by reason of any quantitative limitation on the amount of liabilities that rank *pari passu* with unsubordinated liabilities that can count towards the MREL or TLAC Requirements, does not constitute an MREL or TLAC Disqualification Event.

"**MREL or TLAC Requirements**" means the minimum requirements for own funds and eligible liabilities and/or total loss-absorbing capacity requirements applicable to the MREL Group, as referred to in the BRRD, or any other EU laws and regulations implemented in French laws and regulations as the case may be, and/or, if applicable to the MREL Group, as per the FSB TLAC Term Sheet dated November 9, 2015, as amended from time to time.

"**New Terms**" has the meaning attributed thereto in Condition 4(h) (*Substitution and Variation*).

"**Notes**" has the meaning attributed thereto in the introductory paragraphs herein.

"**Noteholders**" has the meaning attributed thereto in Condition 1(a)(iii) (*Form, Denomination and Title*).

"**Noteholder Put**" has the meaning attributed thereto in Condition 4(g) (*Redemption at the Option of the Noteholders ("Noteholder Put")*).

"**Optional Redemption Amount**" has the meaning attributed thereto in the relevant Pricing Supplement.

"**Optional Redemption Date**" means the date a Series of Notes is to be redeemed in accordance with Condition 4(f) (*Redemption at the Option of the Issuer ("Issuer Call")*) or 4(g) (*Redemption at the Option of the Noteholders ("Noteholder Put")*).

"**outstanding**" means, in relation to the Notes of any Series, all the Notes issued other than (a) those which have been repaid in full in accordance with the terms and conditions of the Notes, (b) those in respect of which the date for redemption has occurred and the redemption monies (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid as provided in terms and conditions of the Notes, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in terms and conditions of the Notes, (e) those mutilated or defaced certificated Notes which have been surrendered in exchange for replacement Notes, (f) (for the purpose only of determining how many Notes are outstanding and without prejudice to their status for any other purpose) those certificated Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Notes have been issued, and (g) any Global Note to the extent that it has been exchanged for Registered Notes, provided that for the purpose of determining how many and which Notes of the Series are outstanding for the purposes of Condition 13 (*Meetings of Noteholders, Modification and Waiver*), those Notes, if any, that are for the time being held by or for the benefit of the Issuer or any Subsidiary shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

"**Paying Agent**" has the meaning attributed thereto in the introductory paragraphs herein.

"**Preceding Business Day Convention**" has the meaning attributed thereto in Condition 3(b)(iv) (*Business Day Convention*).

"**Pricing Supplement**" indicates the pricing supplement setting forth the specific terms of Notes or a Series of Notes, which may be offered from time to time under this Base Offering Memorandum.

"**Primary Source**" has the meaning attributed thereto in the relevant Pricing Supplement.

"**Principal Financial Center**" has the meaning attributed thereto in Condition 3(c)(ii) (*Screen Rate Determination for Floating Rate Notes*).

"**Put Notice**" has the meaning attributed thereto in Condition 4(g) (*Redemption at the Option of the Noteholders ("Noteholder Put")*).

"**Qualifying Notes,**" "**Qualifying Senior Non-Preferred Notes**" and "**Qualifying Senior Preferred Notes**" have the respective meanings attributed thereto in Condition 4(h) (*Substitution and Variation*).

"**Rate of Exchange**" has the meaning attributed thereto in the relevant Pricing Supplement.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of the Note and that is either specified or calculated in accordance with the provisions specified in the relevant Pricing Supplement.

"**Record Date**" has the meaning attributed thereto in Condition 5(b) (*Payments*).

"**Redeemed Notes**" has the meaning attributed thereto in Condition 4(f) (*Redemption at the Option of the Issuer ("Issuer Call")*).

"**Redemption Amount**" means the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, as the case may be.

"**Reference Banks**" means the institutions specified as such in the relevant Pricing Supplement or, if none is so specified, five major banks selected by the Issuer in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if LIBOR is the relevant Benchmark, shall be the London interbank market).

"**Register**" means the register maintained by the Registrar in accordance with the Agency Agreement (or such other Registrar as may be appointed under the Agency Agreement generally or in relation to a specific Series of Notes) and Condition 1(a)(ii) (*Form, Denomination and Title*).

"**Registered Notes**" means Notes in registered form in accordance with Condition 1 (*Form, Denomination, Title and Transfer*).

"**Registrar**" means Citigroup Global Markets Europe AG (or such other Registrar as may be appointed under the Agency Agreement generally or in relation to a specific Series of Notes).

"**Regulated Entity**" means any entity referred to in Section I of Article L.613-34 of the French Commercial Code as modified by the August 20, 2015 Decree Law, which includes certain credit institutions, investment firms, and certain of their parent or holding companies established in France.

"**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven (7) calendar days after that on which notice is duly given to the Noteholders that, upon further presentation of the

Note being made in accordance with terms and conditions of the Notes, such payment will be made, provided that payment is in fact made upon such presentation.

"**Relevant Dealer**" means the dealer or dealers specified in the relevant Pricing Supplement with respect to a Series of Notes.

"**Relevant Rate**" means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

"**Relevant Regulator**" means the European Central Bank and any successor or replacement thereof, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer or the application of the Relevant Rules from time to time.

"**Relevant Resolution Authority**" has the meaning attributed thereto in Condition 16(b) (*Bail-in Power*).

"**Relevant Rules**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy or to the maintenance of minimum amounts of eligible liabilities and own funds or total loss-absorbing capacity, in each case 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 BRRD;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 ("**Reuters**")) as may be specified in the relevant Pricing Supplement for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organization providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Business Center specified in the relevant Pricing Supplement or, if none is specified, the local time in the Business Center at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Business Center, or, if no such customary local time exists, 11.00 hours in the Business Center and for the purpose of this definition, "local time" means, with respect to Europe and the Euro-zone as a Business Center, Brussels time or otherwise stated in the relevant Pricing Supplement.

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

"**Reset Date**" has the meaning attributed thereto in Condition 3(c)(i)(3) (*ISDA Determination for Floating Rate Notes*).

"**Screen Rate Determination**" has the meaning attributed thereto in Condition 3(c)(ii) (*Screen Rate Determination for Floating Rate Notes*).

"**Selection Date**" has the meaning attributed thereto in Condition 4(f) (*Redemption at the Option of the Issuer ("Issuer Call")*).

"**Senior Non-Preferred Notes**" has the meaning attributed thereto in Condition (2) (*Status of the Notes*).

"**Senior Non-Preferred Obligations**" has the meaning attributed thereto in Condition (2) (*Status of the Notes*).

"**Senior Preferred Creditors**" has the meaning attributed thereto in Condition (2) (*Status of the Notes*).

"**Senior Preferred Notes**" has the meaning attributed thereto in Condition (2) (*Status of the Notes*).

"**Senior Preferred Obligations**" has the meaning attributed thereto in Condition (2) (*Status of the Notes*).

"**Series**" has the meaning attributed thereto in the introductory paragraphs herein.

"**Specified Currency**" means U.S. dollars or any other currency specified as such in the relevant Pricing Supplement.

"**Specified Denomination**" has the meaning attributed thereto in the relevant Pricing Supplement. Unless otherwise specified in the Pricing Supplement, the Specified Denomination will be $200,000 and any multiple of $1,000 in excess thereof.

"**Specified Duration**" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified in the relevant Pricing Supplement or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 3(b) (*Business Day Convention*).

"**SRB**" means the Single Resolution Board.

"**SRM**" has the meaning attributed thereto in Condition 16(b) (*Bail-in Power*).

"**Subsidiary**" means, in relation to any person or entity at any time, any other person or entity (whether or not now existing) meeting the definition of Article L. 233-1 of the French Commercial Code or any other person or entity controlled directly or indirectly by such person or entity within the meaning of Article L. 233-3 of the French Commercial Code.

"**Taxes**" has the meaning attributed thereto in Condition 6(a) (*Additional Amounts*).

"**Tax Event**" means a Tax Gross-Up Event or a Withholding Tax Event.

"**Tax Jurisdiction**" has the meaning attributed thereto in Condition 6(a) (*Additional Amounts*).

"**TLAC**" means the Total Loss Absorbing Capacity requirements applicable to global systemically important banks set out in the FSB TLAC Term Sheet dated November 9, 2015, as amended from time to time.

"**Tranche**" has the meaning attributed thereto in the introductory paragraphs herein.

"**Transfer Agents**" means such Transfer Agent or Agents as may be appointed from time to time hereunder either generally or in relation to a specific Series of Notes.

"**Waived Set-Off Rights**" has the meaning attributed thereto in Condition 9 (*Waiver of Set-Off*).

"**Withholding Tax Event**" has the meaning attributed thereto in Condition 4(b)(ii) (*Redemption for Taxation Reasons*).

References to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Installment Amounts, Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 4 (*Redemption, Purchase, Substitution and Variation and Cancellation*) or Condition 5 (*Payments*) or any amendment or supplement to either or both of them, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 3 (*Interest and Other Calculations*) or any amendment or supplement to it and (iii) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under Condition 6 (*Taxation*).

BOOK-ENTRY PROCEDURES AND SETTLEMENT

Unless otherwise provided in the relevant Pricing Supplement, each series of Notes will be book-entry securities, represented upon issuance by one or more fully registered global Notes ("**Global Notes**"), without interest coupons, and each global Note will be deposited with a custodian on behalf of, The Depository Trust Company ("**DTC**"), as depositary, and will be registered in the name of Cede & Co., DTC's nominee. DTC will thus be the only registered holder of these Notes and will be considered the sole owner of the Notes for purposes of the Agency Agreement. The Global Notes may take the form of one or more master notes representing one or more series of Notes.

Depositary Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream, Luxembourg are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. The Issuer takes no responsibility for these operations and procedures and urges investors to contact the systems or their participants directly to discuss these matters.

DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "**Participants**") and facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the Dealers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "**Indirect Participants**"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through Participants or Indirect Participants. DTC has no knowledge of the identity of beneficial owners of securities held by or on behalf of DTC. DTC's records reflect only the identity of Participants to whose accounts securities are credited. The ownership interests and transfer of ownership interests of each beneficial owner of each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

Pursuant to procedures established by DTC:

- upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the Dealers with portions of the principal amount of the Global Notes, and

- ownership of such interests in the Global Notes will be maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes may hold their interests therein directly through DTC, if they are Participants in such system, or indirectly through organizations (including, as the case may be, Euroclear and Clearstream, Luxembourg) that are Participants or Indirect Participants in such system. Euroclear and Clearstream, Luxembourg will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which are Euroclear Bank SA/NV, as operator of Euroclear, and Clearstream Banking, S.A., as operator of Clearstream, Luxembourg. The depositaries, in turn, will hold interests in the Global Notes in customers' securities accounts in the depositaries' names on the books of DTC.

All interests in the Global Notes, including those held through Euroclear or Clearstream, Luxembourg, will be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream, Luxembourg will also be subject to the procedures and requirements of these systems. The laws of some states require that certain persons take physical delivery of certificates evidencing securities they own. Consequently, the ability to transfer beneficial interests in

a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of beneficial owners of interests in the Global Notes to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or holders thereof for any purpose.

Payments in respect of the principal of and premium, if any, and interest on a Global Note registered in the name of DTC or its nominee will be payable by the Paying Agent to DTC in its capacity as the registered holder under the Agency Agreement. The Issuer and the Paying Agent will treat the persons in whose names the Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, none of the Issuer, the Paying Agent or any agent of the Issuer or the Paying Agent has or will have any responsibility or liability for:

- any aspect of DTC's records or any Participant's or Indirect Participant's records relating to, or payments made on account of beneficial ownership interests in, the Global Notes, or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes, or

- any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

The Issuer understands that DTC's current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date in amounts proportionate to their respective holdings in the principal amount of the relevant security as shown on the records of DTC, unless DTC has reason to believe it will not receive payment on such payment date. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Paying Agent or the Issuer. Neither the Issuer nor the Paying Agent will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the Notes, and the Issuer and the Paying Agent may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Except for trades involving only Euroclear and Clearstream, Luxembourg participants, interests in the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its Participants.

Transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Cross-market transfers between Participants in DTC, on the one hand, and Euroclear or Clearstream, Luxembourg participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by their depositaries. Cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in that system in accordance with

the rules and procedures and within the established deadlines (Brussels time) of that system. Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositaries to take action to effect final settlement on its behalf by delivering or receiving interests in the Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream, Luxembourg participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream, Luxembourg.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a Global Note from a Participant in DTC will be credited and reported to the relevant Euroclear or Clearstream, Luxembourg participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream, Luxembourg) immediately following the settlement date of DTC. The Issuer understands that cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream, Luxembourg participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day for Euroclear or Clearstream, Luxembourg following DTC's settlement date.

The Issuer understands that DTC will take any action permitted to be taken by a holder of Notes only at the direction of one or more Participants to whose account with DTC interests in a Global Note are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures to facilitate transfers of interests in the Global Note among participants in DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or to continue to perform such procedures, and the procedures may be discontinued at any time. Neither the Issuer nor the Paying Agent, Fiscal and Principal Paying Agent, Exchange Agent or Registrar will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

The information in this section concerning DTC, Euroclear and Clearstream, Luxembourg and their book-entry systems has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

Exchange of Global Notes for Certificated Notes

Global Notes will not be exchangeable for certificated Notes and will not otherwise be issuable as certificated Notes, subject to the following exceptions, whereby physical certificates will be issued to beneficial owners of a Global Note if:

- an Event of Default has occurred and is continuing;
- DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary for the Notes and the Issuer does not appoint a successor within ninety (90) calendar days; or
- DTC has ceased to constitute a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended, and the Issuer does not appoint a successor within ninety (90) calendar days.

If any of the events described in the preceding paragraph occurs, the Issuer will issue definitive Notes in certificated form in an amount equal to a holder's beneficial interest in the Notes.

Certificated Notes will be issued in the denominations of the Notes indicated in the Pricing Supplement or, if no denomination is specified, in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof, and will be registered in the name of the person DTC specifies in a written instruction to the Registrar of the Notes.

In all cases, certificated Notes delivered in exchange for any Global Notes or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures).

In the event certificated Notes are issued:

- holders of certificated Notes will be able to receive payments of principal and interest on their Notes at the office of the Paying Agent maintained in the City of New York, unless otherwise specified in the relevant Pricing Supplement with respect to a Series of Notes;

- holders of certificated Notes will be able to transfer their Notes, in whole or in part, by surrendering the Notes for registration of transfer at the office of the Registrar. The Issuer will not charge any fee for the registration or transfer or exchange, except that the Issuer may require the payment of a sum sufficient to cover any applicable tax or other governmental charge payable in connection with the transfer.

TAXATION

French Taxation

The following is intended as a basic summary of certain French tax considerations that may be relevant to holders of Notes issued by the Issuer who (i) are non-French residents, (ii) do not hold their Notes in connection with a business or profession conducted in France, as a permanent establishment or a fixed base situated in France, and (iii) do not concurrently hold shares of the Issuer. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

The discussion below is of a general nature and is not intended to be exhaustive. It is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect as of the date of this Base Offering Memorandum. Any changes or interpretations could affect the tax consequences to Noteholders, possibly on a retroactive basis (see "Risk Factors—Risks Relating to the Notes—Transactions in the Notes could be subject to the European financial transaction tax, if adopted."), and alter or modify the statements and conclusions set forth herein. Each prospective Noteholder is urged to consult its own tax advisor as to the particular tax consequences to such holder of the ownership of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor.

Taxation of Interest Income and Other Revenues

Pursuant to Article 125 A III of the French *Code général des impôts*, payments of interest and other revenues made by the Issuer on such Notes are not subject to withholding tax unless such payments are made outside of France in a non-cooperative State or territory within the meaning of Article 238-0 A of the French *Code général des impôts* (a "**Non-Cooperative State**"), in which case a 75% withholding tax is applicable subject to exceptions, certain of which are set forth below, and to more favourable provisions of any applicable double tax treaty. The 75% withholding tax is applicable irrespective of the tax residence of the Noteholder. The list of Non-Cooperative States is published by a ministerial executive order, which may be updated at any time and at least once a year. A draft law published by the French government on March 28, 2018 would, if adopted in its current form, (i) remove from the Non Cooperative State list as defined under Article 238-0 A of the French *Code général des impôts*, states and territories which signed the Common Reporting Standard Multilateral Competent Authority Agreement of October 29, 2014 and (ii) expand such a list to include states and jurisdictions on the blacklist published by the Council of the European Union and as a consequence, expand this withholding tax regime to certain states and jurisdictions included in the blacklist.

Furthermore, according to Article 238 A of the French *Code général des impôts*, interest and other revenues will not be deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial institution established in such a Non-Cooperative State. The abovementioned draft law published by the French government on March 28, 2018 which would amend the Non-Cooperative State list as described above, would, if adopted in its current form, expand this regime to the states and jurisdictions included in the blacklist published by the Council of the European Union while states and territories which signed the Common Reporting Standard Multilateral Competent Authority Agreement of October 29, 2014, should be removed from the Non-Cooperative State list of Article 238-0 A of the French *Code général des impôts* and as a consequence should not be concerned by this regime. Under certain conditions, any such non-deductible interest or other revenues may be recharacterized as constructive dividends pursuant to Articles 109 *et seq*. of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the same Code, at a rate of (i) 30% for Noteholders who are non-French tax resident legal persons (to be reduced and aligned to the standard corporate income tax rate set forth in the second paragraph of Article 219-I of the French *Code général des*

impôts which is set at a rate of 28% for fiscal years opened on or after January 1, 2020, 26.5% for fiscal years opened on or after January 1, 2021 and 25% for fiscal years opened on or after January 1, 2022), (ii) 12.8% for Noteholders who are non-French tax resident individuals, in each case (x) unless payments are made in a Non-Cooperative State (in which case the withholding tax rate would be equal to 75%) and (y) subject to certain exceptions and to more favourable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, neither the 75% withholding tax provided by Article 125 A III of the French *Code général des impôts*, nor the non-deductibility of the interest and other revenues set out under Article 238 A of the French *Code général des impôts*, to the extent the relevant interest or revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, and therefore withholding tax set out under Article 119 *bis* 2 that may be levied as a result of such non-deductibility, will apply in respect of a particular issue of Notes provided that the Issuer can prove that the main purpose and effect of such issue of Notes is not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**").

In addition, under French tax administrative guidelines (*Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50 dated February 11, 2014, §§550 and 990, BOI-RPPM-RCM-30-10-20-40, dated February 11, 2014 and §§70 and 80, BOI-IR-DOMIC-10-20-20-60, dated March 20, 2015, §10), an issue of Notes benefits from the Exception without the Issuer having to provide any evidence supporting the main purpose and effect of such issue of Notes, if such Notes are:

i. offered by means of a public offer within the meaning of Article L. 411-1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

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

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

As a result, payments of interest or other revenues made by the Issuer with respect to the Notes cleared through a clearing system such as DTC, Euroclear Bank SA/NV and/or Clearstream Banking that is not located in a Non-Cooperative State will be subject neither to the withholding tax set out under Article 125 A III of the French *Code général des impôts* nor, to the extent the relevant interest or revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, to the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts* that may be levied as a result of the non-deductibility provided under Article 238 A of the French *Code général des impôts.* The tax regime applicable to the Notes which do not satisfy the conditions mentioned hereinabove will be set out in a supplement to this Base Offering Memorandum.

Taxation on Sale or Other Disposition

Subject to provisions of applicable double tax treaties, as a matter of principles, under article 244 *bis* C of the French *Code général des impôts*, an individual who is not a resident of France for the

purpose of French taxation within the meaning of Article 4 B of the French *Code général des impôts*, or a legal entity whose seat is located outside France, is generally not subject to any French income tax or capital gains tax on any gain derived from the sale or other disposition of the Notes, unless such Notes form part of the business property of a permanent establishment or a fixed base that such person maintains in France.

Stamp Duty and Other Transfer Taxes

Transfers of Notes will not be subject to stamp duty or other transfer tax imposed in France, provided such transfer is not recorded or referred to in any manner whatsoever in a deed registered with the French tax authorities on a voluntary basis.

Estate and Gift Tax

France imposes estate and gift tax on securities of a French company that are acquired by inheritance or gift. According to Article 750 *ter* of the French *Code général des impôts*, the taxation is triggered without regard to the residence of the transferor. However, France has entered into estate and gift tax treaties with a number of countries pursuant to which, assuming certain conditions are met, residents of the treaty country may be exempted from such tax or obtain a tax credit.

As a result from the combination of the French domestic tax law and the estate and gift tax convention between the United States and France, a transfer of Notes by gift or by reason of the death of a United States holder entitled to benefits under that convention will not be subject to French gift or inheritance tax, so long as, among other conditions, the donor or decedent was not domiciled in France at the time of the transfer and the Notes were not used or held for use in the conduct of a business or profession through a permanent establishment or fixed base in France.

United States Taxation

The following is a summary of certain U.S. federal income tax considerations that may be relevant to a holder of a Note that is a citizen or resident of the United States or a domestic corporation or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of the Notes (a "**U.S. Holder**"). This summary deals only with beneficial owners of Notes that will hold Notes as capital assets, and does not address all tax considerations applicable to investors that may be subject to special tax rules, such as banks, tax-exempt entities, entities or arrangements treated as partnerships for U.S. federal income tax purposes and the partners therein, insurance companies, regulated investment companies, dealers in securities or currencies, traders in securities electing to mark to market, persons subject to the alternative minimum tax, U.S. expatriates, nonresident alien individuals present in the United States for more than one hundred eighty-two (182) calendar days in a taxable year, persons that will hold Notes as a position in a "straddle" or conversion transaction, or as part of a "synthetic security" or other integrated financial transaction or persons that have a "functional currency" other than the U.S. dollar. Any special U.S. federal income tax considerations relevant to a particular issue of Notes, including linked Notes, dual currency Notes, or indexed Notes will be provided in the applicable supplement or Pricing Supplement.

This summary addresses only U.S. federal income tax consequences, and does not address consequences arising under state, local, foreign tax laws or the Medicare tax on net investment income. This summary is based on the tax laws of the United States, including the United States Internal Revenue Code of 1986, as amended (the "**Code**"), regulations, rulings and decisions now in effect, all of which may change. Any change could apply retroactively and could affect the continued validity of this summary. This summary addresses only Notes that are properly characterized as indebtedness for U.S. federal income tax purposes. Particular tax consequences relating to Notes having a term to maturity of more than 30 years will be discussed in the applicable supplement or Pricing Supplement.

Investors should consult their own tax advisors in determining the tax consequences to them of holding Notes, including the application to their particular situation of the U.S. federal income tax considerations discussed below, as well as the application of state, local, non-U.S. or other tax laws.

A U.S. Holder that uses the accrual method of accounting for tax purposes ("**accrual method holders**") generally are required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements (the "**book/tax conformity rule**"). The application of the book/tax conformity rule thus may require the accrual of income earlier than would be the case under the general tax rules described below, although it is not clear to what types of income the book/tax conformity rule applies. This rule generally is effective for tax years beginning after December 31, 2017 or, for "Original Issue Discount Notes" (as defined below under "Original Issue Discount"), for tax years beginning after December 31, 2018. Accrual method holders should consult their own tax advisors regarding the potential applicability of the book/tax conformity rule to their particular situation.

Payments of Interest and Additional Amounts

Payments of "qualified stated interest" (as defined below under "—Original Issue Discount") on a Note and Additional Amounts, if any, but excluding any pre-issuance accrued interest, will be taxable to a U.S. Holder as ordinary interest income at the time that such payments are accrued or received (in accordance with the U.S. Holder's method of tax accounting). If such payments of this kind are made with respect to a Note denominated in or by reference to a Specified Currency other than U.S. dollars (a "**Foreign Currency Note**"), the amount of interest income realized by a U.S. Holder that uses the cash method of tax accounting will be the U.S. dollar value of the Specified Currency payment based on the exchange rate in effect on the date of receipt regardless of whether the payment in fact is converted into U.S. dollars. An accrual method holder will accrue interest income on the Note in the Specified Currency and translate the amount accrued into U.S. dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the accrual method holder's taxable year), or, at the accrual method holder's election, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five (5) business days of the last day of the accrual period. An accrual method holder that makes such election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service (the "**IRS**"). An accrual method holder will recognize foreign currency gain or loss, as the case may be, on the receipt of an interest payment made with respect to a Foreign Currency Note if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. Amounts attributable to pre-issuance accrued interest will generally not be includable in income, except to the extent of foreign currency gain or loss attributable to any changes in exchange rates during the period between the date the U.S. Holder acquired the Note and the first Interest Payment Date. This foreign currency gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the Note.

Purchase, Sale and Retirement of Notes

A U.S. Holder's tax basis in a Note generally will equal the cost of such Note to such holder, increased by any amounts includible in income by the holder as original issue discount and market discount and reduced by any amortized premium (each as described below) and any payments other than payments of qualified stated interest made on such Note. In the case of a Foreign Currency Note, the cost of such Note to a U.S. Holder will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. In the case of a Foreign Currency Note that is traded on an established securities market, a cash basis U.S. Holder (and, if it so elects, an accrual method holder) will determine the U.S. dollar value of the cost of such Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The amount of any subsequent adjustments to a U.S. Holder's tax basis in a Note in respect of original issue discount, market discount and premium

denominated in a Specified Currency will be determined in the manner described under "—Original Issue Discount" and "—Premium and Market Discount" below. The conversion of U.S. dollars to a Specified Currency and the immediate use of the Specified Currency to purchase a Foreign Currency Note generally will not result in taxable gain or loss for a U.S. Holder.

Upon the sale, exchange or retirement of a Note, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any amount attributable to accrued qualified stated interest, which will be taxable as such) and the U.S. Holder's tax basis in such Note. If a U.S. Holder receives a currency other than the U.S. dollar in respect of the sale, exchange or retirement of a Note, the amount realized will be the U.S. dollar value of the Specified Currency received calculated at the exchange rate in effect on the date of such sale, exchange or retirement. In the case of a Foreign Currency Note that is traded on an established securities market, a cash basis U.S. Holder, and if it so elects, an accrual method holder will determine the U.S. dollar value of the amount realized by translating such amount at the spot rate on the settlement date of the sale. The election available to accrual method holders in respect of the purchase and sale of Foreign Currency Notes traded on an established securities market, discussed above, must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Except as discussed below with respect to market discount, Short-Term Notes (as defined below) and foreign currency gain or loss, gain or loss recognized by a U.S. Holder generally will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of disposition. Long-term capital gains recognized by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deduction of capital losses is subject to limitations.

Gain or loss recognized by a U.S. Holder on the sale, exchange or retirement of a Foreign Currency Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held such Note. This foreign currency gain or loss will not be treated as an adjustment to interest income received on the Notes.

Substitution and Variation of the Notes

The terms of the Notes provide that, in certain circumstances, the Issuer may, in respect of any series of Senior Non-Preferred Notes and, if specified as applicable in the relevant Pricing Supplement, a Series of Senior Preferred Notes, substitute or vary the terms of such Notes. In such case, under certain circumstances, a U.S. Holder of such Notes may be required to recognize gain upon the deemed exchange of the old Notes for the new Notes equal to the difference, if any, between the (i) "issue price" of the new Notes and (ii) the Holder's adjusted tax basis in the old Notes. Under certain circumstances, a U.S. Holder of such Notes may be required to accrue OID on such Notes going forward. U.S. Holders should consult their tax advisors regarding the U.S. federal income tax consequences if there is a variation or substitution with respect to any Series of Notes.

Original Issue Discount

In general, if the Issuer issues Notes at a discount from their stated redemption price at maturity (as defined below), and the discount is equal to or more than the product of one-fourth of one percent (0.25 percent) of the stated redemption price at maturity of such Notes multiplied by the number of full years to their maturity (the "*de minimis* threshold"), such Notes will be "**Original Issue Discount Notes**." An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an "installment obligation") will be treated as an Original Issue Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25 percent of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the

following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity.

The difference between the issue price and the stated redemption price at maturity of such Notes will be the "original issue discount" ("**OID**"). The "issue price" of a Note will be the first price at which a substantial amount of the Series of Notes, of which such Note is a part, is sold to the public (*i.e.*, excluding sales of the Notes to underwriters, placement agents, wholesalers, or similar persons). The "stated redemption price at maturity" will include all payments under a Note other than payments of qualified stated interest. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments issued by the Issuer) at least annually during the entire term of the Note at a single fixed interest rate or, subject to certain conditions, based on one or more interest indices.

U.S. Holders of Original Issue Discount Notes generally will be subject to special tax accounting rules for obligations issued with OID. U.S. Holders of such Notes should be aware that, as described in greater detail below, they generally must include OID in ordinary gross income for U.S. federal income tax purposes as it accrues, in advance of the receipt of cash attributable to that income.

In general, each U.S. Holder of an Original Issue Discount Note, regardless of whether the holder uses the cash or the accrual method of tax accounting, will be required to include in gross income, as ordinary income, the sum of the "daily portions" of OID on the Note for all calendar days during the taxable year that the U.S. Holder owns the Note. The daily portions of OID on an Original Issue Discount Note are determined by allocating to each day in any accrual period a ratable portion of the OID allocable to that accrual period. Accrual periods may be any length and may vary in length over the term of an Original Issue Discount Note, provided that no accrual period is longer than one year and each scheduled payment of principal or interest occurs on either the final day or the first day of an accrual period. In the case of an initial holder, the amount of OID on an Original Issue Discount Note allocable to each accrual period is determined by (a) multiplying the "adjusted issue price" (as defined below) of the Original Issue Discount Note at the beginning of the accrual period by its yield to maturity (appropriately adjusted to reflect the length of the accrual period) and (b) subtracting from that product the amount (if any) of qualified stated interest allocable to that accrual period. The "yield to maturity" of a Note is the discount rate that causes the present value of all payments on the Note as of its original issue date to equal the issue price of the Note. The "adjusted issue price" of an Original Issue Discount Note at the beginning of any accrual period will generally be the sum of its issue price (generally including accrued interest, if any) and the amount of OID allocable to all prior accrual periods, reduced by the amount of all payments other than payments of qualified stated interest (if any) made with respect to the Note in all prior accrual periods. As a result of this "constant yield" method of including OID in income, the amounts includible in income by a U.S. Holder in respect of an Original Issue Discount Note denominated in U.S. dollars generally are lesser in the early years and greater in the later years than the amounts that would be includible on a straight-line basis.

A U.S. Holder generally may make an irrevocable election to include in its income its entire return on a Note (*i.e.*, the excess of all remaining payments to be received on the Note, including payments of qualified stated interest, over the amount paid by the U.S. Holder for the Note) under the constant-yield method described above. For Notes purchased at a premium or bearing market discount in the hands of the U.S. Holder, the U.S. Holder making such election will also be deemed to have made the election (discussed below in "—Premium and Market Discount") to amortize premium or to accrue market discount in income currently on a constant-yield basis.

In the case of an Original Issue Discount Note that is also a Foreign Currency Note, a U.S. Holder should determine the U.S. dollar amount includible in income as OID for each accrual period by (a) calculating the amount of OID allocable to each accrual period in the Specified Currency using

the constant-yield method described above, and (b) translating the amount of the Specified Currency so derived at the average exchange rate in effect during that accrual period (or portion thereof within a U.S. Holder's taxable year) or, at the U.S. Holder's election (as described above under "—Payments of Interest and Additional Amounts"), at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if that date is within five (5) business days of the last day of the accrual period. Because exchange rates may fluctuate, a U.S. Holder of an Original Issue Discount Note that is also a Foreign Currency Note may recognize a different amount of OID income in each accrual period than would the holder of an otherwise similar Original Issue Discount Note denominated in U.S. dollars. All payments on an Original Issue Discount Note, other than payments of qualified stated interest, will generally be viewed first as payments of previously accrued OID to the extent thereof, with payments attributed first to the earliest-accrued OID, and then as payments of principal. Upon the receipt of an amount attributable to OID (whether in connection with a payment of an amount that is not qualified stated interest or the sale or retirement of the Original Issue Discount Note), a U.S. Holder will recognize ordinary income or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate in effect on the date of receipt or on the date of disposition of the Original Issue Discount Note, as the case may be) and the amount accrued (using the exchange rate applicable to such previous accrual).

A subsequent U.S. Holder of an Original Issue Discount Note that purchases the Note at a cost less than its remaining redemption amount (as defined below), or an initial U.S. Holder that purchases an Original Issue Discount Note at a price other than the Note's issue price, also generally will be required to include in gross income the daily portions of OID, calculated as described above. However, if the U.S. Holder acquires the Original Issue Discount Note at a price greater than its adjusted issue price, the holder is required to reduce its periodic inclusions of OID income to reflect the premium paid over the adjusted issue price. The "remaining redemption amount" for a Note is the total of all future payments to be made on the Note other than payments of qualified stated interest.

Floating Rate Notes generally will be treated as "variable rate debt instruments" under applicable Treasury Regulations. Accordingly, the stated interest on a Floating Rate Note generally will be treated as "qualified stated interest" and such a Note will not have OID solely as a result of the fact that it provides for interest at a variable rate. If a Floating Rate Note qualifying as a "variable rate debt instrument" is an Original Issue Discount Note, for purposes of determining the amount of OID allocable to each accrual period under the rules above, the Note's "yield to maturity" and "qualified stated interest" will generally be determined as though the Note bore interest in all periods at a fixed rate determined at the time of issuance of the Note. Additional rules may apply if interest on a Floating Rate Note is based on more than one interest index. If a Floating Rate Note does not qualify as a "variable rate debt instrument," the Note will be subject to special rules (the "**Contingent Payment Regulations**") that govern the tax treatment of debt obligations that provide for contingent payments ("**Contingent Debt Obligations**"). A detailed description of the tax considerations relevant to U.S. Holders of any such Notes will be provided in the applicable supplement or Pricing Supplement.

Certain of the Notes may be subject to special redemption, repayment or interest rate reset features, as indicated in the applicable supplement or Pricing Supplement. Notes containing such features, in particular Original Issue Discount Notes, may be subject to special rules that differ from the general rules discussed above. Purchasers of Notes with such features should carefully examine the applicable supplement or Pricing Supplement and should consult their own tax advisors with respect to such Notes since the tax consequences with respect to such features, and especially with respect to OID, will depend, in part, on the particular terms of the purchased Notes.

If a Note provides for a scheduled Accrual Period that is longer than one year (for example, as a result of a long initial period on a Note with interest is generally paid on an annual basis), then stated interest on the Note will not qualify as "qualified stated interest" under the applicable Treasury

Regulations. As a result, the Note would be an Original Issue Discount Note. In that event, among other things, cash-method U.S. Holders will be required to accrue stated interest on the Note under the rules for OID described above, and all U.S. Holders will be required to accrue OID that would otherwise fall under the *de minimis* threshold.

The book/tax conformity rule, discussed above under "United States Taxation," applies to OID in some cases, and therefore an accrual method holder may be required to include OID on Original Issue Discount Notes in a more accelerated manner than described above if the holder does so for financial accounting purposes. It is uncertain what adjustments, if any, should be made in later accrual periods when taxable income exceeds income reflected on the accrual method holder's financial statements to reflect the accelerated accrual of income in earlier periods. In addition, it is possible, although less likely, that an accrual method holder may be required to include OID that would otherwise fall under the de minimis threshold in gross income as such OID accrues on the holder's financial statements. The application of the book-tax conformity rule to OID, including OID that would otherwise fall under the de minimis threshold, is uncertain, and accrual method taxpayers should consult with their tax advisors on how the rule may apply to their investment in the Notes.

Premium and Market Discount

A U.S. Holder of a Note that purchases the Note at a cost greater than its remaining redemption amount (as defined in the fifth preceding paragraph) will be considered to have purchased the Note at a premium, and may elect to amortize such premium (as an offset to interest income), using a constant-yield method, over the remaining term of the Note. Such election, once made, generally applies to all debt instruments held or subsequently acquired by the U.S. Holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A U.S. Holder that elects to amortize such premium must reduce its tax basis in a Note by the amount of the premium amortized during its holding period. Original Issue Discount Notes purchased at a premium will not be subject to the OID rules described above. In the case of premium in respect of a Foreign Currency Note, a U.S. Holder should calculate the amortization of such premium in the Specified Currency. Amortization deductions attributable to a period reduce interest payments in respect of that period and therefore are translated into U.S. dollars at the exchange rate used by the U.S. Holder for such interest payments. Exchange gain or loss will be realized with respect to amortized bond premium on such a Note based on the difference between the exchange rate on the date or dates such premium is recovered through interest payments on the Note and the exchange rate on the date on which the U.S. Holder acquired the Note. With respect to a U.S. Holder that does not elect to amortize bond premium, the amount of bond premium will be included in the U.S. Holder's tax basis when the Note matures or is disposed of by the U.S. Holder. Therefore, a U.S. Holder that does not elect to amortize such premium and that holds the Note to maturity generally will be required to treat the premium as capital loss when the Note matures.

If a U.S. Holder of a Note purchases the Note at a price that is lower than its remaining redemption amount, or in the case of an Original Issue Discount Note, its adjusted issue price, by at least one-fourth of one percent (0.25 percent) of its remaining redemption amount multiplied by the number of remaining whole years to maturity, the Note will be considered to have "market discount" in the hands of such U.S. Holder. In such case, gain realized by the U.S. Holder on the disposition of the Note generally will be treated as ordinary income to the extent of the market discount that accrued on the Note while held by such U.S. Holder. In addition, the U.S. Holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the Note. In general terms, market discount on a Note will be treated as accruing ratably over the term of such Note, or, at the election of the holder, under a constant-yield method. Market discount on a Foreign Currency Note will be accrued by a U.S. Holder in the Specified Currency. The amount includible in income by a U.S. Holder in respect of such accrued market discount will be the U.S. dollar value of the amount accrued, generally calculated at the exchange rate in effect on the date that the Note is disposed of by the U.S. Holder.

A U.S. Holder may elect to include market discount in income on a current basis as it accrues (on either a ratable or constant-yield basis), in lieu of treating a portion of any gain realized on a sale of a Note as ordinary income. If a U.S. Holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply. Any accrued market discount on a Foreign Currency Note that is currently includible in income will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Any such election, if made, applies to all debt instruments with market discount acquired by the taxpayer on or after the first day of the first taxable year to which such election applies and is revocable only with the consent of the IRS.

Under the book/tax conformity rule, discussed above under "United States Taxation," an accrual method holder that makes the election described in the paragraph above may be required to accrue market discount in a more accelerated manner than described therein if the holder does so for financial accounting purposes. It is also possible, although less likely, that an accrual method holder that has not made the election and accrues market discount on a current basis on its financial statements, may be required to accrue market discount—including de minimis market discount—currently for U.S. federal income tax purposes. The application of the book/tax conformity rule to debt instruments with market discount is uncertain, and accrual method taxpayers should consult with their tax advisors on how the rule may apply to their investment in the Notes.

Short-Term Notes

The rules set forth above will also generally apply to Notes having maturities of not more than one year ("**Short-Term Notes**"), but with certain modifications.

First, the applicable Treasury Regulations treat none of the interest on a Short-Term Note as qualified stated interest. Thus, all Short-Term Notes will be Original Issue Discount Notes. OID will be treated as accruing on a Short-Term Note ratably, or at the election of a U.S. Holder, under a constant yield method.

Second, a U.S. Holder of a Short-Term Note that uses the cash method of tax accounting and is not a bank, securities dealer, regulated investment company or common trust fund, and does not identify the Short-Term Note as part of a hedging transaction, will generally not be required to include OID in income on a current basis. Such a U.S. Holder may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry such Note until the Maturity of the Note or its earlier disposition in a taxable transaction. In addition, such a U.S. Holder will be required to treat any gain realized on a sale, exchange or retirement of the Note as ordinary income to the extent such gain does not exceed the OID accrued with respect to the Note during the period the U.S. Holder held the Note. Notwithstanding the foregoing, a cash-basis U.S. Holder of a Short-Term Note may elect to accrue OID into income on a current basis or to accrue the "acquisition discount" on the Note under the rules described below. If the U.S. Holder elects to accrue OID or acquisition discount, the limitation on the deductibility of interest described above will not apply.

Accrual method holders and certain cash-basis U.S. Holders generally will be required to include original issue discount on a Short-Term Note in income on a current basis. Alternatively, a U.S. Holder of a Short-Term Note can elect to accrue the "acquisition discount," if any, with respect to the Note on a current basis. If such an election is made, the OID rules will not apply to the Note. Acquisition discount is the excess of the Short-Term Note's stated redemption price at maturity (*i.e.*, all amounts payable on the Short-Term Note) over the purchase price. Acquisition discount will be treated as accruing ratably or, at the election of the U.S. Holder, under a constant-yield method based on daily compounding.

Finally, the market discount rules will not apply to a Short-Term Note.

Indexed Notes and Other Notes Providing for Contingent Payments.

The Contingent Payment Regulations, which govern the tax treatment of Contingent Debt Obligations, generally require accrual of interest income on a constant-yield basis in respect of such obligations at a yield determined at the time of their issuance, and may require adjustments to such accruals when any contingent payments are made. A detailed description of the tax considerations relevant to U.S. Holders of any Contingent Debt Obligations will be provided in the applicable supplement or Pricing Supplement.

Foreign Currency Notes and Reportable Transactions

A U.S. Holder that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss relating to a Foreign Currency Note as a reportable transaction if the loss exceeds $50,000 in a single taxable year if the U.S. Holder is an individual or trust, or higher amounts for other U.S. Holders. In the event the acquisition, ownership or disposition of a Foreign Currency Note constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Holder will be required to disclose its investment to the IRS, currently on Form 8886. Prospective purchasers should consult their tax advisors regarding the application of these rules to the acquisition, ownership or disposition of Foreign Currency Notes.

Specified Foreign Financial Assets

Certain U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of $50,000 are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which may include Notes issued in certificated form) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. Holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in the Notes, including the application of the rules to their particular circumstances.

Information Reporting and Backup Withholding

Information returns will be filed with the IRS in connection with payments on the Notes made to, and the proceeds of dispositions of Notes effected by, certain U.S. taxpayers. In addition, certain U.S. taxpayers may be subject to backup withholding in respect of such amounts if they do not provide their taxpayer identification numbers to the person from whom they receive payments or are otherwise not entitled to receive payments free from backup withholding. Non-U.S. taxpayers may be required to comply with applicable certification procedures to establish that they are not U.S. taxpayers in order to avoid the application of such information reporting requirements and backup withholding. The amount of any backup withholding from a payment to a U.S. or non-U.S. taxpayer will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS.

Foreign Account Tax Compliance Act

Pursuant to FATCA, subject to grandfathering rules, holders and beneficial owners of the Notes may be required to provide to a financial institution in the chain of payments on the Notes information and tax documentation regarding their identities, and in the case of a holder that is an entity, the identities of their direct and indirect owners, and this information may be reported to relevant tax authorities, including the IRS. Moreover, starting at the earliest on January 1, 2019, the

Issuer, the Paying Agents, and other financial institutions through which payments are made, may be required to withhold U.S. tax at a 30% rate on "foreign passthru payments" (a term not yet defined) paid to an investor who does not provide information sufficient for the institution to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the institution, or to an investor that is, or holds the Notes directly or indirectly through, a non-U.S. financial institution that is not in compliance with FATCA. Under a separate grandfathering rule, the withholding tax described above will not apply to Notes unless they are issued or materially modified after the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Treasury Department. Neither the Issuer or the Paying Agent will pay any additional amounts on account of any such withholding tax. These requirements may be modified by the adoption or implementation of an intergovernmental agreement between the United States and another country, including the intergovernmental agreement concerning FATCA signed by France and the United States. Holders should consult their own tax advisors on how FATCA may apply to payments in respect of Notes.

ERISA MATTERS

Unless otherwise provided in the relevant Pricing Supplement, the Notes should be eligible for purchase by employee benefit plans and other plans subject to the fiduciary responsibility provisions of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and/or the provisions of section 4975 of the Code and by governmental, church and non-U.S. plans that are subject to state, local, other federal law of the United States or non-U.S. law that is substantially similar to ERISA or section 4975 of the Code, subject to consideration of the issues described in this section.

ERISA imposes fiduciary responsibility and certain other requirements with respect to employee benefit plans subject to ERISA, including collective investment funds, separate accounts and certain entities whose underlying assets include the assets of such plans investing therein (collectively, "**ERISA Plans**"). Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed under "Risk Factors" above.

Section 406 of ERISA and section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan, a plan subject to section 4975 of the Code, including individual retirement accounts, or certain entities whose underlying assets include the assets of such plans for purposes of ERISA and the Code (collectively, the "**Plans**"), and certain persons (referred to as "parties in interest" under ERISA or "disqualified persons" under the Code) having certain relationships to such Plans, unless a statutory or administrative exemption applies to the transaction. A party in interest or disqualified person, including a plan fiduciary, who engages in a prohibited transaction with a Plan may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Issuer, directly or indirectly through its affiliates, the Dealers or other parties to the transactions contemplated in connection with the Notes may be parties in interest or disqualified persons with respect to many Plans. Prohibited transactions within the meaning of section 406 of ERISA or section 4975 of the Code may arise if any of the Notes is acquired or held by a Plan with respect to which the Issuer, any Dealer or such other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of section 406 of ERISA and section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any Notes and the circumstances under which such decision is made. Included among these exemptions are section 408(b)(17) of ERISA and section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the plan, provided that there is adequate consideration for the transaction), Prohibited Transaction Class Exemption (PTCE) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective investors should consult with their advisors regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Notes.

Save as otherwise provided in the relevant Pricing Supplement, each purchaser and subsequent transferee of any Note will be deemed by such purchase or acquisition of any such Note to

have represented and warranted, on each day from the date on which the purchaser or transferee acquires such Note (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Note (or any interest therein), either that (a) it is not (x) a Plan or an entity whose underlying assets are deemed for the purposes of ERISA or the Code to include the assets of any Plan or (y) a governmental, church or non-U.S. plan which is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code or (b) its purchase, holding and disposition of such Note will not constitute or result in a prohibited transaction under section 406 of ERISA or section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a violation of any substantially similar federal, state, local or non-U.S. law) unless an exemption is available with respect to such transactions and all the conditions of such exemption have been satisfied.

Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold any of the Notes should determine whether, under the documents and instruments governing the Plan, an investment in such Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in such Notes (including any governmental, church or non-U.S. plan) should consult with its counsel to confirm that such investment will not constitute or result in a non-exempt prohibited transaction (or, in the case of a governmental plan, church or non-U.S. plan, a violation of any substantial similar federal, state, local or non-U.S. law) and will satisfy the other requirements of ERISA, the Code and any other applicable law.

The sale of any Note to a Plan is in no respect a representation by the Issuer, the Dealers or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Any further ERISA considerations or prohibitions with respect to Notes may be found in the relevant Pricing Supplement.

PLAN OF DISTRIBUTION

The Notes are being offered on a continuous basis for sale by the Issuer to or through Banque Fédérative du Crédit Mutuel, Barclays Capital Inc., BNP Paribas Securities Corp., Citigroup Global Markets Inc., Citigroup Global Markets Limited, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC, together with such other Dealers as may be appointed by the Issuer with respect to a particular series of Notes (the "**Dealers**") subject to the terms and conditions contained in an dealer agreement, dated October 8, 2013. One or more Dealers may purchase Notes at a discount, as principal, from the Issuer from time to time for resale or, if so specified in the relevant Pricing Supplement, for resale at varying prices relating to prevailing market prices. The Issuer will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes in whole or in part. The Issuer has reserved the right to sell Notes through one or more other dealers in addition to the Dealers and directly to investors on behalf of the Issuer in those jurisdictions where it is authorized to do so. Each Dealer will have the right, in its discretion reasonably exercised, to reject any proposed purchase of Notes through it in whole or in part. No commission will be payable by the Issuer to any of the Dealers on account of sales of Notes made through such other dealers or directly by the Issuer.

In addition, the Dealers may offer the Notes they have purchased as principal to other dealers. The Dealers may sell Notes to any dealer at a discount and, unless otherwise specified in the relevant Pricing Supplement, such discount allowed to any dealer will not be in excess of the discount to be received by such Dealer from the Issuer. Unless otherwise indicated in the relevant Pricing Supplement, any Note sold to a Dealer as principal will be purchased by such Dealer at a price equal to the offering price (expressed as a percentage of the principal amount) less a percentage equal to the commission, and may be resold by the Dealer to investors and other purchasers as described above. After the initial offering of Notes to be resold to investors and other purchasers, the offering price (in the case of Notes to be resold at a fixed offering price), the concession and discount may be changed.

The Issuer may withdraw, cancel or modify the offering contemplated hereby without notice and may reject offers to purchase Notes in whole or in part. Each Dealer shall have the right, in its discretion reasonably exercised, to reject in whole or in part any offer to purchase Notes received by it on an agency basis.

The Issuer has agreed to indemnify each Dealer against, or to make contributions relating to, certain liabilities in connection with the offering and sale of the Notes, including liabilities under the Securities Act.

The Dealers may from time to time purchase and sell Notes in the secondary market, but they are not obligated to do so, and there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, the Dealers may make a market for the Notes.

Other Relationships

Some of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Dealers 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 ours or our affiliates. Certain of the Dealers or their affiliates that

have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such Dealers 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 our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Dealers 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.

The Rule 144A Notes and Regulation S Notes

Each Dealer will offer or sell the Rule 144A Notes within the United States only to persons it reasonably believes to be "qualified institutional buyers" (within the meaning of Rule 144A) in reliance on Rule 144A.

Each Dealer has agreed that, except as permitted by the Dealer Agreement and set forth in "Transfer Restrictions," it will not offer or sell Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until forty (40) calendar days after the later of the commencement of the offering and the closing date, and it will have sent to each distributer or dealer to which it sells such Regulation S Notes during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until forty (40) calendar days after the commencement of an offering of Regulation S Notes, an offer or sale of Regulation S Notes within the United States by a dealer (whether or not such dealer is participating in such offering) may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

Each purchaser of Rule 144A Notes and Regulation S Notes offered hereby in making its purchase will be deemed to have made the acknowledgments, representations and agreements set forth under "Transfer Restrictions" herein.

Price Stabilization and Short Positions

In connection with an offering of Notes purchased by one or more Dealers as principal on a fixed offering price basis, certain persons participating in the offering (including such Dealers) may engage in stabilizing and syndicate covering transactions. Syndicate covering transactions involve purchases of Notes in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing and syndicate covering transactions may cause the price of the Notes to be higher than they would otherwise be in the absence of such transactions. These transactions, if commenced, may be discontinued at any time.

Neither we nor any of the Dealers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the Dealers make any representation that the relevant Dealer(s) or their representatives, if any, will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the relevant Pricing Supplement 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(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which

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

MiFID II product governance / target market

The relevant Pricing Supplement in respect of any Series of Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes of any such Series and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU, as amended ("**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

PRIIPs / IMPORTANT – EUROPEAN ECONOMIC AREA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU, as amended (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been or will be prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

The EEA selling restriction is in addition to any other selling restrictions set out below.

Notice to Prospective Investors in France

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

(a) this Base Offering Memorandum has not been prepared and is not being distributed in the context of a public offering of securities in France (*offre au public de titres financiers*) within the meaning of Article L. 411-1 of the French Monetary and Financial Code and, therefore, this Base Offering Memorandum, the relevant Pricing Supplement, as the case may be, or any other offering materials relating to the Notes have not been and will not be filed with the AMF for prior approval or submitted for clearance to the AMF and, more generally no prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with the offering

of the Notes that has been approved by the AMF or by the competent authority of another Member State of the EEA and notified to the AMF and to the Issuer;

(b) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France;

(c) it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, directly or indirectly, this Base Offering Memorandum, the relevant Pricing Supplement, as the case may be, or any other offering materials relating to the Notes; and

(d) such offers, sales and distributions have been and will only be made in France to persons licensed to provide the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), or qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in, and in accordance with, Articles L. 411-2 and D. 411-1 of the French Monetary and Financial Code and applicable regulations thereunder. The direct or indirect distribution to the public in France of any Notes so acquired may be made only in accordance with the provisions of Articles L. 411-1, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code and applicable regulations thereunder.

If necessary, these selling restrictions will be supplemented in the applicable supplement, Pricing Supplement.

Notice to Prospective Investors in the Republic of Italy

The offering of any Notes will not be registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Offering Memorandum or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Dealer selling Notes under the Program will be required to represent and agree that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Base Offering Memorandum or any other document relating to the Notes in Italy except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the "**Financial Services Act"**) and Article 34-*ter*, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "**Issuers Regulation**"), all as amended from time to time; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Base Offering Memorandum or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**") and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;

(ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and

(iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

Notice to Prospective Investors in the United Kingdom

Each Dealer has represented and agreed that:

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

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

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

Notice to Prospective Investors in Canada

Each Dealer has represented and agreed that the Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages, if this Base Offering Memorandum or any applicable supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the "Australian Corporations Act") in relation to the Program or any Notes has been, or will be, lodged with the Australian Securities and Investment Commission ("ASIC"). Accordingly each Dealer has represented and agreed that unless a relevant supplement to this Base Offering Memorandum) otherwise provides, it:

(a) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, any base offering memorandum or any other offering material or advertisement relating to any Notes in Australia, unless:

(i) the aggregate consideration payable by each offeree is at least A$500,000 (or its equivalent in an alternate currency, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Australian Corporations Act;

(ii) the offer or invitation does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Australian Corporations Act;

(iii) such action complies with any applicable laws, regulations and directives in Australia; and

(iv) such action does not require any document to be lodged with ASIC.

In addition, each Dealer has agreed that it will comply with the directive issued by the Assistant Treasurer of the Commonwealth of Australia dated 23 September, 1996 as contained in Banking (Exemption) Order No. 82 which requires all offers and transfers to be in parcels of not less than A$500,000 in aggregate principal amount. Banking (Exemption) Order No. 82 does not apply to transfers which occur outside Australia.

Notice to Prospective Investors in Hong Kong

Each Dealer has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Notice to Prospective Investors in Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act n° 25 of 1948, as amended, the "Financial Instruments and Exchange Act"). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Notice to Prospective Investors in Singapore

Each Dealer has acknowledged that this Base Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Base Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Base Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may any Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(l) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

TRANSFER RESTRICTIONS

Because of the following restrictions on Rule 144A Notes and Regulation S Notes, purchasers are advised to read the below carefully and consult legal counsel prior to making any offer, resale, pledge or other transfer of any Rule 144A Notes or Regulation S Notes.

The Notes are subject to restrictions on transfer as summarized below. By purchasing Notes, you will be deemed to have made the following acknowledgements, representations to and agreements with the Issuer and the Dealers:

1. You acknowledge that:

   - the Rule 144A Notes and Regulation S Notes have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and

   - unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and, if applicable, in compliance with the conditions for transfer set forth in paragraph (4) below.

2. You represent that:

   - if you are purchasing the Rule 144A Notes, you are a QIB and are purchasing such Notes for your own account or for the account of another QIB, and you are aware that the Dealers are selling such Notes to you in reliance on Rule 144A; or

   - if you are purchasing the Regulation S Notes, you are not a U.S. person (as defined in Regulation S) and are purchasing such Notes in an offshore transaction in accordance with Regulation S.

3. You acknowledge that neither the Issuer nor the Dealers nor any person representing the Issuer or the Dealers has made any representation to you with respect to the Issuer or the offering of the Notes, other than the information contained or incorporated by reference in this Base Offering Memorandum and any relevant Pricing Supplement. You agree that you have had access to such financial and other information concerning the Issuer and the Notes as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask the Issuer questions and request information.

4. You represent that, on each day from and including the date on which you acquire the offered Note through and including the date on which you dispose of your interest in such offered Note either (a) you are neither (i) an employee benefit plan that is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), a plan that is not subject to ERISA but to which section 4975 of the United States Internal Revenue Code of 1986, as amended (the "**Code**") applies, such as an individual retirement account, or an entity whose underlying assets are deemed to include the assets of any plans by reason of U.S. Department of Labor Regulation Section 2510.3-101, as modified by Section 3(42) of ERISA, or otherwise (each, a "**Plan**") nor (ii) a governmental plan (as defined in Section 3(32) of ERISA), non-electing church plan (as defined in Section 3(33) of ERISA) or non-U.S. plan (as described in Section 4(b)(4) of ERISA) (each, a "**Non-ERISA Arrangement**") subject to local, state, federal or non-U.S. laws that are substantially similar to the foregoing provisions of ERISA and the Code ("**Similar Laws**") and you are not purchasing or holding the Notes on behalf of or with "plan assets" of any Plan or Non-ERISA Arrangement or (b) such purchase, holding and disposition of the Notes does not constitute and will not result in a

prohibited transaction under section 406 of ERISA or section 4975 of the Code (or in the case of a Non-ERISA Arrangement, a violation of any Similar Laws) unless an exemption is available with respect to such transactions and all the conditions of such exemption have been satisfied.

5. If you are a purchaser of Rule 144A Notes pursuant to Rule 144A, you acknowledge and agree that such Notes may be offered, sold or otherwise transferred, if prior to the date on which the Issuer determines that the legend to this effect shall be deemed removed from the corresponding 144A global note, only:

A) to the Issuer or any of its affiliates;

B) pursuant to an effective registration statement under the Securities Act (the Issuer having no obligation to effect any such registration),

C) to a QIB in compliance with Rule 144A;

D) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S; or

E) pursuant to any other available exemption from registration requirements of the Securities Act;

provided that as a condition to registration of transfer of such Notes, the Issuer may require delivery of any documents or other evidence that the Issuer, in its discretion, deems necessary or appropriate to evidence compliance with one of the exemptions referred to above, and, in each case, in accordance with the applicable securities laws of the states of the United States and other jurisdictions.

You also acknowledge that each global certificate in respect of Rule 144A Notes will contain a legend substantially to the following effect:

THIS LEGEND SHALL BE REMOVED SOLELY AT THE OPTION OF THE ISSUER.

THE NOTES EVIDENCED HEREBY (THE "**NOTES**") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER, OR AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF, THE SECURITIES ACT. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT;

(2) REPRESENTS THAT EITHER (A) IT IS NEITHER (I) AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), A PLAN THAT IS NOT SUBJECT TO ERISA BUT TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") APPLIES, SUCH AS AN INDIVIDUAL RETIREMENT ACCOUNT, OR AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE THE ASSETS OF ANY SUCH PLANS BY REASON OF U.S. DEPARTMENT OF LABOR REGULATION SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE (EACH, A "**PLAN**") NOR (II) A GOVERNMENTAL PLAN (AS DEFINED IN SECTION 3(32) OF ERISA), NON-ELECTING CHURCH PLAN (AS DEFINED IN SECTION

3(33) OF ERISA) OR NON-U.S. PLAN (AS DESCRIBED IN SECTION 4(B)(4) OF ERISA) (EACH, A "**NON-ERISA ARRANGEMENT**") SUBJECT TO LOCAL, STATE, FEDERAL OR NON-U.S. LAWS THAT ARE SUBSTANTIALLY SIMILAR TO THE FOREGOING PROVISIONS OF ERISA AND THE CODE ("**SIMILAR LAWS**") OR (B) SUCH PURCHASE, HOLDING AND DISPOSITION OF THE NOTES DOES NOT CONSTITUTE AND WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR IN THE CASE OF A NON-ERISA ARRANGEMENT, A VIOLATION OF ANY SIMILAR LAWS) UNLESS AN EXEMPTION IS AVAILABLE WITH RESPECT TO SUCH TRANSACTIONS AND ALL THE CONDITIONS OF SUCH EXEMPTION HAVE BEEN SATISFIED; AND

(3) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOT OFFER, SELL, PLEDGE, OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT:

A) TO THE ISSUER OR ANY AFFILIATE THEREOF;

B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT (THE ISSUER HAVING NO OBLIGATION TO EFFECT ANY SUCH REGISTRATION);

C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT;

D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR 904 UNDER REGULATION S UNDER THE SECURITIES ACT; OR

E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH THE FOREGOING, THE ISSUER AND THE TRANSFER AGENT RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

6. You acknowledge that the Issuer, the Dealers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of Notes is no longer accurate, you will promptly notify the Issuer and the Dealers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

LEGAL MATTERS

Cleary Gottlieb Steen & Hamilton LLP, Paris, France, have acted as U.S. and French legal counsel to the Issuer in connection with the issuance of the Notes.

Linklaters LLP, Paris, France, have acted as U.S. legal counsel to the Dealers in connection with the issuance of the Notes.

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