



#35077357

Capland Mid Duration Fixed Income Opportunities – EUR – Open-end

Unit	
Nominal	X

New Issue	Type	Maturity Date	Issue Price	Capital Protection
Series N°13243	Pledged Certificate	Not applicable	100% of the Nominal Value	Non Capital Protected Product

The Certificates are sophisticated instruments, which can involve a significant degree of risk and are intended for sale only to those investors who are knowledgeable in investment matters and who are capable of understanding the risks involved in such instruments. We would also draw your attention to the section headed “Investor Responsibility” and “Selling Restrictions” below and to the notices and disclaimers appearing on the last page of this Termsheet.

This term sheet of terms and conditions (the “**Termsheet**”) refers to and incorporates the definitions and provisions contained in the base prospectus dated 21 June 2019 describing the debt securities issue programme of Exane Finance (the “**Base Prospectus**”) as supplemented by any supplement(s) thereto approved and published on or before the Issue Date of the Certificates.

Unless the context otherwise specifically requires, capitalised terms used in this Termsheet and not otherwise defined herein shall have the meanings specified for such terms in the Base Prospectus and in the applicable Final Terms or Pricing Supplement.

Terms & Conditions

Issuer	Exane Finance whose head office is at 6 rue Ménars, 75002 Paris (France) The Issuer is authorised by the French Resolution and Prudential Control Authority (the “ <i>Autorité de Contrôle Prudentiel et de Resolution</i> ”) and is regulated by the <i>Autorité de Contrôle Prudentiel et de Resolution</i> and the <i>Autorité des Marchés Financiers</i> .
Guarantor	Exane Derivatives (Moody’s: Baa2; S&P: BBB+) whose head office is at 6 rue Ménars, 75002 Paris (France). <i>The Issuer’s payment obligations are guaranteed by the Guarantor.</i>
Dealer	Exane Derivatives
Type	Certificate with a pledge of financial instruments held in a bank account opened with BNP Paribas Securities Services (the “ Certificates ”)
ISIN code	CH0469130378
Issue Size	EUR 8,000,000 (i.e. 800 Certificates of EUR 10,000.00 each)
Nominal Value	EUR 10,000.00
Minimum Trading Number	EUR 10,000.00 minimum and multiples of EUR 10,000.00 thereafter
Trade Date	3 July 2019
Initial Valuation Date	3 July 2019
Issue Date	18 July 2019
Reference Date for the Issuer	4 July 2022
Reference Date for the Holder	4 July 2022
Maturity Date	Not applicable
Issue Price	100% of the Nominal Value



Target Market

This Certificate is intended for investors who :

- Are retail investor and / or professional investor and/or eligible counterparty
- Have good knowledge and / or experience of financial markets.
- Are able to bear a total loss of capital (up to the total notional amount)
- Have a high risk tolerance (risk oriented or speculative profile)
- Have a short-term investment horizon of more than 1 year and less than 3 years
- Have an objective to invest in a capital growth product

The recommended distribution strategy is :

- For all type of clients : with the provision of investment advice and/or with the provision of portfolio management services
- For professional clients only : with the provision of order execution – reception and transmission of orders (with appropriateness test)

Negative Target Market

This Certificate is not intended for investors who:

- Are retail investors who have basic knowledge and little and no experience of financial markets
- Are not able to bear any capital loss (i.e. look for capital protection at maturity)
- Have a low risk tolerance (conservative profile)

Product Description

Product issued by Exane Finance, subject to the credit risk of the issuer and the guarantor Exane Derivatives (S&P BBB+, Moody's Baa2).

The Certificate carries a risk of capital loss during its life and at termination.

The Certificate provides an exposure to the Underlying, ("**Capland Mid Duration Fixed Income Opportunities Index**") through the Strategy as defined hereafter.

The Certificate is of perpetual maturity. Nonetheless, Exane Finance and the investor can call in the Certificate from 4 July 2022.

The Strategy:

- Each month the Strategy is fully invested in the Underlying net of the following fees:
 - The Structuring and Pledge Fees equal to 0.45% p.a.
 - The Advisory Fees equal to 0.40% p.a.

At the repayment date, the Holder receives 100.00% of the Nominal Value multiplied by the final level of the Strategy as a percentage of its initial level

Reference Value

Official level of the Underlying

Underlying

The "Capland Mid Duration Fixed Income Opportunities" Index (the "Index") (Bloomberg code: EXDMCAMD) is a Proprietary Index jointly developed by Exane Derivatives (the "Index Sponsor") and Capland SA (the "Index Advisor").

The Index is designed to take exposure to a dynamic basket of bonds with the objective of providing capital appreciation.

The calculation and all information relating to the Index, including the methodology of the Index, are available on the website www.exane.com.

The index composition is available every day on <https://www.exane.com/exaneindex/accueil>

Settlement at the option of the Issuer

On any Business Day as of the Reference Date for the Issuer, the Issuer can notify the exercise of his option to redeem all the Certificates at the Issuer's Optional Settlement Amount by sending a notice to the Holders via the Paying Agent (published by the central depositories) and within a minimum period of five calendar days between the date of publication and the exercise date (the "**Issuer's Optional Settlement Exercise Date**").

The Issuer can redeem all of the Certificates at the Issuer's Optional Settlement Amount on any

Business Day as of the Issue Date if the outstanding notional falls below EUR 3,000,000 (the “Threshold Trigger Option”).

Issuer's Valuation Date	The Issuer's Optional Settlement Exercise Date or, if such date is not a Monthly Valuation Date (i), the Monthly Valuation Date (i) immediately following the Issuer's Optional Settlement Exercise Date.
Issuer's Optional Settlement Date	Issuer's Optional Settlement Exercise Date + 25 Business Days
Settlement at the option of the Holder	On any Business Day as of the Reference Date for the Holder, each Holder can notify the exercise of his option to redeem his Certificate at the Holder's Optional Settlement Amount. Each Holder will have to send a notice to the Issuer by email at the following address: mo-notifications@exane.com. The exercise date (the “Holder's Optional Settlement Exercise Date”) will be deemed to be the fifth Business Day following confirmation of such notice by the Issuer by return email receipt. Otherwise, the exercise will be deemed to be null and void.
Holder's Valuation Date	The Holder's Optional Settlement Exercise Date or, if such date is not a Monthly Valuation Date (i), the Monthly Valuation Date (i) immediately following such the Holder's Optional Settlement Exercise Date.
Holder's Optional Settlement Date	Holder's Optional Settlement Exercise Date + 25 Business Days
Issuer's Optional Settlement Amount	On the Maturity Date (unless previously redeemed or purchased and cancelled), the Holder of 1 Certificate will receive the following cash amount in EUR: $\text{Nominal Value} \times \text{Max} \left[0\% ; \frac{\text{FinalStrategy}}{\text{InitialStrategy}} \right]$ Where: “FinalStrategy” and “InitialStrategy” are the final and initial values of the Strategy as defined below (see definitions “Initial Value of the Strategy and Final Value of the Strategy”)
Initial Value of the Strategy and Final Value of the Strategy	The Strategy reflects the performance of the Underlying net of the Structuring and Advisory Fees The “InitialStrategy” is equal to Strategy(0). Strategy(0) = 100% The value of the Strategy on any Monthly Valuation Date(i) is determined by the Calculation Agent according to the following formula: For $i > 0$: $\text{Strategy}(i) = \text{Strategy}(i - 1) \times \frac{\text{Underlying}(i)}{\text{Underlying}(i - 1)} \times \left(1 - (\text{SPF} + \text{AF}) \times \frac{dt(i)}{365} \right)$ Where: “Underlying(i)” means the Reference Value on the close on the Monthly Valuation Date (i) “FinalStrategy” means the value of Strategy(i) on the Issuer's Valuation Date. “Underlying(0)” is equal to 1,000.00 points. « AF » are the advisory fees, i.e. 0.40%. « SPF » are the structuring and pledge fees, i.e. 0.45%. « $dt(i)$ » is the number of calendar days between the Monthly Valuation Date (i) (exclusive) and the Monthly Valuation Date (i-1) (inclusive).

Monthly Valuation Dates (a)

The Monthly Valuation Dates (i) are the monthly dates following the Initial Valuation Date
For information purpose, the first Monthly Valuation Dates (i) are:

(i)	Monthly Valuation Date (i)	(i)	Monthly Valuation Date (i)
0	3 July 2019	19	3 February 2021
1	5 August 2019	20	3 March 2021
2	3 September 2019	21	6 April 2021
3	4 October 2019	22	3 May 2021
4	4 November 2019	23	3 June 2021
5	3 December 2019	24	5 July 2021
6	3 January 2020	25	3 August 2021
7	3 February 2020	26	3 September 2021
8	3 March 2020	27	4 October 2021
9	3 April 2020	28	3 November 2021
10	4 May 2020	29	3 December 2021
11	3 June 2020	30	3 January 2022
12	3 July 2020	31	3 February 2022
13	3 August 2020	32	3 March 2022
14	3 September 2020	33	4 April 2022
15	5 October 2020	34	3 May 2022
16	3 November 2020	35	3 June 2022
17	3 December 2020	36	4 July 2022
18	4 January 2021		

Holder's Optional Settlement Amount

The Holder's Optional Settlement Amount is determined using the calculation method of the Issuer's Optional Settlement Amount by replacing any reference to "Issuer's Valuation Date" with the "Holder's Valuation Date" and by replacing any reference to "Issuer's Optional Settlement Date" with the "Holder's Optional Settlement Date".

Currency	Euro (EUR)
Settlement Type	Cash settlement only
Common code	To be determined
Telekurs code	TBD
SVSP code	1300
Listing	Unlisted
Paying Agent	BNP PARIBAS SECURITIES SERVICES ZURICH BRANCH
Calculation Agent	Exane Derivatives whose head office is at 6 rue Ménars, 75002 Paris (France)
Exchange Business Day	Exchange Business Day (Single Index Basis)
Scheduled Trading Day	Scheduled Trading Day (Single Index Basis)
Business Day for Payment	TARGET 2
Business Day Convention	Following Business Day

**Central Depositary**

SIX SIS, EOC BK, Clearstream

Documentation

The Certificates shall be governed by the conditions of the Securities (the “**Conditions**”) set forth in the Base Prospectus dated 21 June 2019, as supplemented by any supplement(s) thereto approved and published on or before the Issue Date of the Certificates and by the provisions set forth in the final terms or pricing supplement applicable to the Certificates (the “*Final Terms*” or the “*Pricing Supplement*”, as applicable). Any reference in this Termsheet to “Final Terms” shall be deemed to include a reference to “Pricing Supplement”.

The Base Prospectus and the supplement(s), if any is/are available on www.exane.com/exaneissues.

Governing Law

French law

Swiss Tax Treatment

This Certificate is treated analogous to a bond. Therefore, for private Holders with tax domicile in Switzerland, the difference between the purchase price and the sale or redemption proceeds (and if applicable converted into CHF at the relevant daily rate) will be subject to Swiss income taxes.

Payments under the Certificate are not subject to Swiss withholding tax.

Secondary market transactions are in principle subject to Swiss stamp duty of up to 0.3%.

For Swiss paying agents, the payments under the Certificate are not subject to the EU savings tax.

All taxes are to be borne by the Holder. All Swiss and non-Swiss Holders should consult their legal and tax advisers on the tax implications of buying, holding and selling the Certificate taking into account their particular circumstances.

(EXANE does not provide any tax advice or recommendation to potential investors in the Certificate. This information only constitutes a limited insight into the possible tax consequences related to the Certificate as of the issue date. The attention of any investor is drawn to the fact that tax laws and regulations and/or their interpretation are subject to changes and such changes may be retroactive on certain occasions. In any case, investors are invited to consult their own tax advisor for any relevant advice or information before proceeding with any transaction.)

Commissions

Exane Derivatives will pay a fee to third parties in connection with the placement of these Certificates in the form of either commission or an amount equal to the difference between the subscription price for the Certificate and the price payable by investors.

Further information on the amount of any fees paid are available on request from Exane Derivatives (6, rue Ménars – 75002 Paris – France)

Secondary Market

Under normal market conditions Exane Derivatives plans to contribute an indicative estimate of the market value of the Certificates with a bid/ask spread on the screens of Reuters EXANEDERIV, Bloomberg EXANE and Telekurs (in the event the Certificates pays one or more interest amounts, the quotation price will include the accrued interest). Investors should only take into account the publication of this indicate estimate.

Pledge Agreement

At the latest on the Issue Date, the Guarantor shall pledge, for the benefit of the Holders and to guarantee the Secured Debt, Eligible Financial Instruments having an aggregate market value at least equal to 100% of the market value of the Certificate (the “**Minimum Pledge Value**”), subject to the Maximum Pledge Limit.

“**Eligible Financial Instruments**” shall mean:

- Any stocks which is listed on any stock exchange, any bonds, any funds.
- Cash resulting from incomes and revenues (including coupons or any other distribution in



Selling Restrictions

any form) of the stocks, the bonds or the funds in the Pledged Account

The “**Maximum Pledge Limit**” shall mean that the Guarantor shall pledge no more than 2% of the market capitalization of each stock.

The “**Secured Debt**” means each payment obligation and liability due under the Certificate, whether present or future, actual, contingent or owed jointly or severally (or any other capacity whatsoever), within the limits of the mark to market of the Certificate without Issuer spread.

These Securities have not been and will not be issued, placed, distributed, offered or negotiated as a public offering in any countries. Neither the Issuer of the securities, Exane Finance, nor Exane Derivatives and nor the issuance of the Security has been or will be approved or registered with the local authority of the relevant countries.

The Security may be offered only to qualified investors or as private offering in accordance to the applicable Law of the relevant country.

These Securities cannot be sold by way of a public offering in France, within or outside a member State of the European Economic Area.

In Switzerland, these Securities may only be offered, sold or distributed by way of private placement to qualified investors within the meaning of the Swiss Collective Investments Schemes (CISA). The Securities do not constitute participations in a collective investment scheme in the meaning of the CISA. The Securities are not subject to the authorization or supervision of the FINMA.

This issue has not been and will not be registered under the US Securities Act of 1933 as amended, and may not be offered or sold within the USA or to US Persons.

Please refer to the section entitled “Subscription, Purchase and Selling Restrictions” in the Base Prospectus for a description of further restrictions on offers, sales and transfers.

Risk Factors

The following are certain risks in relation to the Certificates but does not purport to be a full or complete description of such risks. The investor should read these risks in conjunction with the risks factors sections of the Base Prospectus.

Credit risk

By acquiring the product, the investor takes a credit risk on the issuer and its guarantor, i.e. the risk of loss due to default by the Issuer or Guarantor where the Issuer or Guarantor fails to perform its obligations. Any actual or potential decline or suppression of the credit rating of the Guarantor may affect the market value of the Securities.

Suitability of the investment

Potential investors must be experienced in transactions on the capital markets and with securities with values that are linked to underlying elements, and be able to evaluate the merits and risks of transactions in the Securities and the impact the Securities will have on their overall investment portfolio. They must be able to bear the economic risk of an investment in the Securities until their maturity date. They should make their investment decision only after a detailed review, with their own advisors, of the suitability of these Securities to their individual financial situation and of the information concerning the Underlyings of the Securities provided if the case arises in the Base Prospectus and the Final Terms.

Specific risks in respect of Certificates

An investment in Certificates entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. The Issuer believes that Certificates should only be purchased by investors who are in a position to understand the specific risks that an investment in these instruments involves or who purchase them on the advice of a financial institution or by other professional investors. Certificates linked to an Underlying are Securities with no rights to any settlement amount or predetermined interest payments, but specify amounts payable (in principal

and/or interest) or deliverable that depend on the performance of the Underlying, which may involve substantial risks including credit, interest rate, currency, correlation, time value, political and other risks. The Issuer will often enter into hedging arrangements to gain exposure to the Underlying. Potential investors must be aware that they are exposed, under the terms of Securities linked to Underlyings, to the performance of such hedging contracts and to events that may affect such hedging contracts and, accordingly, the occurrence of any such event may affect the value of the Securities.

An investment in a Security therefore involves significant risks. These risks include, among other things, the possibility that:

- (a) the relevant Underlying may be subject to significant price swings due to the intrinsic composition of the Underlying itself;
- (b) the final interest rate payable may be lower (although it may equally be higher) than the rate payable on a traditional debt instrument issued by the Issuer on the same date;
- (c) the Holder of a Certificate could lose all or a substantial portion of his investment on such Security, and, if the nominal value is lost, interest may cease to be payable on the Certificate;
- (d) the risks of investing in a Certificate encompass not only risks relating to the underlying on which the Securities are indexed, but also risks that are specific to the Security itself;
- (e) any Multi Underlying linked Security (that is indexed to more than one type of Underlying, or on formulas that encompass the risks associated with more than one type of asset) may carry levels of risk that are greater than Securities that are linked to one Underlying only or indexed to one type of asset only;
- (f) it may not be possible for investors to hedge their exposure to these various risks relating to Certificates; and
- (g) a material market disruption could lead to the disappearance of the Underlying(s) on which the Certificates are indexed.

Possible lack of liquidity for the Securities on the secondary market

It is impossible to predict whether a secondary market will develop for the Securities, or at what price Securities will be traded on the secondary market, or whether or not this market, if it develops, will be liquid. Accordingly, any person intending to hold Securities must consider the associated liquidity risks.

If an active trading market for the Securities does not develop or is not maintained, the market or trading price and liquidity of the Securities may be adversely affected. The Issuer, the Guarantor or its affiliates are authorised to buy and sell the Securities for their own account or for the account of others, and to issue additional Securities. Such transactions may affect the price of the Securities favorably or adversely. A decrease in the liquidity of an issue of Securities may cause the volatility and price of such issue of Securities to increase. If additional and competing products are introduced in the markets, this may also adversely affect the value of the Securities. A lack of liquidity in the Securities may mean that investors may not be able to sell their Securities or may not be able to sell their Securities for the same price they paid for them and accordingly investors may lose some or all of the amount of their investment.

Volatility affecting the secondary market for Securities

The market for debt securities issued by investment services providers is influenced by economic and market conditions. There can be no assurance that events in France, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Securities or that economic and market conditions will not have any other adverse effects.

Risks linked to the Underlyings

The investor will not be a beneficial owner of the Underlying or of the components of the Underlying. Therefore, depending on the profile of the Certificate, the potential investor may not be entitled to receive any dividends or similar amounts paid on the Underlying or on the components of the Underlying, nor exercise any rights granted to direct owners of the Underlying or of the components of the Underlying to obtain assets.

The investor may bear similar market risks or other risks to a direct investment on the Underlying or on the components of the Underlying.



The investor will not be entitled to any voting rights or other control rights that may have holders of the Underlying or on the components of the Underlying.

The return on the Certificates may not reflect the return the investor would realise if he or she actually owned the Underlying or the components of the Underlying.

Potential conflicts of interests

The Issuer, the Guarantor or its subsidiaries may also enter into trades (including hedging transactions) relating to the Underlying and other instruments or derivative products based on or relating to the Underlying for their own account or on behalf of third parties as part of their management activity.

In the course of this business, the Issuer, the Guarantor, the Calculation Agent and any of their respective Affiliates may acquire non-public information about an Underlying or any companies or assets related that is or may be material in the context of the issue of the Securities and that may not be publicly available or known to other third parties. There is no obligation on the Issuer, the Guarantor, the Calculation Agent and any of their respective Affiliates to disclose to the Holders or any other party any such relationship or information whether before or after the Issue Date.

For the sake of transparency, it is brought to the attention of the investors the following different situations that may generate a potential conflict of interest:

- i. the composition (selection of the components, additions, deletions...), the methodology, and the manners of computation of an Index Underlying, can be determined - under certain circumstances - by Exane Derivatives or any other member company of the Exane group;
- ii. the investment rules and the methods of constitution of a Fund Underlying can be determined – under certain circumstances - by Exane Derivatives or any other member company of the Exane group. In addition, Exane Asset Management or Ellipsis Asset Management can be appointed as Management Company of a Fund Underlying;
- iii. In addition, if the hedging activities of Exane Derivatives or of one of its affiliates in connection with a particular index are disrupted, Exane Derivatives or the relevant affiliate may decide to terminate calculations in relation to such index sooner than another index sponsor would have done in comparable circumstances. Such a termination may trigger the early redemption of the Certificate.
- iv. Exane Derivatives as the Calculation Agent can determine the substitution of an Underlying in accordance with the Condition of the Securities and the Terms and Conditions.
- v. the Calculation Agent may adjust the settlement, payment or any other terms of the Securities in accordance with the Condition of the Securities and the Terms and Conditions.
- vi. the Calculation Agent may determine the Settlement Amount payable to the Holders of the Securities.

Calculation Agent

The Calculation Agent may have to make, pursuant the Base Prospectus, choices and judgments that may influence the amount receivable upon redemption of the Securities and has wide discretionary powers to make such adjustments as it considers appropriate as a result of or in connection with transactions on securities affecting the Underlying. As indicated in the risk factor “Potential Conflicts of Interest” above, the Calculation Agent may be the Issuer or Guarantor or one of their affiliates, and potential conflicts of interest may exist therefore between the Calculation Agent and the Holders.

All the determinations of the Calculation Agent shall (save in the case of manifest error) be final and binding on the Issuer, the Guarantor, the Financial Agent and on all the Holders. The Calculation Agent will act as an independent expert and will act in good faith and in a commercially reasonable manner in exercising its functions. Because the Calculation Agent may be the Issuer, the Guarantor or an Affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and Holders of the Securities, including with respect to certain determinations and judgments that



the Calculation Agent must make, including whether a Market Disruption Event, a Potential Adjustment Event or Credit Event (each, as defined in the Conditions of the Securities) has occurred. The Calculation Agent is obligated to carry out its duties and functions as Calculation Agent in good faith and using its reasonable judgment however, subject to always acting only within the parameters allowed by the terms and conditions of the Securities, it has no responsibility to take investors' interests into account.

Foreign exchange risk

In the same manner as purchasers of foreign currency securities, investors are exposed to the risk of exchange rate fluctuations. Foreign exchange risk can also be embedded in the Security leading to a currency exposure different from the currency of the Security. This risk is in addition to any performance risk that relates to the issuer or the type of securities being issued.

The value of the Securities may, in certain circumstances, be affected by factors such as fluctuations in exchange rates between any currency in which a payment must be made under the Securities and any currency in which an Underlying is traded. No assurance can be given that the exchange parities between such currencies as they apply on the issue date of the Securities will be similar to the exchange parities used to calculate the value of the Securities on any subsequent date.

Foreign-exchange risk involves the potential imposition or modification of foreign exchange controls by relevant governmental authorities. Such risks generally depend on economic and political events over which issuers have no control.

Governmental action may adversely affect yields or payments in the domestic currency of the investor, in respect of Securities denominated or payable in currencies other than the investor's domestic currency. The Issuer will not make any adjustment to, or change the terms of, the Securities if exchange rates become fixed or in the event of monetary devaluation or revaluation or the imposition of foreign exchange controls or other regulatory controls or taxes or if other developments affect any currency whatsoever. The investor shall bear all such risks.

Governments have occasionally imposed, and may in future impose foreign exchange controls that may also affect the availability of a currency. Even in the absence of foreign exchange controls it is possible that the currency in which a security is denominated may not be available at the time when payments on such security are due and payable.

Risks relating to Physical Settlement

Where Physical Settlement is applicable, Holders must give certain notices and take such other steps as are specified in the Final Terms. Physical Settlement is subject to all applicable laws, regulations and practices and the Issuer shall not be liable under any circumstances if it is not able to deliver, or procure delivery, to the relevant Holder by reason of such laws, regulations and practices.

Each Holder must be advised that, if the Securities are redeemable by Physical Settlement (as specified in the applicable Final Terms), he shall be deemed to have acknowledged his understanding and acceptance of such mode of delivery and to have carried out such steps as are necessary and not to have relied on any statement of the Issuer or any of its Agents, or the relevant Dealer in relation thereto. In particular, the Issuer and each of its Agents shall not under any circumstances be responsible for verifying the capacity and power of any Holder to obtain settlement of its Securities by Physical Settlement and the Holder shall be fully liable for any consequences that may arise due to the Physical Settlement or, as the case may be, the non-delivery as a result of the Holder not having the required power and capacity to take delivery.

Emerging market risk

Securities traded in emerging or developing countries tend to be less liquid and the prices of such securities more volatile. In addition, settlement of trades in some such markets may be slower and more subject to failure than in markets in developed countries.



Specific Risk Factors

Increased custodian costs as well as administrative difficulties may also arise from the maintenance of assets in such emerging or developing countries.

Prospective purchasers of the Securities should also be aware that the probability of the occurrence of a Hedging Disruption Event (or other Adjustment Event under the relevant legal terms as set out further in the Conditions of the Securities) and consequently loss of investment or profit by an investor may be higher for certain developing or emerging markets. Prospective purchasers are expected to conduct their own enquiries and be satisfied that there are additional risks associated with investments linked to the performance of underlying assets located in these markets.

Risks relating to Underlying which is an Index or Index Basket

The Issuer may issue Securities whose amount of principal and/or interest payable depends on the level of one or more indices (Securities linked to an Index, Proprietary Index, Index Basket or Proprietary Index Basket).

Potential investors in such Securities should be aware that depending on the terms of the Index linked Securities or Index Basket linked Securities (i) they may receive no interest or only a limited amount of interest, (ii) payment of principal or interest may take place on a different date than that specified, and (iii) they may lose all or a substantial part of their investment.

Furthermore, the level of the index or indices may fluctuate significantly which may not mirror fluctuations in interest rates, currencies or other indices and the timing of the fluctuations of the level of such index or indices may affect investors' real returns, even though the average level is in line with their expectations. In general, the earlier the change in the index level or result of a formula occurs, the greater the impact on yield will be. If the amount of principal and/or interest payable is determined in conjunction with a multiplying factor of greater than one, or by reference to any other leverage factor, the effect of fluctuations in the level of the index or indices on the amount of principal and/or interest payable will be amplified.

The market price of these Securities may be volatile and may depend on the residual term to maturity and the volatility of the level of the index or indices. The level of the index or indices may be affected by economic, financial and political events occurring in any one or more countries, including on the exchanges or quotation systems on which the securities comprising the index or indices may be traded. The index may reference shares, bonds or other securities, it may also be a real estate index referencing data on real estate prices which are subject to market price fluctuations, or reference various assets or indices.

Policies of the Sponsor

The policies of the Sponsor (including a sponsor that is affiliated with Exane) concerning additions, deletions and substitutions of the assets underlying the Index and the manner in which the Sponsor takes account of certain changes affecting such underlyings may affect the value of the Index. The policies of a Sponsor with respect to the calculation of an Index could also affect the value of the Index. A Sponsor may discontinue or suspend calculation or dissemination of information relating to its Index. Any such actions could affect the value of the Securities.

In addition, Indices may be subject to management fees and other fees as well as charges that are payable to the Sponsor and which can reduce the Settlement Amount payable to investors. Such fees may be paid to Sponsors that are members of the Exane group.

Risks linked to the Proprietary Index

Exane Derivatives has developed an expertise in creating, structuring and maintaining indices for which it acts as index sponsor (the "Proprietary Indices").

The Issuer, the Guarantor or any of their affiliates may act as a index sponsor, adviser or calculation agent created and structured by any of them (the Proprietary Indices).

The Issuer, the Guarantor or any of their affiliates may act as an index sponsor, adviser or calculation agent created and structured by any of them.

The Issuer, the Guarantor or any of their affiliates may face a conflict of interest between its obligations as the Issuer, the Guarantor or any other function of such Securities, as the case may be, and as the sponsor, the adviser or the calculation agent of such Proprietary Indices, as the determination of the composition of such Proprietary Indices may have an impact on the value of the Securities.



In respect of the Proprietary Indices discretionarily composed by Exane Derivatives to which Securities are linked, Exane Derivatives may face a conflict of interest between its obligations as the Dealer, the Guarantor or the Calculation Agent and as the composer and Sponsor of such indices, as the determination of the composition of such indices may have an impact on the value of the Securities.

In respect of the Proprietary Indices which are composed by applying a mathematical formula without any discretion from Exane Derivatives or any third party, Exane Derivatives may face a conflict of interest between its obligations as the Dealer, the Guarantor or the Calculation Agent of such Securities and as Sponsor of such indices as it may, subject to the General and Specific Methodologies Proprietary Indices, modify certain parameters or provide the valuation of certain components which may have an impact on the value of the Securities.

The Sponsor of the Proprietary Index may execute transactions on the Underlyings comprised in the Proprietary Index, whether for hedging purposes relating to the Securities or otherwise. These transactions may have a positive or negative impact on the value of the Underlyings comprised in the Proprietary Index and accordingly on the value of the Securities. The composition of the Proprietary Index to which the Securities are linked and the methodology employed in relation to the Proprietary Index, are determined and selected by the Sponsor of the Proprietary Index. In selecting its methodologies, it cannot be ruled out that the Sponsor of the Proprietary Index (which may be the Issuer or any company in its Group) may take into account its own objectives, and/or those of its group or those of the Issuer and/or of its Group, and no reassurance can be given as to whether the methodology selected will not be less favourable to the interests of the investors than methodologies employed by other strategic index sponsors in similar circumstances.

If the hedging activities of the Exane Group affiliates in connection with a particular index are disrupted, Exane Derivatives may decide to terminate calculations in relation to such index sooner than another index sponsor would in comparable circumstances. Such a termination may trigger the early Settlement of the Securities.

The above situations may result in consequences which may be adverse to Holders. The Issuers and the Guarantor assume no responsibility whatsoever for such consequences and their impact on Holders.

DISCLAIMER

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Before subscribing to this security, you must check the suitability of this transaction with your objectives and independently analyse (with the help of your professional advisors if necessary) the financial risks and the legal, tax and accounting consequences related to this investment.

By agreeing to purchase any Certificate, you will be deemed to confirm that, in relation to any investment in any Certificate:

(a)



(i) You are acting as principal for your own account and have made your own independent decision as to whether the subscription to the Certificates is suitable, appropriate and meet your financial needs, such analysis being based upon your own judgement and/or, if necessary, any advice received from an accounting, tax, legal or any other independent professional advisors

OR

(ii) You are acting as principal on behalf of your clients and if required by any applicable law, based upon your own diligences, you have made your own independent decision as to whether the subscription to the Certificate is suitable, appropriate and meet the financial needs of your clients or any person to whom you may transfer or on-sell the Notes.

OR

(iii) You are acting as intermediary for your own clients and agree that Exane Derivatives is not responsible for determining the appropriateness and the suitability of the Certificates for any of your own clients. If required by any applicable law, you will have verified that the subscription to the Certificate is suitable, appropriate for your own clients and meet their financial needs, such analysis being based upon your own diligences.

(b) you (or, when acting as agent or intermediary, your own clients)

(i) are capable of understanding and assessing the merits of any investment in the Certificates (either through your own merits or by having recourse to independent professional advisors), and

(ii)) are capable of assuming the risks of any such investment, and

(iii) understand and accept the terms and conditions of such transactions.

(c) You acknowledge that you have not received any investment advice by Exane Derivatives, as defined by the directive on markets financials instruments (dated of 21 April 2004 or as modified from time to time)

(d) you acknowledge that it is your own responsibility to review the offering documentation governing the issue of the Certificates, including the relevant Base Prospectus.

(e) You shall only offer the Certificates in accordance with the appropriate selling restrictions.