



**BASE PROSPECTUS**  
**BANQUE INTERNATIONALE À LUXEMBOURG, SOCIÉTÉ ANONYME**  
*(Incorporated with limited liability in Luxembourg)*  
**EUR 10,000,000,000**  
**Programme for the issue of Euro Medium Term Notes and Warrants**

On 9 November 1995, Banque Internationale à Luxembourg, société anonyme (the "Bank", "Issuer" or "BIL") (formerly Dexia Banque Internationale à Luxembourg, société anonyme) entered into a U.S.\$1,000,000,000 Programme for the issue of Euro Medium Term Notes and Warrants (the "Programme") and issued a Base Prospectus on that date describing the Programme. The limit of the Programme was increased to U.S.\$2,000,000,000 on 8 November 1996, to U.S.\$5,000,000,000 on 16 December 1997, to U.S.\$8,000,000,000 on 21 February 2005 and to Euro 10,000,000,000 on 3 October 2005.

Any Notes or Warrants (as defined below) issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein save that any Notes or Warrants issued which are to be consolidated and form a single series with a previous issue of Notes or Warrants shall be subject to the terms and conditions applicable to that previous issue of Notes or Warrants as set out in the prospectus applicable thereto.

Under the Programme, BIL, subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term Notes that rank as senior obligations of BIL (the "Senior Notes"), medium term Notes that rank as subordinated obligations of BIL (the "Subordinated Notes") and, together with the Senior Notes, the "Notes") and warrants or other similar instruments (the "Warrants"). The aggregate principal amount of Notes outstanding will not at any time exceed Euro 10,000,000,000 (or the equivalent in other currencies).

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "CSSF") in its capacity as competent authority under the Luxembourg Law dated 10 July 2005 on prospectuses for securities, as amended (the "Prospectus Act 2005") to approve this document as a base prospectus. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Notes and Warrants issued under the Programme for the period of 12 months from the date of approval of this Base Prospectus to be listed on the official list of the Luxembourg Stock Exchange (the "Official List") and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (the "Regulated Market"). An application may be made to the Luxembourg Stock Exchange for Notes and Warrants issued under the Programme to be admitted to trading on the Euro MTF Market and listed on the Official List. However, unlisted Notes and Warrants may be issued pursuant to the Programme. The relevant Final Terms in respect of the issue of any Notes and the relevant Final Terms for the Warrants in respect of the issue of any Warrants will specify whether or not such Notes or Warrants will be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market or the Euro MTF (or listed on any other stock exchange(s)).

References in this Base Prospectus to Notes or Warrants being listed (and all related references) shall mean that such Notes or Warrants have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU). The Euro MTF Market, however, is not a regulated market for the purposes of the aforementioned Directive 2014/65/EU.

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes and Warrants which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to Exempt Notes and Exempt Warrants are to Notes and Warrants for which no prospectus is required to be published under the Prospectus Directive. **The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes or Exempt Warrants.**

Each Tranche (as defined on page 38) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each, a "temporary Global Note") or a permanent global note in bearer form (each, a "permanent Global Note" and together with the temporary Global Notes, the "Global Notes"). Each Tranche of Warrants in bearer form will be represented on issue by a permanent global warrant in bearer form (each, a "permanent Global Warrant" or "Global Warrant"). If the Global Notes are stated in the applicable Final Terms to be issued in new global note ("NGN") form, they will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "Common Safekeeper") for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, SA ("Clearstream, Luxembourg"). Notes in registered form ("Registered Notes") will be represented by registered certificates (each, a "Registered Note Certificate"), one Registered Note Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series (as defined on page 38) of Notes. Registered Notes issued in global form will be represented by registered global certificates ("Registered Note Global Certificates"). If a Registered Note Global Certificate is held under the New Safekeeping Structure ("NSS") the Registered Note Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg.

Global Notes which are not issued in NGN form ("CGNs") and Registered Note Global Certificates which are not held under the NSS and Global Warrants will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the "Common Depository").

The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

Notice of the aggregate nominal amount of Notes or Warrants, interest (if any) payable in respect of Notes or Warrants, the issue price of Notes or Warrants and certain information which is applicable to each Tranche of Notes or Warrants will (other than in the case of Exempt Notes or Exempt Warrants, as defined above) be set out in a final terms document (the "Final Terms") which will be filed with the CSSF. Copies of Final Terms in relation to Notes or Warrants to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) through a regulatory information service. In the case of Exempt Notes or Exempt Warrants, notice of the aggregate nominal amount of Notes or Warrants, interest (if any) payable in respect of Notes or Warrants, the issue price of Notes or Warrants and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the "Pricing Supplement").

**Dealers**

**BNP PARIBAS**  
**Commerzbank**  
**BIL**  
**J.P. Morgan**  
**Nomura**

**Crédit Agricole CIB**  
**Deutsche Bank**  
**MUFG**

**UBS Investment Bank**  
**Arranger**

**Goldman Sachs International**

The date of this Base Prospectus is 18 May 2018

**Citigroup**  
**Credit Suisse**  
**Goldman Sachs International**  
**Morgan Stanley**

The Programme provides that Notes and Warrants may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes or Warrants and/or Notes or Warrants not admitted to trading on any market.

THE NOTES, THE WARRANTS AND THE SECURITIES (IF ANY) TO BE DELIVERED UNDER THE TERMS OF THE NOTES AND THE WARRANTS, HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE NOTES INCLUDE NOTES IN BEARER FORM THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS.

NO NOTES OR INTERESTS THEREIN, MAY AT ANY TIME BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION (SEE "PLAN OF DISTRIBUTION").

NO WARRANTS, OR INTERESTS THEREIN, MAY AT ANY TIME BE OFFERED, SOLD, RESOLD, TRANSFERRED, PLEDGED, DELIVERED OR REDEEMED, DIRECTLY OR INDIRECTLY, AT ANY TIME IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS DEFINED IN REGULATIONS). FURTHERMORE, NEITHER THE SALE OF NOR TRADING IN WARRANTS HAS BEEN APPROVED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION ("CFTC") UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED ("CEA"), AND NO U.S. PERSON (AS DEFINED HEREIN) MAY AT ANY TIME PURCHASE, TRADE, EXERCISE OR MAINTAIN A POSITION IN WARRANTS UNLESS OTHERWISE SPECIFIED IN THE RELEVANT FINAL TERMS FOR THE WARRANTS.

FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS AND SALES OF NOTES AND WARRANTS AND ON THE DISTRIBUTION OF THIS BASE PROSPECTUS, SEE "PLAN OF DISTRIBUTION".

The Issuer has been rated A- by Standard & Poor's Credit Market Services France S.A.S. ("Standard & Poor's"), A2 by Moody's Investors Service Ltd. ("Moody's") and BBB+ by Fitch France S.A.S. ("Fitch"). Each of S&P, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No 1060/2009 (as amended) (the "CRA Regulation"). As such each of S&P and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes or Warrants issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Issuers rated "A-" by Standard & Poor's are considered to have a strong capacity to meet financial commitments, but are somewhat susceptible to adverse economic conditions and change in circumstances. Issuers rated "A2" by Moody's are considered to be subject to low credit risk. Issuers rated "BBB" by Fitch are considered to have good credit quality. "BBB" ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity. The modifiers '+' or '-' may be appended to a rating to denote relative status within categories from 'AA' to 'B'.

**Amounts payable on Floating Rate Notes will be calculated by reference to one of LIBOR or EURIBOR as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrator of LIBOR is included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "Benchmarks Regulation"). As at the date of this Base Prospectus, the administrator of EURIBOR is not included in ESMA's register of administrators under Article 36 of the Benchmarks Regulation.**

**As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that European Money Markets Institute is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).**

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Where a Tranche of Notes or Warrants are rated, such rating will be disclosed in the Final Terms (or Pricing Supplement, in the case of Exempt Notes or Exempt Warrants) and will not necessarily be the same as the rating assigned to the Issuer by the relevant rating agency. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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

## **Responsibility Statement**

The Issuer accepts responsibility for the information contained in the Base Prospectus and the Final Terms for each Tranche of Notes or Warrants issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

## **General**

This Base Prospectus comprises a base prospectus in respect of all Notes and Warrants other than Exempt Notes or Exempt Warrants issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. "Prospectus Directive" means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

In this Base Prospectus, Exempt Notes and Exempt Warrants means an offering of such Notes or Warrants where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. Exempt Notes may include Dual Currency Notes, Partly Paid Notes or Notes redeemable in one or more instalments.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes or Warrants and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (as defined in "Summary of the Programme").

Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Issuer's consolidated subsidiaries taken as a whole (the "BIL Group") since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or the BIL Group since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes or Warrants shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes or Warrants of any information coming to their attention.

## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES AND WARRANTS GENERALLY**

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes or Warrants in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The distribution of this Base Prospectus and the offer or sale of Notes or Warrants may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes or Warrants may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or Warrants or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes or Warrants may be offered or sold, directly

or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes or Warrants may come must inform themselves about, and observe any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes or Warrants. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes or Warrants in the United States, the European Economic Area (including the United Kingdom and Luxembourg) and Japan, see "Plan of Distribution".

The Notes, the Warrants and the securities (if any) to be delivered under the terms of the Notes and the Warrants, have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or under the securities laws of any state or other jurisdiction of the United States. The Notes include Notes in bearer form that are subject to U.S. tax law requirements.

No Notes, or interests therein, may at any time be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. person (as defined herein) except pursuant to an exemption from the registration requirements of the Securities Act (see "Plan of Distribution").

**IMPORTANT – EEA RETAIL INVESTORS** - Unless the Final Terms in respect of any Notes or Warrants (or Pricing Supplement, as the case may be) specifies "Prohibition of Sales to EEA Retail Investors - Legend" as "Not Applicable", the Notes or Warrants 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 ("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 Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or Warrants or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or Warrants or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / target market** – The Final Terms in respect of any Notes or Warrants (or Pricing Supplement, in the case of Exempt Notes or Exempt Warrants) may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment made by the relevant manufacturer(s) in respect of the Notes or Warrants and which channels for distribution of the Notes or Warrants as appropriate. Any person subsequently offering, selling or recommending the Notes or the Warrants (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes or the Warrants (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue 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 or Warrants is a manufacturer in respect of such Notes or Warrants, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

No Warrants, or interests therein, may at any time be offered, sold, resold, transferred, pledged, delivered or redeemed, directly or indirectly, at any time in the United States or to, or for the account or benefit of, any U.S. person (as defined herein). Furthermore, neither the sale of nor trading in Warrants has been approved by the United States Commodity Futures Trading Commission ("CFTC") under the United States Commodity Exchange Act, as amended ("CEA"), and no U.S. person (as defined herein) may at any time purchase, trade, exercise or maintain a position in Warrants unless otherwise specified in the relevant Final Terms for the Warrants.

For a description of certain restrictions on offers and sales of Notes and Warrants and on the distribution of this Base Prospectus, see "Plan of Distribution".

Neither this Base Prospectus nor any copy hereof may be sent, taken into or distributed in the United States or to any U.S. person (as defined in Regulation S) or in any other jurisdiction where to

do so would be unlawful. This Base Prospectus may not be reproduced either in whole or in part, without the written permission of the Issuer.

As used herein with respect to the Notes and ETF Linked Warrants, "U.S. person" means a person that is a "U.S. person" as defined in Regulation S under the Securities Act.

As used herein with respect to the Warrants (other than ETF Linked Warrants), "U.S. person" means a person that is any one or more of the following: (1) a "U.S. person" as defined in Regulation S under the Securities Act, (2) a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the CFTC, as amended, modified or supplemented from time to time, under the CEA, or (3) a person other than a "Non-United States person" as defined in CFTC Rule 4.7.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes or Warrants constitutes an offer or an invitation by or on behalf of the Issuer or any the Dealers to any person to subscribe for, or purchase, any Notes or Warrants.

To the fullest extent permitted by law, none of the Dealers (other than the Issuer in its capacity as Dealer) or the Arranger accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer (other than the Issuer in its capacity as Dealer) or on its behalf in connection with the Issuer or the issue and offering of the Notes or the Warrants. The Arranger and each Dealer (other than the Issuer in its capacity as Dealer) accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes or Warrants (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes or Warrants should purchase any Notes or Warrants. Each investor contemplating purchasing the Notes or Warrants, as the case may be, should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

None of the Dealers (other than the Issuer in its capacity as Dealer) or the Arranger undertakes to review the financial condition or affairs of the Issuer or the BIL Group during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes or Warrants of any information coming to the attention of any of the Dealers or the Arranger.

**Benchmarks Regulation:** Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "Benchmark Regulation"). If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to Article 36 of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Final Terms. The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

## STABILISATION

In connection with the issue of any Tranche of Notes the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) 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, stabilisation may not necessarily occur. 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 cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes, and 60 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 Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

Stabilisation activities are not permitted in respect of the Warrants.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "EUR" and "euro" are to the currency introduced pursuant to Article 109(4) of the Treaty establishing the European Community as amended by the Treaty on European Union and the Treaty of Amsterdam and as further amended from time to time, to "GBP", "Pounds Sterling" and "Sterling" are to the lawful currency of the United Kingdom and to "U.S.\$", "USD" and "U.S. dollars" are to the lawful currency of the United States.

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## SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for the Notes or the Warrants and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary explaining why it is not applicable.

### Section A – Introduction and warnings

Element	
A.1	<p><b>This summary should be read as an introduction to the Base Prospectus.</b></p> <p><b>Any decision to invest in any Notes or Warrants should be based on a consideration of this Base Prospectus as a whole, including any documents incorporated by reference.</b></p> <p><b>Where a claim relating to information contained in the Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.</b></p> <p><b>Civil liability attaches to the Issuer solely on the basis of this summary, including any translation of it, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or, following the implementation of the relevant provisions of Directive 2010/73/EU (as amended) in the relevant Member State, it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in such Notes or Warrants.</b></p>
A.2	<p>Certain Tranches of Notes and Warrants with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "Non-exempt Offer".<sup>1</sup></p> <p>[The [Notes/Warrants] are being offered to the public as part of a Non-exempt Offer. The Issuer consents to the use of this Base Prospectus in connection with a Non-exempt Offer of [Notes/Warrants] by the Dealer.]</p> <p>[Not Applicable – the [Notes/Warrants] are not being offered to the public as part of a Non-exempt Offer.]</p> <p>[Consent: Subject to the conditions set out below, the Issuer consents to the use of this Base Prospectus in connection with a Non-exempt Offer of [Notes/Warrants] by the [Managers]/[Dealer][, [names of specific financial intermediaries,] [and] [each financial intermediary whose name is published on the Issuer's website (www.bil.com) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer] applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2014/65/EU) and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):</p> <p><i>"We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes/Warrants] (the "Notes/Warrants") described in the Final Terms dated [insert date] (the "Final Terms") published by Banque Internationale à Luxembourg, société anonyme (the "Issuer"). In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the [Notes/Warrants] in [Belgium/Denmark/Luxembourg/France/specify other</i></p>

<sup>1</sup> Delete this paragraph when preparing an issue specific summary.



Element	
	<p><i>Member State(s) into which the Base Prospectus has been passported] during the Offer Period and subject to the other conditions to such consent, each as specified in the Base Prospectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus) and we are using the Base Prospectus accordingly."].</i></p> <p>Offer period: The Issuer's consent referred to above is given for Non-exempt Offers of [Notes/Warrants] during [offer period for the issue to be specified here] (the "Offer Period").</p> <p><i>Conditions to consent:</i> The conditions to the Issuer's consent [(in addition to the conditions referred to above)] are that such consent (a) is only valid during the Offer Period; [and] (b) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of [Notes/Warrants] in [specify each relevant Member State into which the Base Prospectus has been passported in which the particular Tranche of [Notes/Warrants] can be offered] [and (c) [specify any other conditions applicable to the Non-exempt Offer of the particular Tranche, as set out in the Final Terms]].</p> <p><b>AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES OR WARRANTS IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES OR WARRANTS TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.]</b></p>

### Section B – Issuer

Element	Title	
<b>B.1</b>	Legal and commercial name of the Issuer	Banque Internationale à Luxembourg, société anonyme
<b>B.2</b>	Domicile/ legal form/ legislation/ country of incorporation	The Issuer is a <i>société anonyme</i> incorporated and domiciled in the Grand Duchy of Luxembourg and operating under Luxembourg law.
<b>B.4b</b>	Trend information	Not Applicable – There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.
<b>B.5</b>	Description of the Group	At 31 March 2018, the Bank held a direct interest of at least 20 per cent. in seventeen undertakings. Precision Capital S.A. holds 89.94 per cent. of the issued share capital in BIL and the Grand Duchy of Luxembourg holds a further 9.99 per cent.
<b>B.9</b>	Profit forecast or estimate	Not Applicable – No profit forecasts or estimates have been made in the Base Prospectus.
<b>B.10</b>	Audit report qualifications	Not Applicable – No qualifications are contained in any audit report included in the Base Prospectus.
<b>B.12</b>	Selected historical key financial information:	
	<b><i>Consolidated Income Statement</i></b>	
	The table below sets out summary information extracted from the Issuer's audited	

Element	Title		
	income statement for each of the two years ended 31 December 2016 and 31 December 2017:		
		31 December 2017	31 December 2016
		<u>(in EUR)</u>	<u>(in EUR)</u>
	Income .....	552,629,414	541,383,276
	Expenses .....	-396,946,626	-368,521,250
	Gross operating income .....	155,682,788	172,862,026
	Cost of risk and provisions for legal litigation.....	-19,801,868	-16,916,571
	Net income before tax .....	135,880,920	155,945,455
	Tax expense .....	-19,237,578	-45,583,434
	Net Income .....	116,643,342	110,362,021
	Net income-Group share .....	116,643,342	110,362,021
	<b>Consolidated Balance Sheet Information</b>		
	The table below sets out summary information extracted from the Issuer's consolidated audited statement of financial position as at 31 December 2016 and 31 December 2017:		
		31 December 2017	31 December 2016
		<u>(in EUR)</u>	<u>(in EUR)</u>
	<b>Assets</b>		
	Loans and advances to credit institutions	3,449,202,669	3,157,100,099
	Loans and advances to customers	13,344,203,406	12,042,999,820
	Financial Investments	<u>5,931,971,684</u>	6,917,484,841
	Positive fair value of derivative products	227,748,388	245,883,149
	Other assets	<u>799,390,788</u>	785,190,817
	Total assets	23,752,516,935	23,148,658,726
	<b>Liabilities</b>		
	Amounts due to credit institutions	2,787,854,788	2,216,090,000
	Amounts due to customers	16,315,477,809	16,129,249,400
	Negative fair value of derivative products	384,294,457	436,598,717
	Debt securities	2,356,384,789	2,409,814,596
	Subordinated debts	281,864,136	293,936,368
	Other liabilities	340,338,958	403,308,935
	Shareholders' equity	1,286,301,998	1,259,660,710
	Total liabilities	23,752,516,935	23,148,658,726
	<b>Statements of no significant or material adverse change</b>		
	There has been no significant change in the financial or trading position of the BIL Group since 31 December 2017 and there has been no material adverse change in the		

Element	Title	
		prospects of the Issuer or the BIL Group since 31 December 2017.
<b>B.13</b>	Events impacting the Issuer's solvency	Not Applicable – There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.
<b>B.14</b>	Dependence upon other group entities	Not Applicable - BIL is not dependent upon other group entities.
<b>B.15</b>	Principal activities	BIL operates in the areas of retail banking, private banking, corporate banking and financial markets and is active in the financial centres of Luxembourg, Switzerland, Denmark, the Middle East and Sweden.
<b>B.16</b>	Controlling shareholders	Precision Capital S.A. ("Precision Capital") holds 89.94 per cent. of the share capital in Banque Internationale à Luxembourg and the Grand Duchy of Luxembourg a further 9.99 per cent.
<b>B.17</b>	Credit ratings	<p>The Issuer has been rated A- by Standard &amp; Poor's, A2 by Moody's and BBB+ by Fitch.</p> <p>Issuers rated "A-" by Standard &amp; Poor's are considered to have a strong capacity to meet financial commitments, but are somewhat susceptible to adverse economic conditions and change in circumstances.<sup>2</sup></p> <p>Obligations rated A by Moody's on the long-term rating scale are judged to be upper-medium grade and are subject to low credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 3 indicates a ranking in the lower end of that generic rating category.</p> <p>Ratings assigned on Moody's global long-term and short-term rating scales are forward-looking opinions of the relative credit risks of financial obligations issued by non-financial corporates, financial institutions, structured finance vehicles, project finance vehicles, and public sector entities. Long-term ratings are assigned to issuers or obligations with an original maturity of one year or more and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default. Short-term ratings are assigned to obligations with an original maturity of thirteen months or less and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default.</p> <p>Issuers rated "BBB" by Fitch are considered to have good credit quality. "BBB" ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity. The modifiers '+' or '-' may be appended to a rating to denote relative status within categories from 'AA' to 'B'.<sup>3</sup></p> <p>Notes issued under the Programme may be rated or unrated by either of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating</p>

<sup>2</sup> Delete the preceding wording in Element B.17 when preparing an issue specific summary

<sup>3</sup> Delete the preceding wording in Element B.17 when preparing an issue specific summary

Element	Title	
		<p>will not necessarily be the same as the rating assigned to the Issuer by the relevant rating agency.<sup>4</sup></p> <p>[The Notes [have been/are expected to be] rated [specify rating(s) of Tranche being issued] by [specify rating agent(s)].]</p> <p>[Not Applicable - No ratings have been assigned to the Notes at the request of or with the co-operation of the Issuer in the rating process.]</p>

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<sup>4</sup> Delete the preceding wording in Element B.17 when preparing an issue specific summary

## Section C – Securities

Element	Title	
C.1	Description of Securities/ISIN	<p>[<i>Insert for Notes</i>] [The Notes to be issued under the Programme may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Floating Rate CMS Linked Notes, Reset Notes, Index Linked Notes, Equity Linked Notes and Range Accrual Notes or a combination of the foregoing. Notes may be cash settled or, in the case of Equity Linked Notes, physically settled.<sup>5</sup></p> <p>[The Notes will be consolidated and form a single series with [<i>identify earlier Tranches</i>] on [the Issue Date/exchange of the temporary Global Note for interests in the permanent Global Note, which is expected to occur on or about [date]]</p> <p>The Notes are [£/€/U.S.\$/other] ● [● per cent./Floating Rate/Reset Notes/Index Linked/Equity Linked/Zero Coupon/Floating Rate CMS Linked Notes/Range Accrual Notes.] Notes due ●.]</p> <p>[<i>Insert for Warrants</i>] [The Warrants to be issued under the Programme may be Index Linked Warrants to which cash settlement applies or ETF Linked Warrants to which cash settlement and/or physical settlement applies.<sup>6</sup></p> <p>The Warrants to be issued under the Programme may be American Style Warrants or European Style Warrants. The Warrants to be issued under the Programme are call or put warrants.<sup>7</sup></p> <p>The Warrants are [Index Linked Warrants/ETF Linked Warrants] and are [American/European] Style Warrants. The Warrants are [call/put] warrants.]</p> <p>[The Warrants will be consolidated and form a single series with [<i>identify earlier Tranches</i>] on [the Issue Date.]]</p> <p>International Securities Identification Number ("ISIN"): ●</p>
C.2	Currency	<p>[<i>Insert for Notes</i>] [Subject to compliance with all applicable laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer at the time of issue.<sup>8</sup></p> <p>The currency of this Series of Notes is [Pounds Sterling ("£")/Euro ("€")/U.S. dollars ("U.S.\$")/Other (●).]</p> <p>[<i>Insert for Warrants</i>] [The currency of this Series of Warrants is Euro ("€").]</p>
C.5	Restrictions on transferability	Not Applicable – There are no restrictions on the free transferability of the Notes and the Warrants.
C.8	Rights attached to the Securities, including ranking and limitations on those	[ <i>Insert for Notes</i> ] [Notes issued under the Programme will have terms and conditions relating to, among other matters:

<sup>5</sup> Delete this paragraph when preparing an issue specific summary

<sup>6</sup> Delete this paragraph when preparing an issue specific summary

<sup>7</sup> Delete this paragraph when preparing an issue specific summary

<sup>8</sup> Delete this paragraph when preparing an issue specific summary

Element	Title	
	rights	
		<p>The rights attached to the Notes include:</p> <p><b>Negative pledge</b></p> <p>The terms of the Senior Notes contain a negative pledge provision in which the Issuer shall not create or have outstanding any mortgage, charge, pledge, lien (other than a lien arising solely by operation of law in the ordinary course of business) or other encumbrance upon, or with respect to, the whole or any part of its present or future property, assets or revenues to secure repayment of, or to secure any guarantee of or indemnity in respect of, any external indebtedness unless the Notes, Receipts and Coupons are, at the same time, secured equally and rateably therewith</p> <p><b>Events of default</b></p> <p>The terms of the Senior Notes will contain, amongst others, the following events of default:</p> <ul style="list-style-type: none"> <li>(a) default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes;</li> <li>(b) the Issuer defaults in performance or observance of, or compliance with, any of its other obligations in the Notes which default is incapable of remedy or which, if capable of remedy, is not remedied within 21 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder;</li> <li>(c) (i) any loan or other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised and not being money deposited with the Issuer or transferred pursuant to a fiduciary contract within the meaning of the law of 27 July, 2003, as amended from time to time, or otherwise borrowed in the ordinary course of business of the Issuer ("Relevant Indebtedness") becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, or (ii) the Issuer fails to make any payment in respect of Relevant Indebtedness on the due date for such payment as extended by any originally applicable grace period, or (iii) the security for any Relevant Indebtedness becomes enforceable, or (iv) default is made by the Issuer in making any payment due under any present or future guarantee and/or indemnity given by it of, or in respect of, Relevant Indebtedness provided that the aggregate amount of the Relevant Indebtedness in respect of which one or more of the events mentioned in Condition 11(g) have occurred equals or exceeds U.S.\$10,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading Issuer on the day on which this paragraph operates); and</li> </ul>

Element	Title	
		<p>(d) events relating to the insolvency or winding up of the Issuer.</p> <p><b>Enforcement</b></p> <p>(a) <i>Winding-Up:</i></p> <p>The holder of any Subordinated Note may give written notice to the Fiscal Agent at its specified office that such Note is due and payable, whereupon the Final Redemption Amount of such Subordinated Note together with accrued interest to the date of payment shall become immediately due and payable if an order is made or an effective resolution is passed for the Liquidation of the Issuer in Luxembourg (or such other jurisdiction in which the Issuer may be organised).</p> <p>(b) <i>Non-Payment:</i></p> <p>If the Issuer does not make payment for a period of 7 days or more after the due date for the payment of principal or for a period of 14 days or more after an Interest Payment Date, for the payment of interest due in respect of any of the Subordinated Notes on such Interest Payment Date, any Noteholder may ask the relevant authorities to institute proceedings in Luxembourg (but not elsewhere) in accordance with Part II of the Resolution Law for the Liquidation of the Issuer.</p> <p>Although the relevant authorities may take into account a request from a Noteholder to institute proceedings in Luxembourg for the Liquidation of the Issuer, they are not in any way bound to do so following the receipt of such a request or on any other basis. In determining whether to institute any such proceeding against the Issuer, the relevant authorities will act solely on the basis of their own discretion and in accordance with Luxembourg law. Subject to such request from a Noteholder as described above, a Noteholder shall not be able to take proceedings for the Liquidation of the Issuer.</p> <p>(c) <i>Breach of Other Obligations:</i></p> <p>To the extent permitted by applicable law and by the terms and conditions of the Subordinated Notes, a Noteholder may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Subordinated Notes or the Coupons (other than any payment obligation of the Issuer under or arising from the Notes or the Coupons, including, without limitation, payment of any principal or interest; <i>provided always that</i> such Noteholder shall not enforce, and shall not be entitled to enforce or otherwise claim, against the Issuer any judgment or other award given in such proceedings that requires the payment of money by the Issuer, whether by way of damages or otherwise, except by proving in a Liquidation of the Issuer).</p> <p>(d) <i>Other Remedies:</i></p>

Element	Title	
		<p>No remedy against the Issuer other than the institution of the proceedings referred to under (b) or (c) above and the proving or claiming in any Liquidation of the Issuer, shall be available to the Noteholders or the Couponholders whether for the recovery of amounts owing in respect of the Subordinated Notes or the Coupons or in respect of any breach by the Issuer of any other obligation, condition or provision binding on it under the Subordinated Notes or the Coupons. This is without prejudice to any liability of the Issuer vis-à-vis a Noteholder or Couponholder if and to the extent damage is caused as a result of gross negligence or wilful default on the part of the Issuer in performing its obligations under the relevant terms and conditions.</p> <p><b>Meetings</b></p> <p>The terms of the Notes will contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p><b>Governing law</b></p> <p>[English law in respect of Senior Notes, except articles 470-3 to 470-19 of the Luxembourg law of 10 August, 1915 on commercial companies, as amended, which are specifically excluded.]</p> <p>[Luxembourg law in respect of Senior Notes.]</p> <p>[Luxembourg law in respect of Subordinated Notes.]</p> <p><b>Status and Subordination (Ranking)</b></p> <p>[Notes may be issued on either a senior or a subordinated basis. Notes issued on a senior basis constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves.</p> <p>Notes issued on a subordinated basis constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The rights and claims of the holders of Subordinated Notes and Coupons relating to them against the Issuer in respect of such Notes and related Coupons (including any damages (if payable)) are subordinated to the claims of Senior Creditors.]<sup>9</sup></p> <p>[This Series of Notes is issued on a <i>[senior/subordinated]</i> basis.]</p> <p><b>Taxation</b></p> <p>All payments in respect of Notes will be made without deduction for or on account of withholding taxes imposed by Luxembourg. In the event that any such deduction is made, the Issuer will, save in certain</p>

<sup>9</sup> Delete these paragraphs when preparing an issue specific summary.



Element	Title	
		<p>limited circumstances, be required to pay additional amounts to cover the amounts so deducted.</p> <p><i>[Insert for Warrants]</i> Warrants issued under the Programme will have terms and conditions relating to, among other matters:</p> <p>The rights attached to the Warrants include:</p> <p><b>Unscheduled termination and cancellation</b></p> <p>The Issuer shall have the right to terminate the Warrants prior to the settlement date for reasons of illegality or following certain adjustment or disruption events. In such case, the amount payable on termination and cancellation shall be, for each Warrant, an amount equal to the fair market value of the Warrant plus any exercise price paid in relation to such Warrant less all costs incurred by the Issuer or any of its affiliates in connection with such termination and cancellation (such amount, the "Early Cancellation Amount".]</p> <p><b>Status (Ranking)</b></p> <p>The Warrants constitute unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves.</p> <p><b>Settlement on scheduled settlement date</b></p> <p><i>[[Please also refer to Element C.18.]</i></p>
C.9	Interest/Redemption	<p><i>[Insert for Notes]</i> <b>Interest</b></p> <p>Notes may or may not bear interest. Interest-bearing Notes will either bear interest payable at a fixed rate, a floating rate, reset rate or at a rate calculated by reference to the performance of the Index.<sup>10</sup></p> <p><b>[Fixed Rate:</b> The Notes bear interest at the fixed rate of ● per cent. per annum [from their date of issue/from ●]. Interest will be paid [annually] in arrear on ● in each year. The first interest payment will be made on ●. The [indicative] yield of the Notes is ● per cent.]</p> <p><b>[Floating Rate]/[Floating Rate CMS Linked:</b> The Notes bear interest at floating rates [from their date of issue/from ●]. Interest will be paid [semi-annually] in arrear on ● and ● in each year, subject to adjustment for non-business days. The first interest payment will be made on ●. The floating rates are calculated by reference to [<i>specify reference rate for Notes being issued</i>] [plus/minus] a margin of ● per cent.]</p> <p><b>[Index Linked:</b> The "Interest Amount" in respect of an Interest Period shall be an amount (which may never be less than zero) calculated by the Calculation Agent equal to:</p> <p>(a) If an Interest Barrier Event occurs in respect of such Interest Period:</p> <p>(Calculation Amount x Coupon Rate x Day Count Fraction) + Unpaid Interest; or</p>

<sup>10</sup> Delete this paragraph when preparing an issue specific summary.

Element	Title	
		<p>(b) otherwise, zero.]</p> <p>"Calculation Amount" means ●.</p> <p>"Closing Level" means an amount equal to the official closing level of the Index as published by the index sponsor.</p> <p>"Coupon Rate" means ●.</p> <p>"Day Count Fraction" means ●.</p> <p>"Index" means ●.</p> <p>"Index Level" means the Closing Level of the Index.</p> <p>"Interest Barrier Event" means if the Index Level in respect of the Valuation Date relating to the relevant Interest Period is greater than or equal to the Interest Barrier Level.</p> <p>"Interest Barrier Level" is ●.</p> <p>"Unpaid Interest" means, in respect of an Interest Period: (a) if Memory Effect applies, the sum of, in respect of each prior Interest Period for which an Interest Barrier Event did not occur, subject as provided below (a "Relevant Period") Interest Amounts that would have been payable in respect of each principal amount of Notes equal to the Calculation Amount and each such Relevant Period if an Interest Barrier Event had occurred in respect of each such Relevant Period provided that there shall be excluded from the definition of Relevant Period any Interest Period already accounted for in relation to any previous Interest Period under this definition of Unpaid Interest; or (b) if Memory Effect does not apply, zero.</p> <p>"Valuation Date(s)" means ●.</p> <p><b>[Equity Linked:</b> The "Interest Amount" in respect of an Interest Period shall be an amount (which may never be less than zero) calculated by the Calculation Agent equal to:</p> <p>(a) If an Interest Barrier Event occurs in respect of such Interest Period:</p> $\left( \text{Calculation Amount} \times \text{Coupon Rate} \times \text{Day Count Fraction} \right) + \text{Unpaid Interest}$ <p>; or</p> <p>(b) otherwise, zero.]</p> <p>"Calculation Amount" means ●.</p> <p>"Coupon Rate" means ●.</p> <p>"Day Count Fraction" means ●.</p> <p>"Interest Barrier Event" means if the Settlement Price in respect of the Valuation Date relating to the relevant Interest Period is greater than or equal to the Interest Barrier Level.</p> <p>"Interest Barrier Level" is ●.</p> <p>"Settlement Price" means ●.</p>

Element	Title	
		<p>"Unpaid Interest" means, in respect of an Interest Period: (a) if Memory Effect applies, the sum of, in respect of each prior Interest Period for which an Interest Barrier Event did not occur, subject as provided below (a "Relevant Period") Interest Amounts that would have been payable in respect of each principal amount of Notes equal to the Calculation Amount and each such Relevant Period if an Interest Barrier Event had occurred in respect of each such Relevant Period provided that there shall be excluded from the definition of Relevant Period any Interest Period already accounted for in relation to any previous Interest Period under this definition of Unpaid Interest; or (b) if Memory Effect does not apply, zero.</p> <p>"Valuation Date(s)" means ●.</p> <p><b>[Reset Notes:</b> Each Note will bear interest on its outstanding nominal amount:</p> <p>(a) from (and including) the Interest Commencement Date until (but excluding) the First Reset Date at the Initial Rate of Interest;</p> <p>(b) if applicable, from (and including) the Second Reset Date to (but excluding) the first Subsequent Reset Date (if any), and each successive period from (and including) any Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) (each a "Subsequent Reset Period" at the rate per annum equal to the relevant Subsequent Reset Rate of Interest.</p> <p>The Reset Rate of Interest payable shall be determined by the Calculation Agent on the relevant Reset Determination Date.</p> <p>"First Reset Date means ●.</p> <p>"First Margin" means ●.</p> <p>"Initial Rate of Interest" means ●.</p> <p>"Interest Commencement Date" means ●.</p> <p>"Interest Payment Date(s)" means ●.</p> <p>"Reset Rate of Interest" means the sum of the relevant Mid-Swap Rate and the Margin.</p> <p>"Second Reset Date" means ●.</p> <p>"Subsequent Margin" means ●.</p> <p>"Subsequent Reset Rate" means ●.</p> <p>"Mid-Swap Rate" means ●.</p> <p>"Margin" means ●.</p> <p>"Reset Determination Date" means ●.]</p> <p>[The Notes do not bear any interest [and will be offered and sold at a discount to their nominal amount].]</p> <p><b>[Range Accrual Notes:</b> The Notes will bear interest [from their date of issue/from ●] [at the fixed rate of ●</p>

Element	Title	
		<p>per cent. per annum] [at floating rates calculated by reference to [specify reference rate for Notes being issued] [plus/minus] a margin of ● per cent], whereby interest will accrue only on the days in which [Range Accrual Reference Rate] is (i) equal or greater than [Lower Range] and (ii) equal or less than [Upper Range].]</p> <p>"Lower Range" means ●.</p> <p>"Range Accrual Reference Rate" means ●.</p> <p>"Upper Range" means ●.</p> <p><b>Redemption</b></p> <p>The terms under which Notes may be redeemed (including the maturity date and the price at which they will be redeemed on the maturity date as well as any provisions relating to early redemption) will be agreed between the Issuer and the relevant Dealer at the time of issue of the relevant Notes.<sup>11</sup> Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on [●] at [par/● per cent. of their nominal amount]<sup>12</sup>.</p> <p>The Notes may be redeemed early for tax reasons, an event of default, [illegality or following certain adjustment or disruption events], [capital disqualification] at [specify the early redemption price and any maximum or minimum redemption amounts, applicable to the Notes being issued.]</p> <p><b>Representative of holders</b></p> <p>Not Applicable – No representative of the Noteholders has been appointed by the Issuer.</p> <p>Please also refer to Element C.8.</p>
C.10	Derivative component in the interest payments	<p>[Insert for Index Linked Notes][Payments of interest in respect of the Notes will be determined by reference to the performance of the Index.]</p> <p>[Insert for Equity Linked Notes][Payments of interest in respect of the Notes will be determined by reference to the performance of the Share.]</p> <p>[Not applicable – There is no derivative component in the interest payments.]</p> <p>Please also refer to Element C.9.</p>
C.11	Admission to trading on a regulated market	<p>[Insert for Notes and Warrants] [Notes][Warrants] issued under the Programme may be listed on the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange or such other stock exchange or market specified below, or may be issued on an unlisted basis.<sup>13</sup></p> <p>[Application [has been][is expected to be] made by the Issuer (or on its behalf) for the [Notes][Warrants]to be</p>

<sup>11</sup> Delete this paragraph when preparing an issue specific summary.

<sup>12</sup> This may not be below 100 per cent. of the nominal amount.

<sup>13</sup> Delete this paragraph when preparing an issue specific summary.

Element	Title	
		<p>admitted to trading on the regulated market of the Luxembourg Stock Exchange.]</p> <p>[Not Applicable][The [Notes][Warrants] are not intended to be admitted to trading on any market.]</p>
<b>C.15</b>	Any underlying which may affect the value of the Securities	<p>[Insert for Notes][Not Applicable – There are no underlying instruments which may affect the value of the Notes.] [The value of the Notes may be affected by the performance of [Insert for Index Linked Notes:] [the Index] [Insert for Equity Linked Notes:] [the Shares of a Company]]. [Insert for Warrants] [The amount payable or deliverable on the Warrants will depend on the value of the underlying asset.</p> <p>If the Warrants are terminated prior to the settlement date for reasons of illegality or following certain adjustment or disruption events, the Early Cancellation Amount payable will be determined in accordance with Element C.8.]</p> <p>[Insert for Index Linked Warrants] [If the Warrants are not exercised and terminated prior to the settlement date, then the cash settlement amount payable on the settlement date will be determined in accordance with Element C.18.]</p> <p>[Insert for ETF Linked Warrants that are physically settled] [If the Warrants are not exercised and terminated prior to the settlement date, then the share amount for each Warrant deliverable on the settlement date will be determined in accordance with Element C.18.]</p> <p>[Insert for ETF Linked Warrants that are cash settled or ETF Linked Warrants that are physically settled where a Cash Floor applies] [If the Warrants are not exercised and terminated prior to the settlement date, then the cash settlement amount payable on the settlement date will be determined in accordance with Element C.18. [[Insert for ETF Linked Warrants where a Cash Floor applies:] and the Warrants will not be physically settled.]</p>
<b>C.16</b>	The expiration or maturity date of the derivative securities – the exercise date or final reference date	<p>[Insert for Notes] [The maturity date is ●[, subject to adjustment.]]</p> <p>[Insert for Warrants] [The exercise date(s) of the Series of Warrants will be ● and the settlement date of the Series of Warrants will be ●, subject to adjustment in accordance with the general conditions of the Warrants.]</p>
<b>C.17</b>	Settlement procedure of derivative securities	<p>[Insert for Notes] [Notes may be cash or physically settled]<sup>14</sup> [The Notes are [cash] [physically] settled.]</p> <p>[Insert for Warrants] [The Warrants are [cash settled /physically settled/cash or, depending on the performance of the underlying, physically settled].]</p> <p>[The settlement of the Series of Warrants shall take place through [Euroclear Bank SA/NV] [and] [Clearstream Banking, SA.] [The Warrants are [cash]</p>

<sup>14</sup> Delete this paragraph when preparing an issue specific summary.

Element	Title	
		[or, as further detailed in Element C.18 below,] [physically] settled.]
<b>C.18</b>	Return on derivative securities	<p>[Insert for Notes]</p> <p>[Insert for Index Linked Notes] [Barrier Provisions applicable. Memory Effect is [not] applicable]</p> <p>If the Notes have not been redeemed, purchased and cancelled, the final redemption amount as determined by the Calculation Agent for each Note will be:</p> <p>(x) If Leveraged Floored Index Linked Redemption is not specified as applicable:</p> <p style="padding-left: 40px;">(A) if the Index Final is greater than or equal to the Barrier Level:</p> <p style="padding-left: 80px;">Calculation Amount x 100%; or</p> <p style="padding-left: 40px;">(B) if the Index Final is below the Barrier Level:</p> <p style="padding-left: 80px;">Calculation Amount x (Index Final / Index Initial)</p> <p>(y) If Leveraged Floored Index Linked Redemption is specified as applicable:</p> <p style="padding-left: 40px;">(A) if the Index Final is greater than or equal to the Barrier Level:</p> <p style="padding-left: 80px;">Min[Calculation Amount * Capped Redemption Amount; Calculation Amount x 100% + Calculation Amount * Leverage * (Index Final – Index Initial) / Index Initial]; or</p> <p style="padding-left: 40px;">(B) if the Index Final is below the Barrier Level:</p> <p style="padding-left: 80px;">Calculation Amount x Max[Floored Redemption Amount; (Index Final / Index Initial)]</p> <p>"Barrier Level" means ●.</p> <p>"Calculation Amount" means ●.</p> <p>"Capped Redemption Amount" means ●.</p> <p>"Closing Level" means an amount equal to the official closing level of the Index as published by the index sponsor.</p> <p>"Final Valuation Date" means ●.</p> <p>"Floored Redemption Amount" means ●.</p> <p>"Index" means the Index set out in Element C.20.</p> <p>"Index Final" means the Index Level as of the Final Valuation Date.</p> <p>"Index Initial" means ●.</p> <p>"Index Level" means the Closing Level of the Index.</p> <p>"Leverage" means ●.</p> <p>"Max" means the greater of the two terms separated by a semi-colon or, where such terms are the same amount, that amount, all as determined by the Calculation Agent.</p>

Element	Title	
		<p>"Min" means the smaller of the two terms separated by a semi-colon or, where such terms are the same amount, that amount, all as determined by the Calculation Agent.</p> <p><i>[Insert for Equity Linked Notes]</i> [Barrier Provisions applicable. Memory Effect is [not] applicable]</p> <p>If the Notes have not been redeemed, purchased and cancelled, the final redemption amount as determined by the Calculation Agent for each Note will be:</p> <p>(x) If Leveraged Floored Equity Linked Redemption is not specified as applicable:</p> <p style="padding-left: 40px;">(A) if the Share Final is greater than or equal to the Barrier Level:</p> <p style="padding-left: 80px;">Calculation Amount × 100%; or</p> <p style="padding-left: 40px;">(B) if the Share Final is below the Barrier Level:</p> <p style="padding-left: 80px;">Calculation Amount × (Share Final / Share Initial)</p> <p>(y) If Leveraged Floored Equity Linked Redemption is specified as applicable:</p> <p style="padding-left: 40px;">(A) if the Share Final is greater than or equal to the Barrier Level:</p> <p style="padding-left: 80px;">Min [Capped Redemption Amount; Calculation Amount × 100% + Calculation Amount * Leverage * (Share Final – Share Initial) / Share Initial]; or</p> <p style="padding-left: 40px;">(B) if the Share Final is below the Barrier Level:</p> <p style="padding-left: 80px;">Calculation Amount × Max[Floored Redemption Amount; (Share Final / Share Initial)]</p> <p>"Barrier Level" means ●.</p> <p>"Calculation Amount" means ●.</p> <p>"Final Valuation Date" means ●.</p> <p>"Floored Redemption Amount" means ●.</p> <p>"Capped Redemption Amount" means ●.</p> <p>"Leverage" means ●.</p> <p>"Max" means the greater of the two terms separated by a semi-colon or, where such terms are the same amount, that amount, all as determined by the Calculation Agent.</p> <p>"Min" means the smaller of the two terms separated by a semi-colon or, where such terms are the same amount, that amount, all as determined by the Calculation Agent.</p> <p>"Settlement Price" means ●.</p> <p>"Share" means the Share set out in Element C.20.</p> <p>"Share Final" means the Settlement Price in respect of</p>

Element	Title	
		<p>the Final Valuation Date.</p> <p>"Share Initial" means ●.</p> <p>[Insert for Equity Linked Notes] [Reverse Convertible Notes and Physical Delivery applicable.</p> <p>If the Notes have not been redeemed, purchased and cancelled, the Issuer will cause each Note to be redeemed as follows:</p> <p>(i) if on the Final Valuation Date the Settlement Price of the Share is greater than or equal to the Strike Price Barrier, by payment of the Final Redemption Amount which will be calculated as follows:</p> <p>Calculation Amount x 100%; or</p> <p>(ii) if on the Final Valuation Date the Settlement Price of the Share is lower than the Strike Price Barrier, by delivery of the Integral Number of Deliverable Shares and payment of the Residual Cash Amount, in each case for value on the Delivery Date.</p> <p>"Calculation Amount" means ●.</p> <p>"Delivery Date" means ●.</p> <p>"Final FX" means ●.</p> <p>"Final Price" means, the Settlement Price of the Share on the Final Valuation Date.</p> <p>"Final Valuation Date" means ●.</p> <p>"Initial FX" means ●.</p> <p>"Initial Price" means, the Settlement Price of the Share on the Initial Valuation Date.</p> <p>"Initial Valuation Date" means ●.</p> <p>"Integral Number of Deliverable Shares" means, in respect of each Note, an integral number of Shares equal to the Number of Deliverable Shares rounded downwards to the nearest integral number.</p> <p>"Number of Deliverable Shares" means, in respect of each Note, a number of Shares equal to (i) the Calculation Amount multiplied by the Initial FX (if any) or the Calculation Amount multiplied by the Final FX (if any), as specified in the applicable Final Terms, (the "Applicable Rate for Calculation of Number of Deliverable Shares") divided by (ii) the Strike Price of the Share, subject to the Physical Delivery Rounding Convention.</p> <p>"Residual Cash Amount" means an amount equal to: the Residual Number of Deliverable Shares multiplied by the Final Price divided by the Final FX (if any), rounded to the nearest second decimal and with 0.005 rounded upwards.</p> <p>"Residual Number of Deliverable Shares" means a number of Shares (or part thereof) equal to (i) the Number of Deliverable Shares minus (ii) the Integral</p>



Element	Title	
		<p>Number of Deliverable Shares.</p> <p>"Settlement Price" means ●.</p> <p>"Share" means the Share set out in Element C.20.</p> <p>"Strike Price" means ●.</p> <p>"Strike Price Barrier" means ● per cent. multiplied by the Strike Price.</p> <p><i>[Insert for Warrants]</i> [If the Warrants are terminated and cancelled prior to the settlement date, the Early Cancellation Amount will be determined in accordance with Element C.8.]</p> <p><i>[Insert for Index Linked Warrants]:</i> [If the Warrants have not already been exercised and settled, the cash settlement amount as determined by the Calculation Agent for each Warrant payable on the settlement date will be:</p> $\frac{\text{IndexFinal}}{\text{IndexInitial}} - 1$ <p>provided that the cash settlement amount shall not be less than zero.</p> <p>"Calculation Agent" means ●.</p> <p>"Final Valuation Date" means ●.</p> <p>"Index" means the Index set out in Element C.20.</p> <p>"Index Final" means the official closing level of the Index on the Final Valuation Date, subject to adjustment in accordance with the general conditions of the Warrants.</p> <p>"Index Initial" means the official closing level of the Index on the Initial Valuation Date, subject to adjustment in accordance with the general conditions of the Warrants.</p> <p>"Initial Valuation Date" means ●.</p> <p>For the purposes of the above, each Warrant shall be deemed to have a Notional Amount and the Calculation Agent shall multiply such Notional Amount by the amount determined in accordance with the formula above for the purpose of determining the cash settlement amount due in respect of such Warrant.</p> <p>"Notional Amount" means ●.]</p> <p><i>[Insert for Call ETF Linked Warrants where Cash Settlement is applicable]:</i> [If the Warrants have not already been exercised and settled, the cash settlement amount as determined by the Calculation Agent for each Warrant payable on the settlement date will be:</p> $\frac{\text{Final Price}}{\text{ClosingPrice}} - 1$ <p>provided that the cash settlement amount shall not be less than zero.</p>

Element	Title	
		<p>"Calculation Agent" means ●.</p> <p>"Closing Price" means the official closing price of the ETF Share quoted on the Exchange on the Initial Valuation Date as determined by or on behalf of the Calculation Agent.</p> <p>"ETF Share" means the ETF Share set out in Element C.20.</p> <p>"Final Valuation Date" means ●.</p> <p>"Final Price" means the official closing price of the ETF Share quoted on the Exchange on the Final Valuation Date as determined by or on behalf of the Calculation Agent.</p> <p>"Initial Valuation Date" means ●.</p> <p>For the purposes of the above, each Warrant shall be deemed to have a Notional Amount and the Calculation Agent shall multiply such Notional Amount by the amount determined in accordance with the formula above for the purpose of determining the cash settlement amount due in respect of such Warrant.</p> <p>"Notional Amount" means ●.]</p> <p><i>[Insert for Put ETF Linked Warrants where Cash Settlement is applicable]:</i> [If the Warrants have not already been exercised and settled, the cash settlement amount as determined by the Calculation Agent for each Warrant payable on the settlement date will be:</p> $\frac{\text{StrikePrice} - \text{Final Price}}{\text{ClosingPrice}}$ <p>"Calculation Agent" means ●.</p> <p>"Closing Price" means the official closing price of the ETF Share quoted on the Exchange on the Initial Valuation Date as determined by or on behalf of the Calculation Agent.</p> <p>"ETF Share" means the ETF Share set out in Element C.20.</p> <p>"Final Valuation Date" means ●.</p> <p>"Final Price" means the official closing price of the ETF Share quoted on the Exchange on the Final Valuation Date as determined by or on behalf of the Calculation Agent.</p> <p>"Initial Valuation Date" means ●. For the purposes of the above, each Warrant shall be deemed to have a Notional Amount and the Calculation Agent shall multiply such Notional Amount by the amount determined in accordance with the formula above for the purpose of determining the cash settlement amount due in respect of such Warrant.</p> <p>"Notional Amount" means ●.</p> <p>"Strike Price" means ●.]</p> <p><i>[Insert for ETF Linked Warrants where Physical</i></p>

Element	Title	
		<p><i>Settlement is applicable and Cash Floor is not applicable</i>]: [If the Warrants have not already been exercised and settled, the share amount for each Warrant deliverable on the settlement date will be:</p> $\frac{1}{\text{Parity}}$ <p>"Calculation Agent" means ●.</p> <p>"Closing Price" means the official closing price of the ETF Share quoted on the Exchange on the Initial Valuation Date as determined by or on behalf of the Calculation Agent.</p> <p>"ETF Share" means the ETF Share set out in Element C.20.</p> <p>"Exchange" means ●.</p> <p>"Initial Valuation Date" means ●.</p> <p>"Issue Price" means ●.</p> <p>"Notional Amount" means ●.</p> <p>"Parity" is the number of Warrants required for the delivery of one ETF Share to the relevant Warrantholder and will be calculated in accordance with the following formula:</p> <p style="padding-left: 40px;">Underlying Option Price (expressed as percentage) multiplied by the Closing Price divided by the Issue Price.</p> <p>"Underlying Option Price" is the price of the underlying option as determined by the Calculation Agent as of the Initial Valuation Date using a market standard valuation model.</p> <p>For the purposes of the above, each Warrant shall be deemed to have a Notional Amount and the Calculation Agent shall multiply such Notional Amount by the amount determined in accordance with the formula above for the purpose of determining the share amount deliverable in respect of such Warrant]</p> <p><i>[Insert for ETF Linked Warrants where Physical Settlement and Cash Floor are applicable]</i>: [If the Warrants have not already been exercised and settled, a cash settlement amount of [●] (the "cash settlement amount") shall be paid on the settlement date. If the Warrants are otherwise exercised and provided that the Underlying Performance of the ETF Share is greater than the Cash Floor Barrier Level, the share amount for each Warrant deliverable on the settlement date will be:</p> $\frac{1}{\text{Parity}}$ <p>If the Underlying Performance is less than or equal to the Cash Floor Barrier Level, then the cash settlement amount shall be paid instead of delivery of the share amount.</p> <p>"Calculation Agent" means ●.</p>

Element	Title	
		<p>"Cash Floor Barrier Level" means ●.</p> <p>"Closing Price" means the official closing price of the ETF Share quoted on the Exchange on the Initial Valuation Date as determined by or on behalf of the Calculation Agent.</p> <p>"ETF Share" means the ETF Share set out in Element C.20.</p> <p>"Exchange" means ●.</p> <p>"Exercise Price" means ●.</p> <p>"Final Closing Price" means the official closing price of the ETF Share quoted on the Exchange on exercise date as determined by or on behalf of the Calculation Agent.</p> <p>"Initial Valuation Date" means ●.</p> <p>"Issue Price" means ●.</p> <p>"Notional Amount" means ●.</p> <p>"Parity" is the number of Warrants required for the delivery of one ETF Share to the relevant Warrantholder and will be calculated in accordance with the following formula:</p> <p style="padding-left: 40px;">Underlying Option Price (expressed as percentage) multiplied by the Closing Price divided by the Issue Price.</p> <p>"Underlying Option Price" is the price of the underlying option as determined by the Calculation Agent as of the Initial Valuation Date using a market standard valuation model.</p> <p>"Underlying Performance" means an amount expressed as a percentage determined by the Calculation Agent to be equal to the official closing price of the ETF Share quoted on the Exchange on the exercise date divided by the Exercise Price.</p> <p>For the purposes of the above, each Warrant shall be deemed to have a Notional Amount and the Calculation Agent shall multiply such Notional Amount by the amount determined in accordance with the formula above for the purpose of determining the cash settlement amount due or (as the case may be) the share amount deliverable in respect of such Warrant]</p>
<b>C.19</b>	Exercise price/final reference price of the underlying	<p><i>[Insert for Notes] [Insert the relevant exercise price or final reference price of the relevant underlying]</i></p> <p><i>[Insert for Index Linked Warrants] [Index Final will be determined on the Final Valuation Date as set out in Element C.18.]</i></p> <p><i>[Insert for ETF Linked Warrants that are cash settled] [Final Price will be determined on the Final Valuation Date as set out in Element C.18]</i></p> <p><i>[Insert for ETF Linked Warrants that are physically settled] [The Exercise Price and the Parity will be determined on the Initial Valuation Date as set out in</i></p>

Element	Title	
		Element C.18]
C.20	Underlying	<p>[Insert for Notes] [Insert for Index Linked Notes] [The underlying of the Notes is [insert relevant Index and information on such index may be found on [insert relevant website, etc.]</p> <p>[Insert for Equity Linked Notes][The underlying of the Notes is [insert the relevant Share Company and information on such Share Company may be found on [insert relevant website, etc.]</p> <p>[Insert for Index Linked Warrants] [The underlying asset of each Series of Warrants will be ● (the "Index").]</p> <p>[Insert for ETF Linked Warrants] [The underlying asset of each Series of Warrants will be ● (the "ETF Share") issued by ● (the "ETF Issuer").]</p>

### Section D – Risks

Element	Title	
D.2	Key risks regarding the Issuer	<p>In purchasing Notes or Warrants, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes or Warrants. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes or Warrants. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified a number of key risk factors which could materially adversely affect its business and ability to make payments due under the Notes or Warrants. These key risk factors include:</p> <ul style="list-style-type: none"> <li>• <i>Credit risk</i>: the creditworthiness of its customers and counterparties;</li> <li>• <i>Market risk</i>: the risks linked to the fluctuations of market prices;</li> <li>• <i>Operational risk</i>: the risk of financial or non-financial impact resulting from inadequate or failed internal processes or systems, from people's failings or from external events;</li> <li>• <i>Soundness of other financial institutions – counterparty risk</i>: its exposure to counterparties in the financial services industry arising through trading, lending, deposit-taking, clearance and settlement and numerous other activities and relationships, including hedging and other risk management strategies utilised by the Issuer;</li> <li>• <i>Liquidity risk</i>: the risk that the Issuer continues to hold sufficient funds to meet its contracted and contingent commitments to customers and counterparties;</li> </ul>

Element	Title	
		<ul style="list-style-type: none"> <li>• <i>Regulatory risk</i>: substantial regulation and regulatory oversight in the jurisdictions in which it operates, together with future regulatory developments, including changes to accounting standards and the amount of regulatory capital required to support the risk, fiscal and other policies that are adopted by the various regulatory authorities of the European Union, foreign governments and international agencies;</li> <li>• Uncertain <i>economic conditions</i>: the level of banking, finance and financial services required by its customers which is heavily dependent on customer confidence, market interest rates and other factors that affect the economy;</li> <li>• Competition: strong competition across all its markets from local and international financial institutions including banks, building societies, life insurance companies and mutual insurance organisations.</li> </ul>
D.3	Key risks regarding the Securities	<p>[Insert for Notes] There are also risks associated with the Notes, including a range of market risks, as follows:<sup>15</sup></p> <ul style="list-style-type: none"> <li>• [in the event of the insolvency of the Issuer or if it is otherwise unable or unwilling to repay the Notes when repayment falls due, an investor may lose all or part of his investment in the Notes.]</li> <li>• if the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds to achieve a similar effective return;</li> <li>• if the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned;</li> <li>• Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates;</li> <li>• [The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks";]</li> <li>• [Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR;]</li> <li>• [an investor in Subordinated Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency as the Issuer's obligations under Subordinated Notes are unsecured and subordinated and will rank junior to the claims of creditors in respect of unsubordinated obligations and certain other subordinated obligations (as</li> </ul>

<sup>15</sup> Delete such of the following bullet points as are not applicable when preparing an issue specific summary.

Element	Title	
		<p>described in “Terms and Conditions of the Subordinated Notes”)</p> <ul style="list-style-type: none"> <li>• the Subordinated Notes may be redeemed prior to maturity;</li> <li>• the Subordinated Notes have limited remedies for non-payment;</li> <li>• there is no restriction on the amount or type of further instruments or indebtedness that the Issuer may issue, incur or guarantee;]</li> <li>• the conditions of the Notes may be modified without the consent of the holder in certain circumstances;</li> <li>• regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes and/or Warrants;</li> <li>• the holder may not receive payment of the full amounts due in respect of the Notes as a result of amounts being withheld by the Issuer in order to comply with applicable law;</li> <li>• investors are exposed to the risk of changes in law or regulation affecting the value of Notes held by them;</li> <li>• there may be no or only limited secondary market in the Notes and this would adversely affect the value at which an investor could sell his Notes;</li> <li>• the value of an investor's investment may be adversely affected by exchange rate movements where the Notes are not denominated in the investor's own currency;</li> <li>• any credit rating assigned to the Notes may not adequately reflect all the risks associated with an investment in the Notes;</li> <li>• market disruption and adjustment provisions may affect the value and liquidity of the Notes as well as postpone the due dates for certain payments; and</li> <li>• the occurrence of a settlement disruption event may lead to a delayed and/or reduced share amount or Early Redemption Amount, as the case may be, in respect of the Notes and in certain circumstances may even be zero. In this case, a Noteholders could lose up to all of its investment in the Notes.</li> </ul>
<b>D.6</b>	Risk warning	<p>[Insert for Notes] There are also risks associated with the Notes, including a range of market risks, as follows:<sup>16</sup></p> <ul style="list-style-type: none"> <li>• [In the event of the insolvency of the Issuer or if it is otherwise unable or unwilling to repay the Notes when repayment falls due, an investor may lose all or part of his investment in the Notes.]</li> </ul>

<sup>16</sup> Delete such of the following bullet points as are not applicable when preparing an issue specific summary.

Element	Title	
		<ul style="list-style-type: none"> <li>• if the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds to achieve a similar effective return;</li> <li>• if the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned;</li> <li>• Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates;</li> <li>• [an investor in Subordinated Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency as the Issuer's obligations under Subordinated Notes are unsecured and subordinated and will rank junior to the claims of creditors in respect of unsubordinated obligations and certain other subordinated obligations (as described in "Terms and Conditions of the Subordinated Notes")]</li> <li>• the Subordinated Notes may be redeemed prior to maturity;</li> <li>• the Subordinated Notes have limited remedies for non-payment;</li> <li>• there is no restriction on the amount or type of further instruments or indebtedness that the Issuer may issue, incur or guarantee;]</li> <li>• the conditions of the Notes may be modified without the consent of the holder in certain circumstances;</li> <li>• regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes and/or Warrants;</li> <li>• the holder may not receive payment of the full amounts due in respect of the Notes as a result of amounts being withheld by the Issuer in order to comply with applicable law;</li> <li>• investors are exposed to the risk of changes in law or regulation affecting the value of Notes held by them;</li> <li>• there may be no or only limited secondary market in the Notes and this would adversely affect the value at which an investor could sell his Notes;</li> <li>• the value of an investor's investment may be adversely affected by exchange rate movements where the Notes are not denominated in the investor's own currency;</li> <li>• any credit rating assigned to the Notes may not adequately reflect all the risks associated with an investment in the Notes;</li> </ul>



Element	Title	
		<ul style="list-style-type: none"> <li>• market disruption and adjustment provisions may affect the value and liquidity of the Notes as well as postpone the due dates for certain payments; and</li> <li>• the occurrence of a settlement disruption event may lead to a delayed and/or reduced share amount or Early Redemption Amount, as the case may be, in respect of the Notes and in certain circumstances may even be zero. In this case, a Noteholders could lose up to all of its investment in the Notes.</li> <li>• [certain Notes have highly complex structures and are most suitable as investment for sophisticated investors, as such Notes may involve a higher degree of risk. The market value and return on these Notes are usually more volatile</li> <li>• Notes will not represent a claim against any underlying reference amount.]</li> </ul> <p>[<i>Insert for Warrants</i>] [There are no events of default in relation to the Warrants and if the Issuer defaults on any obligation under the Warrants, Warrantheolders will have no right to declare all of the remaining obligations of the Issuer to be immediately due and payable or deliverable, as the case may be.</p> <p>A postponement of valuation or determination due to a market disruption event or a disrupted day or certain extraordinary events affecting the underlying asset to which the Warrants are linked may have an adverse effect on the value of the Warrants.</p> <p>There will be a time lag between the time a Warrantheolder gives instructions to exercise and the time the applicable cash settlement amount or share amount, as the case may be, relating to such exercise is determined, and such time lag could decrease the cash settlement amount or share amount, as the case may be.</p> <p>Warrantheolders may have to tender a certain number of Warrants at any one time in order to exercise the Warrants and Warrantheolders with fewer Warrants will either have to sell or purchase additional Warrants, incurring transaction costs, in order to realise their investment.]</p> <p>[<i>Insert for American Style Warrants</i>][The number of American style Warrants exercisable on any date other than the expiration date may be limited to a maximum number.]</p> <p>[<i>Insert for Index Linked Warrants</i>] [A Warrantheolder may not receive the cash settlement amount relating to a Warrant if it fails to deliver the required notice.</p> <p>Factors affecting the performance of the Index may adversely affect the value of the Warrants and returns on the Warrants do not reflect a direct investment in underlying shares or other assets comprising the Index.</p>

Element	Title	
		<p>A change in the composition or discontinuance of the Index and/or the substitution of the Index with a successor Index could adversely affect the market value of the Index.</p> <p>The Warrants are not sponsored, endorsed, sold, or promoted by the sponsor of such Index. No representation is made by the sponsor of the Index on the results obtained from the use of such Index, the levels of such Index at any time on any day or the advisability of investing in the Warrants linked to such Index. The sponsor of the Index has no obligation to advise any person of any error in such Index and neither the Index nor the sponsor thereof is liable for any such errors. The Issuer and the Issuer's affiliates are not liable to the Warrantheolders for any actions or omissions of the sponsor of the Index, the accuracy, completeness, and timeliness of any information concerning such Index, the performance of such Index, any data included in or omitted from such Index or use thereof in connection with the Warrants.]</p> <p><i>[Insert for ETF Linked Warrants that are cash settled]</i> [A Warrantheolder may not receive the cash settlement amount relating to a Warrant if it fails to deliver the required notice.</p> <p>No issuer of the ETF Share will have participated in establishing the terms of the Warrants and factors affecting the performance of the ETF Share may adversely affect the value of the Warrants. Warrantheolders have no claim against the issuer of the ETF Share or recourse to the ETF Share.</p> <p>Adjustments to the condition of the Warrants made by the Calculation Agent following the occurrence of potential adjustment events or additional disruption events affecting the ETF Share may have an adverse effect on the value of the Warrants.]</p> <p><i>[Insert for ETF Linked Warrants that are physically settled]</i> [A Warrantheolder may not receive the share amount relating to a Warrant if it fails to deliver the required notice and pay the Exercise Price and Warrantheolder expenses relating to such Warrant.</p> <p>The occurrence of a settlement disruption event may lead to a delayed and/or reduced share amount or Early Cancellation Amount, as the case may be, in respect of the Warrants and in certain circumstances may even be zero. In this case, a Warrantheolder could lose up to all of its investment in the Warrants.</p> <p>No issuer of the ETF Share will have participated in establishing the terms of the Warrants and factors affecting the performance of the ETF Share may adversely affect the value of the Warrants. Warrantheolders have no claim against the issuer of the ETF Share or recourse to the ETF Share.</p> <p>Adjustments to the condition of the Warrants made by the Calculation Agent following the occurrence of potential adjustment events or additional disruption</p>

Element	Title	
		<p>events affecting the ETF Share may have an adverse effect on the value of the Warrants.]</p> <p>[Insert for Warrants/Notes] <b>Investors may lose all or a substantial portion of their investment.</b> The Warrants/Notes are designed for specific investment objectives or strategies and, therefore, have a more limited secondary market and may experience more price volatility. Warrant/Noteholders may not be able to sell the Warrants/Notes readily or at prices that will enable them to realise their anticipated yield. No investor should purchase the Warrants/Notes unless such investor understands and is able to bear the risk that the Warrants/Notes may not be readily saleable, that the value of such Warrants/Notes will fluctuate over time, that such fluctuations may be significant and that such investor may lose all or a substantial portion of the purchase price of the Warrants/Notes.]</p>

### Section E – Offer

Element	Title	
E.2b	Use of proceeds	<p>The net proceeds from each issue of Notes or Warrants will be applied by the Issuer for its general corporate purposes, which include making a profit, and may also be applied for particular uses, as determined by the issuer.<sup>17</sup></p> <p>The net proceeds from each issue of [Notes][Warrants] will be applied by the Issuer for its general corporate purposes, which include making a profit [and [ ]].</p>
E.3	Terms and conditions of the offer	<p>Under the programme, the Notes or Warrants may be offered to the public in a Non-exempt Offer in Belgium, France, Denmark or Luxembourg.</p> <p>The terms and conditions of each offer of Notes or Warrants will be determined by agreement between the Issuer and the relevant Dealers at the time of issue. An Investor intending to acquire or acquiring any Notes or Warrants in a Non-exempt Offer from an Authorised Offeror will do so, and offers and sales of such Notes or Warrants to an Investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements.<sup>18</sup></p> <p>[Not Applicable – the [Notes][Warrants] are issued in denominations or total consideration of at least €100,000 (or its equivalent in any other currency).]</p> <p>[Not Applicable – the [Notes][Warrants] are not being offered to the public as part of a [Public/Non-exempt] Offer]</p> <p>[This issue of [Notes][Warrants] is being offered in a Non-exempt Offer in [specify particular country/ies].]</p>

<sup>17</sup> Delete this paragraph when preparing an issue specific summary.

<sup>18</sup> Delete this paragraph when preparing an issue specific summary.

Element	Title	
		<p>The issue price of the [Notes][Warrants] is ● per cent. of their nominal amount.</p> <p><i>[Summarise any public offer, by reference to paragraphs [11viii] and [12] of Part B of the Final Terms. Offer Period is ● until ●. Offer Price is ●.]</i></p>
E.4	Interest of natural and legal persons involved in the issue/offer	<p>The relevant Dealers may be paid fees in relation to any issue of Notes or Warrants under the Programme. Any such Dealer and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.<sup>19</sup></p> <p>[The [Dealers/Managers] will be paid aggregate commissions equal to ● per cent. of the nominal amount of the [Notes][Warrants].] Any [Dealer/Manager] and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its respective affiliates in the ordinary course of business.</p> <p>[Other than as mentioned above,[ and save for ●,] so far as the Issuer is aware, no person involved in the issue of the [Notes][Warrants] has an interest material to the offer, including conflicting interests.]</p>
E.7	Expenses charged to the investor by the Issuer	<p><i>[Insert for Notes and Warrants] [[Not Applicable – No expenses will be charged to investors by the Issuer.]</i></p>

<sup>19</sup> Delete this paragraph when preparing an issue specific summary.

## GENERAL DESCRIPTION OF THE PROGRAMME

The following general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of Base Prospectus and, in relation to the terms and conditions of any particular tranche of Notes or Warrants, the applicable final terms (or, in the case of Exempt Notes or Exempt Warrants, the applicable pricing supplement). The Issuer and any relevant Dealer may agree that Notes or Warrants shall be issued in a form other than that contemplated in the terms and conditions, in which event, in the case of Notes or Warrants other than Exempt Notes or Exempt Warrants and, if appropriate, a supplement to the Base Prospectus or a new Base Prospectus will be published.

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing Directive 2003/71/EC (the "Prospectus Regulation").

Words and expressions defined in "Form of the Notes", "Terms and Conditions of the Senior Notes" and "Terms and Conditions of the Subordinated Notes" shall have the same meanings in this overview.

### Information relating to the Issuer:

BIL's main business activities cover the fields of commercial banking, private banking, financial banking, asset management and investment fund administration services.

BIL was incorporated in Luxembourg on 8 March 1856 in the form of a *société anonyme* (limited liability company), governed by Luxembourg law. Its registered office is located at 69, route d'Esch, Luxembourg, L-2953 Luxembourg, telephone number +352 45901. BIL is registered in the Luxembourg Register of Commerce and Companies under number B-6307.

BIL's duration is unlimited.

The objects of BIL are to undertake all banking and financial operations of whatsoever kind, and, *inter alia*, to accept deposits from the public or any other person or institutions and to grant credit for its own account. It may also undertake all activities reserved for investment firms and to other professionals in the financial sector and all financial, administrative, management and advisory operations directly or indirectly related to its activities. It may establish subsidiaries, branches and agencies in or outside Luxembourg and participate in all financial, commercial and industrial operations.

### Information relating to the Programme:

<b>Issuer:</b>	Banque Internationale à Luxembourg, société anonyme
<b>Issuer Legal Entity Identifier (LEI):</b>	9CZ7TVMR36CYD5TZBS50
<b>Description:</b>	Programme for the issue of Euro Medium Term Notes and Warrants.
<b>Size:</b>	Up to €10,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
<b>Arranger:</b>	Goldman Sachs International
<b>Dealers:</b>	BNP Paribas Crédit Agricole Corporate and Investment Bank Citigroup Global Markets Limited Commerzbank Aktiengesellschaft Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Banque Internationale à Luxembourg, société anonyme Goldman Sachs International J.P. Morgan Securities plc  MUFG Securities EMEA plc Morgan Stanley & Co. International plc Nomura International plc

UBS Limited

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches of Notes or Warrants or in respect of the whole Programme.

**Information Relating to the Notes:**

**Fiscal Agent:**

Banque Internationale à Luxembourg, société anonyme.

**Method of Issue:**

The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "Series") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Final Terms (the "Final Terms") or in the case of Exempt Notes the relevant Pricing Supplement (the "Pricing Supplement").

**Issue Price:**

Notes may be issued on a fully-paid or, in the case of Exempt Notes, a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

**Form of Notes:**

The Notes may be issued in bearer form only ("Bearer Notes"), in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") or in registered form only ("Registered Notes"). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will initially be represented by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "Selling Restrictions"), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Registered Note Certificates, one Registered Note Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Registered Note Certificates that are registered in the name of a nominee for one or more clearing systems are referred to as "Registered Note Global Certificates".

**Clearing Systems:**

Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer and the relevant Dealer.

**Initial Delivery of Senior Notes:**

On or before the issue date for each Tranche, if the relevant Global Note is a NGN or the relevant Registered Note Global Certificate is held under the NSS, the Global Note or the Registered Note Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Registered Note Global Certificate is not held

under the NSS, (i) the Global Note representing Bearer Notes or Exchangeable Bearer Notes or (ii) the Registered Note Global Certificate representing Registered Notes may (or, in the case of Notes listed on the Official List of the Luxembourg Stock Exchange, shall) be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Registered Note Global Certificates relating to Notes may also be deposited with any other clearing system or may be delivered outside any clearing system provided that, save in the case of delivery to Euroclear France, the method of such delivery has been agreed in advance by the Issuer and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

**Initial Delivery of Subordinated Notes:**

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Registered Note Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Registered Note Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that, save in the case of delivery to Euroclear France, the method of such delivery has been agreed in advance by the Issuer and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

**Currencies:**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.

**Maturities:**

Subject to compliance with all relevant laws, regulations and directives, Senior Notes and Subordinated Notes may have any maturity that is one month or greater and in the case of Subordinated Notes that are to constitute tier 2 capital, they will have a maturity that is five years or greater.

Under the Luxembourg Law dated 10 July, 2005 relating to prospectuses for securities, as amended which implements the Prospectus Directive, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of Part II of such law.

**Denomination:**

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency)).

**Certain conditions of the Notes:**

See Element C.8 of "Summary of the Programme" for a description of certain terms and conditions applicable to all

Notes issued under the programme.

**Fixed Rate Notes:**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

**Reset Notes:**

Reset Notes will bear interest: (a) prior to the First Reset Date, at the Initial Rate of Interest; and (b) thereafter, on the basis of the Mid-Swap Rate plus the Margin, reset at specified intervals, all as set out in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

**Floating Rate Notes:**

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or
- (ii) on the basis of the reference rate set out in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

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

**Zero Coupon Notes:**

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

**Index Linked Notes and Equity Linked Notes:**

Payments of interest and principal in respect of Index Linked Notes and payments in respect of Equity Linked Notes will be calculated by reference to such index, share and/or formula or such other factor as indicated in the applicable Final Terms (or in the case of Exempt Notes, Pricing Supplement).

In respect of Index Linked Notes, the underlying may not be an Index composed by the Issuer or any legal entity belonging to the same group, nor an Index provided by a legal entity or a natural person acting in association with, or on behalf of, the Issuer.

In respect of Equity Linked Notes, notes falling under Article 17 of Commission Regulation (EC) No 809/2004 (the "Prospectus Regulation") may not be issued under this Base Prospectus.

**Exempt Notes:**

The Issuer may issue Exempt Notes which are Dual Currency Notes, Partly Paid Notes or Notes redeemable in one or more instalments.

**Dual Currency Notes.** Payments (whether in respect of principal or interest and whether at maturity or otherwise)



in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.

**Partly Paid Notes:** The Issuer may issue Notes in respect of which the issue price is paid in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.

**Notes redeemable in instalments:** The Issuer may issue Notes which may be redeemed in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.

**THE ISSUER MAY AGREE WITH ANY DEALER THAT EXEMPT NOTES MAY BE ISSUED IN A FORM NOT CONTEMPLATED BY THE TERMS AND CONDITIONS OF THE NOTES, IN WHICH EVENT THE RELEVANT PROVISIONS WILL BE INCLUDED IN THE APPLICABLE PRICING SUPPLEMENT.**

**Interest Periods and Interest Rates:**

The length of the interest periods for the Notes the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

**Redemption:**

In the case of Senior Notes, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in the case of Exempt Notes in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

In the case of Subordinated Notes, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will indicate whether such Notes will be redeemable at the option of the Issuer or not and they shall be redeemable for taxation reasons or upon the occurrence of a Capital Event and upon giving notice to the Noteholders, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

**Redemption by Instalments:**

The relevant Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

**Optional Redemption:**

The relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement) issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer

(either in whole or in part) and, in the case of Senior Notes only, at the option of the holders, and if so the terms applicable to such redemption. Such redemption will be subject to the prior approval of the CSSF for Subordinated Notes and subject also to certain conditions.

<b>Status of Notes:</b>	Senior Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer as described in "Terms and Conditions of the Senior Notes—Status". Subordinated Notes will constitute direct, unsecured and subordinated obligations of the Issuer as described in "Terms and Conditions of the Subordinated Notes—Status".
<b>Negative Pledge:</b>	Applicable to Senior Notes only. See "Terms and Conditions of the Senior Notes—Negative Pledge".
<b>Cross Default:</b>	Applicable to Senior Notes only. See "Terms and Conditions of the Senior Notes—Events of Default".
<b>Early Redemption:</b>	Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity for tax reasons, illegality or following certain adjustment or disruption events or an automatic early redemption event (in the case of Senior Notes) or capital disqualification (in the case of Subordinated Notes). Such redemption will be subject to the prior approval of the CSSF for Subordinated Notes and subject also to certain conditions. See "Terms and Conditions of the Senior Notes—Redemption, Purchase and Options", "Terms and Conditions of the Senior Notes—Additional Provisions Applicable to Index Linked Notes", "Terms and Conditions of the Senior Notes—Additional Provisions Applicable to Equity Linked Notes" or "Terms and Conditions of the Subordinated Notes—Redemption, Purchase and Options", as the case may be.
<b>Withholding Tax:</b>	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of Luxembourg, unless the withholding is required by law. In such event, the Issuer shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it had no such withholding been required, all as described in "Terms and Conditions of the Senior Notes—Taxation" or "Terms and Conditions of the Subordinated Notes—Taxation", as the case may be.
<b>Governing Law:</b>	Senior Notes may be governed by Luxembourg law or English law, as specified in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement). Subordinated Notes will be governed by Luxembourg law.
<b>Listing/Admission to Trading:</b>	The official list of the Luxembourg Stock Exchange and admission to trading on the regulated market of the Luxembourg Stock Exchange or as otherwise specified in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement). As specified in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement) a Series of Notes may be unlisted.
<b>Notes Selling Restrictions:</b>	Notes may be issued to any investor subject to selling restrictions - United States, EEA, United Kingdom, France, Germany, Japan, Singapore and the Netherlands. See "Plan of Distribution".

No Notes, or interests therein, may at any time be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. person (as defined herein) except pursuant to an exemption from the registration requirements of the Securities Act (see "Plan of Distribution").

With respect to an issuance of Notes, the Issuer is a Category 2 issuer for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

As used herein with respect to the Notes, "U.S. person" means a person that is a "U.S. person" as defined in Regulation S under the Securities Act.

Bearer Notes and Exchangeable Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor United States Treasury regulation section, including without limitation, successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "D Rules") unless (i) the relevant Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor United States Treasury regulation section, including without limitation, successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "C Rules") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), which circumstances will be referred to in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement) as a transaction to which TEFRA is not applicable.

**Ratings:**

See Element B.17 of "Summary of the Programme". Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) and will not necessarily be the same as the rating(s) assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Risk Factors:**

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified a number of factors which could

materially adversely affect its business and ability to make payments due under the Notes. These factors include the creditworthiness of its customers and counterparties; the risks linked to the fluctuations of market prices, the risk of financial or non-financial impact resulting from inadequate or failed internal processes or systems, from people's failings or from external events; its exposure to counterparties in the financial services industry arising through trading, lending, deposit-taking, clearance and settlement and numerous other activities and relationships, including hedging and other risk management strategies utilised by the Issuer; the risk that the Issuer continues to hold sufficient funds to meet its contracted and contingent commitments to customers and counterparties; substantial regulation and regulatory oversight in the jurisdictions in which it operates, together with future regulatory developments, including changes to accounting standards and the amount of regulatory capital required to support the risk, fiscal and other policies that are adopted by the various regulatory authorities of the European Union, foreign governments and international agencies; the level of banking, finance and financial services required by its customers which is heavily dependent on customer confidence, market interest rates and other factors that affect the economy; strong competition across all its markets from local and international financial institutions including banks, building societies, life insurance companies and mutual insurance organisations.

**Use of Proceeds:**

The net proceeds of the sale of the Notes will be used for the general funding purposes of the Issuer. If, in respect of any issue of Notes which are derivative securities, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

**Information Relating to the Warrants:**

**Method of Issue:**

The Warrants will be issued on a syndicated or non-syndicated basis. The Warrants will be issued in Series having one or more issue dates and on terms otherwise identical, the Warrants of each Series being intended to be interchangeable with all other Warrants of that Series. Each Series may be issued in Tranches on the same or different issue dates. The specific terms (the "Terms") of each Tranche (which, save in respect of the issue date, issue price and number of Warrants comprising the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Final Terms (the "Final Terms for the Warrants").

**Issue Price:**

The Warrants may be issued at any issue price. The issue price will be specified in the Final Terms for the Warrants.

**Form of Warrants:**

The Warrants may be issued in bearer form only ("Bearer Warrants"), being capable of being purchased, transferred and exercised only through an account at Euroclear or Clearstream, Luxembourg. Each Tranche of Warrants will be represented on issue by a permanent Global Warrant exchangeable for definitive Warrants in the limited circumstances specified in the permanent Global Warrant.

**Initial Delivery of Warrants:**

Permanent Global Warrants will be deposited with a common depository for Euroclear and Clearstream,

Luxembourg immediately prior to their issue date.

**Clearing Systems:**

Clearstream, Luxembourg and Euroclear and, in relation to any Tranche of Warrants, such other clearing system as may be agreed between the Issuer and the relevant Dealer.

**Terms of the Warrants:**

As set out in the relevant Final Terms for the Warrants, each Series of Warrants will entitle the Warrantholder (as defined in the general conditions of the Warrants (the "General Conditions")) to receive a cash amount or delivery of a share amount, as the case may be, from the Issuer calculated in accordance with the relevant Final Terms and the General Conditions. Each Final Terms for the Warrants will set forth certain information with respect to Warrants of the relevant Series (distinguishing between separate Tranches of Warrants, if applicable) including the index or exchange traded fund share, as the case may be, to which the Warrants are linked, the maximum aggregate number and type of Warrants, the date of issue, the issue price, the exercise price, the settlement amount, the exercise period or the exercise date or dates, the final exercise date and the settlement date, as applicable.

In respect of Index Linked Warrants, the underlying may not be an Index composed by the Issuer or any legal entity belonging to the same group, nor an Index provided by a legal entity or a natural person acting in association with, or on behalf of, the Issuer.

In respect of ETF Linked Warrants, warrants falling under Article 17 of Commission Regulation (EC) No 809/2004 (the "Prospectus Regulation") may not be issued under this Base Prospectus.

**Important Notice for Investors:**

Investors should note that the Warrants create options exercisable by the relevant Warrantholder. There is no obligation upon any Warrantholder to exercise his Warrant nor, in the absence of such exercise in the case of Warrants to which automatic exercise does not apply, any obligation upon the Issuer to pay, deliver or cause to be paid or delivered any amount in respect of the Warrants. Upon exercise of any Warrants, Warrantholders will be required to make a certification in respect of certain laws of the United States (see "General Conditions of the Warrants—Exercise Procedure").

**Status of Warrants:**

The Warrants will constitute unsubordinated and unsecured obligations of the Issuer.

**Events of Default and Negative Pledge:**

The Warrants will not contain any negative pledge or events of default.

**Termination for Illegality and certain adjustment and disruption events:**

The Issuer has the right to terminate any Warrants prior to exercise only if its performance under such Warrants has become unlawful or in the event of certain adjustment or disruption events. In such circumstances the Issuer will (to the extent permitted by applicable law) cause an amount to be paid to each Warrantholder in respect of each relevant Warrant which is the fair market value of such Warrant immediately prior to such termination plus any exercise price paid less all costs incurred by the Issuer or any of its affiliates. (See "General Conditions of the Warrants—Adjustment Provisions in relation to Index Linked Warrants", "General Conditions of the Warrants—

Adjustment Provisions in relation to ETF Linked Warrants" and "General Conditions of the Warrants—Illegality").

**Taxation:**

Warrantheolders will be liable for any taxes, including withholding tax, arising in connection with the Warrants.

**Governing Law:**

The Warrants shall be governed by Luxembourg law.

**Listing/Admission to Trading:**

The official list of the Luxembourg Stock Exchange and admission to trading on the regulated market of the Luxembourg Stock Exchange or as otherwise specified in the relevant Final Terms for the Warrants. As specified in the relevant Final Terms for the Warrants, a Series of Warrants may be unlisted.

**Warrants Selling Restrictions:**

Warrants may be issued to any investor subject to selling restrictions - United States, EEA, United Kingdom, France, Germany, Japan, the Netherlands and Singapore. See "Plan of Distribution".

No Warrants, or interests therein, may at any time be offered, sold, resold, transferred, pledged, delivered or redeemed, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person (as defined herein). Furthermore, neither the sale of nor trading in Warrants have been approved by the CFTC under the CEA, and no U.S. person (as defined herein) may at any time purchase, trade, exercise or maintain a position in Warrants unless otherwise specified in the relevant Final Terms for the Warrants.

As used herein with respect to the Warrants (other than ETF Linked Warrants), "U.S. person" means a person that is any one or more of the following: (1) a "U.S. person" as defined in Regulation S under the Securities Act, (2) a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the CFTC, as amended, modified or supplemented from time to time, under the CEA, or (3) a person other than a "Non-United States person" as defined in CFTC Rule 4.7.

As used herein with respect to ETF Linked Warrants, "U.S. person" means a person that is a "U.S. person" as defined in Regulation S under the Securities Act.

**Risk Factors:**

There are risk factors that may affect the Issuer's ability to fulfil its obligations under the Warrants. These include Credit Risk, Market Risk, Operational Risk, Counterparty Risk, Liquidity Risk, Risk Management, Regulatory Risk, uncertain economic conditions and competition. There are risk factors which are material for the purpose of assessing the market risks associated with the Warrants. These include the risk that the Warrants may not be a suitable investment for all investors. There are risk factors that relate to the structure of a potential issue of Warrants. Investment in warrants involves a high degree of risk, certain factors affecting the value and trading price of warrants, limitations on exercise, minimum exercise amount, certain considerations regarding hedging and time lag after exercise. There are risks relating to the market generally. These include the secondary market generally, exchange rate risks and exchange controls, interest rate risks and credit ratings may not reflect all risks. Legal investment considerations may restrict certain

investments.

**Use of Proceeds:**

The net proceeds of the sale of the Warrants will be used for the general funding purposes of the Issuer. If, in respect of any issue of Warrants which are derivative securities, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms for the Warrants.

## RISK FACTORS

*In purchasing Notes or Warrants, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes and the Warrants. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes and the Warrants. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes and the Warrants.*

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

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents deemed to be incorporated in it by reference) and reach their own views prior to making any investment decision.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under the Notes and the Warrants issued under the Programme.**

Like other banks, the Issuer faces financial risk in the conduct of its business, such as credit risk, operational risk and market risk (including liquidity risk).

#### *Credit risk*

As a credit institution, the Issuer is exposed to the creditworthiness of its customers and counterparties. The Issuer may suffer losses related to the inability of its customers or other counterparties to meet their financial obligations. Nevertheless, counterparties classified as Investment Grade represent a large majority of the BIL's total exposure.

The Issuer has developed a sound and robust Global Risk Management framework with an important component linked to the credit risk in line with the regulatory requirements and the market standards. Nevertheless, the Issuer cannot assume that it will not have to make significant additional provisions for possible bad and doubtful debts in future periods.

The Bank is using the Advanced Internal Rating Based ("A-IRB") approach for calculating its capital requirements and its solvency ratios.

#### *Market risk*

Market risks are all the risks linked to the fluctuations of market prices, including, principally, exposure to loss arising from adverse movements in interest rates, credit spreads, foreign exchange rates and equity prices, stemming from the Issuer's capital market activities. Due to the nature of its activity, the Issuer is prevented from assuming significant exposure to market risk. It does not act as a market maker and therefore has very small exposure mainly linked to its short-term cash management. Market risks generated by the commercial businesses are generally hedged and residual risks are handled by the asset and liability management function.

#### *Operational risk*

Operational risk is the risk of financial or non-financial impact resulting from inadequate or failed internal processes or systems, from people's failings or from external events. The definition includes IT (notably cyber-risk), Clients, products and business practices, etc. but excludes strategic risk. The operational risk management ("ORM") framework relies on several key components, which include the systematic collection of operational risk events, the yearly self-assessment of risks and controls in all activities, the management of information security and business continuity, as well as the management of group common insurance policies. All of these activities regularly lead to the definition of improvement actions, which are monitored on a regular basis. Moreover the framework relies on strong governance with clearly defined roles and responsibilities for the ORM function, the Management Body, the line management and their operational risk correspondents. As with most other banks, the Issuer relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Issuer's customer relationship management, general ledger, deposit, servicing and/or loan organisation systems. The Issuer cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence



of any failures or interruptions could have a material adverse effect on the Issuer's financial condition and results of operations.

#### *Soundness of other Financial Institutions – counterparty risks*

The Issuer is exposed to many different counterparties in the normal course of its business; hence its exposure to counterparties in the financial services industry is significant. This exposure can arise through lending, deposit-taking, clearance and settlement and numerous other activities and relationships. These counterparties include institutional clients, brokers and dealers, commercial banks, investment banks and mutual funds. Many of these relationships expose the Issuer to credit risk in the event of default of a counterparty or client. In addition, the Issuer's credit risk may be exacerbated when the collateral it holds cannot be realised at, or is liquidated at prices not sufficient to recover, the full amount of the loan or derivative exposure it is due to cover, which could in turn affect the Issuer's ability to meet its payments under the Notes and the Warrants. Many of the hedging and other risk management strategies utilised by the Issuer also involve transactions with financial services counterparties. The risk of insolvency in relation to these counterparties may impair the effectiveness of the Issuer's hedging and other risk management strategies, which could in turn affect the Issuer's ability to meet its payments under the Notes and the Warrants.

#### *Liquidity risk*

The objective of liquidity management is to ensure that, at all times, the Issuer holds sufficient funds to meet its contracted and contingent commitments to customers and counterparties, at an economic price. All the main issues regarding liquidity risk are directly managed by the Issuer's Asset and Liability Management function, which carefully manages the Issuer's resources and their use, in particular, the adequacy of expected new lending production with the available resources and the Issuer's liquidity needs. Moreover, BIL group addresses its structural liquidity risk through the sound governance and controls put in place (realised by the Issuer's Risk Management), as well as the close follow up made of its main liquidity ratios. Moreover, it is worth mentioning that the regulatory ratios are largely higher than the minimum required by the regulators, highlighting a prudent and safe liquidity/funding situation.

#### *Risk Management*

Monitoring of the risks relating to the Issuer and its operations and the banking industry is performed jointly by the appropriate committees and the risk management department, with the help of tools that it develops, in compliance with all legal constraints and rules of prudence. As regards the supervision of risks in the subsidiaries and branches, the Risk Management and control functions exist in each entity of the BIL Group. As a general principle, BIL's entities internal control functions report, from both a hierarchical and a functional point of view for branches and from a functional point of view for subsidiaries, to the corresponding control functions at BIL Group level. These structures are strictly independent of the front-offices.

#### *Regulatory risk*

The Issuer's business activities are subject to substantial regulation and regulatory oversight in the jurisdictions in which it operates. Current, together with future regulatory developments, including changes to accounting standards and the amount of regulatory capital required to support the risk, could have an adverse effect impacting on how the Issuer conducts its business and on the results of its operations. The Issuer's business and earnings are also affected by fiscal and other policies that are adopted by the various regulatory authorities of the European Union, foreign governments and international agencies. With the growing number of legal and prudential requirements, the Issuer has set up a legal and regulatory watch ("Group-wide Watch") within its Regulatory Affairs department with the help of the different regulatory experts, including some people from Risk and Finance departments.

The Issuer has also established a clear regulatory roadmap project to assess the impact to timely mobilise the required resources internally and to implement all the elements the Issuer needs to ensure that it is compliant with such regulations.

#### *Capital Requirements Regulation and Capital Requirements Directive*

In 2012, the Basel Committee on Banking Supervision (the "Basel Committee") approved significant changes to the regulatory framework applicable to the BIL Group, including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions (such changes being commonly referred to as "Basel III"). The Basel III reform package has been implemented in Europe through *the EU Capital Requirements Regulation*

*(Regulation (EU) No 575/2013, the "Capital Requirements Regulation" or "CRR") and the EU Capital Requirements Directive (Directive 2013/36/EU, the "Capital Requirements Directive" or "CRD") (together, "CRD IV").*

The Capital Requirements Directive has been implemented in Luxembourg by the law of 23 July 2015 (the "CRD Law"). The CRD Law entered into force and was applicable from 4 August 2015. The Luxembourg financial sector supervisory authority Commission de Surveillance du Secteur Financier ("CSSF") has supplemented the CRD Law by adopting certain regulations.

The CSSF has further published on 20 February 2014 in the Official Gazette (Mémorial A – N°23) and on its website the CSSF Regulation N° 14-01 on the implementation of certain discretions contained in the Capital Requirements Regulation ("CSSF Regulation N° 14-01").

Certain provisions of the CRD IV will be and in some cases have been further specified by the European Banking Authority ("EBA") through implementing technical standards.

Key elements of CRD IV include:

- Increased capital requirements – higher minimum common equity tier 1 ("CET1") ratios and the introduction of conservation, countercyclical and systemic risk buffers,
- CET1 ratio – a risk-based measure calculated as CET1 capital divided by risk weighted assets, as calculated on the basis set out in CRD IV.
- Definition of capital – subordinated debt which does not meet CRD IV recognition criteria will be phased out over the period from 1 January 2014 to 31 December 2021;
- Additional capital charges – an additional capital charge for credit valuation adjustment ("CVA") risk is imposed. The capital charge for financial transactions with large counterparties also increases and deferred tax assets will be risk weighted at 250 per cent.;
- Securitisation exposure – certain securitisation exposures can either be deducted 100 per cent. from CET1 capital or risk weighted 1,250 per cent.;
- Deductions from capital – expected losses in excess of provisions are deducted in full from CET1 capital, gross of tax. Under Basel II, only 50 per cent. of the deduction was from core tier 1 capital and was net of tax. The CET1 capital pension adjustment (net deficit add-back) available under Basel II is removed;
- New liquidity metrics – two new liquidity ratios will be introduced. These are a short-term liquidity stress ratio, referred to as the liquidity coverage ratio, and a longer-term ratio, referred to as the net stable funding ratio. Both ratios are required to be maintained at levels in excess of 100 per cent. when fully implemented; and
- Leverage ratio – a new ratio, calculated by dividing tier 1 capital by an institution's total exposure measure (the leverage ratio) is required to be maintained at a level of at least 3 per cent. The ratio became binding on 1 January 2018.

Under CRD IV, institutions are required to hold a minimum amount of regulatory capital equal to 8 per cent. of risk weighted assets. In addition to these so-called "own funds" requirements under CRD IV, supervisors may add extra capital to cover other risks (thereby increasing the regulatory minimum required under CRD IV) and the Bank may also decide to hold an additional amount of capital. CRD IV also introduced a number of new capital buffers for additional risks that financial institutions may be subject to. These buffers will be fully phased in by 1 January 2019 and comprise: (i) the capital conservation buffer, (ii) the institution-specific countercyclical buffer, (iii) the global systemically important institutions buffer, (iv) the other systemically important institutions buffer ("O-SII") and (v) the systemic risk buffer. Some or all of these buffers may be applicable to the Bank as determined by relevant regulators.

In line with the previous paragraph, according to CSSF Regulation N° 17-04 of 31 October 2017 concerning systemically important institutions authorised in Luxembourg, the Bank has been qualified by the CSSF as other systemically important institution (O-SII) within the meaning of article 59-3 of the law of 5 April 1993 on the financial sector (as amended) due to its contribution to the Luxembourg economy, its exposure to the real estate market and its large base of Luxembourg deposits. The Bank's buffer rate has been set at 0.375% applicable as from 1 January 2018 and at 0.5% as from 1 January 2019.

The CSSF Regulation N° 14-01 makes use of the discretions conferred in this respect by the Capital Requirements Regulation to national regulators and applies a common equity tier 1 ratio of 6.0 per cent (as from 1 January 2015 onwards). Additionally, in accordance with the Capital Requirements Directive, CSSF Regulation N° 14-01 foresees a capital conservation buffer of 2.5 per cent.

The CRD IV regime is expected to continue to evolve as a result of further changes agreed by EU legislators and binding regulatory technical standards and guidelines to be developed by the EBA. In particular, on 23 November 2016, the European Commission put forward significant draft proposals to amend, amongst other things, the Capital Requirements Regulation, the Capital Requirements Directive (such amended Capital Requirements Regulation to be known as "CRR 2" and such amended Capital Requirements Directive as "CRD V"), and the BRRD (as defined below) (the "Proposals"). The Proposals cover multiple areas, including the Pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of "non-preferred" senior debt and the MREL (minimum requirements for own funds and eligible liabilities) framework.

Following the Proposals published by the European Commission of 23 November 2016, a new Directive (EU) 2017/2399 (the "Creditor Hierarchy Directive") came into force which amends the BRRD as regards the ranking of unsecured debt instruments in the insolvency hierarchy. The Creditor Hierarchy Directive, when transposed into national law, will introduce a new creditor hierarchy for unsecured debt instruments with the inclusion of a new MREL/TLAC eligible subordinated debt class within that hierarchy. Member States have until 29 December 2018 to transpose the Creditor Hierarchy Directive into national law.

More generally, the Basel Committee published a package of further revisions to Basel III in December 2017, including changes to: standardised approach for credit risk, internal ratings based approaches for credit risk, the credit valuation adjustment risk framework, the operational risk framework, the leverage ratio framework, and a revised output floor. The Basel Committee expects these changes to be implemented from January 2022, with transitional arrangements up to January 2027, although these timelines remain unclear until such rules are translated into draft European legislation. It therefore remains premature at this stage to estimate the full impact or timelines.

In addition, it is therefore uncertain how the framework will, if and when implemented by the EU and then later in Luxembourg, affect the regulatory capital requirement and ratios for Luxembourg banks, including the Issuer.

#### *EU Bank Recovery and Resolution Directive*

Regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes and/or Warrants.

The directive establishing an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "Bank Recovery and Resolution Directive" or "BRRD") entered into force in July 2014. The BRRD is designed to provide the relevant resolution authorities with a credible set of tools to intervene sufficiently early and quickly in respect of an unsound or failing relevant entity so as to ensure the continuity of the relevant entity's critical financial and economic functions, while minimising the impact of the relevant entity's failure on the economy and financial system.

The BRRD has been implemented in Luxembourg by the law of 18 December 2015 on the default of credit institutions and certain investment firms (as amended) (the "Resolution Law") which entered into force on 28 December 2015. In line with the BRRD, the Resolution Law gives power to the CSSF in its capacity as a supervisory authority to take certain early intervention measures and gives power to the CSSF as the Luxembourg resolution authority to implement resolution measures under the Resolution Law.

The BRRD (and accordingly in Luxembourg the Resolution Law) contains four resolution tools which may be used by the relevant resolution authorities individually or in any combination where a relevant entity is considered as failing or likely to fail:

- (i) sale of business – enables resolution authorities to direct the sale of the relevant entity or the whole or part of its business on commercial terms;
- (ii) bridge institution – enables resolution authorities to transfer of all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control) that would be sold to another entity;

- (iii) asset separation – enables resolution authorities to transfer assets to one or more asset management vehicles to allow the assets to be managed and with a view to maximising their value through eventual sale or orderly wind-down; and
- (iv) bail-in – gives resolution authorities the power to cancel write-down and/or to convert certain unsecured liabilities (including liabilities under the Notes or the Warrants) owed by a failing relevant entity to certain creditors (which may include holders of the Notes and/or Warrants, whether unsubordinated or subordinated). See "*Bail-in tool under the BRRD and the Resolution Law*" below for more details.

The BRRD also provides for a Member State as a last resort, after having assessed and utilised the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

The BRRD also grants powers to enable the relevant resolution authorities to implement the resolution tools, including the power to replace or substitute the relevant entity as obligor in respect of debt instruments, the power to modify 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/or the power to discontinue the listing and admission to trading of financial instruments.

A relevant entity will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; when its assets are, or are likely in the near future to be, less than its liabilities; when it is, or is likely in the near future to be, unable to pay its debts as they fall due; or when it requires extraordinary public financial support (except in limited circumstances).

The resolution tools are intended to be used prior to the point at which any insolvency proceedings with respect to the relevant entity could have been initiated and only upon the relevant resolution authorities, i.e. the CSSF, acting in its capacity as resolution authority for Luxembourg, being satisfied that the relevant conditions for resolution contained in the BRRD have been met. The use of such tools, or perceived likelihood of them being used, could affect the market value of an investment in the relevant Notes.

Certain amendments to the BRRD may be made as a result of the Proposals (known as "BRRD 2"), including extending the write down and conversion power to cover non-own funds MREL-eligible liabilities of entities in a banking group other than the resolution entity

#### *Bail-in tool under the BRRD and the Resolution Law*

The bail-in tool under the BRRD (referred to above) has been implemented by the Resolution Law in Luxembourg and can be used to recapitalise a relevant entity that is failing or about to fail, allowing resolution authorities (including the CSSF in Luxembourg under the Resolution Law) to restructure it through the resolution process and restore its viability after reorganisation and restructuring. The bail-in tool can be used to impose losses on holders of Notes and/or Warrants by effecting the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Notes and/or Warrants, as applicable, and/or the conversion of all or a portion of the principal amount of, interest on, or any other amounts payable on the Notes and/or Warrants, as applicable into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes and/or Warrants, in each case, to give effect to the exercise by the relevant resolution authority of such bail-in tool. This may result in holders of Notes and/or Warrants losing some or all of their investment. Any indication or perception that Notes will become subject to a bail-in tool could have an adverse effect on the market price of the relevant Notes.

#### *Loss absorption at the point of non-viability under the BRRD and the Resolution Law*

The powers provided in the BRRD to the relevant resolution authorities (including the CSSF in Luxembourg under the Resolution Law) include mandatory write-down and conversion powers in respect of capital instruments, to ensure that relevant capital instruments (including tier 2 capital instruments such as the Subordinated Notes) fully absorb losses at the point of non-viability of the issuing relevant entity or its group and before any other resolution action is taken.

For the purposes of the application of the mandatory write-down and conversion power, the point of non-viability is the point at which (i) the relevant resolution authority determines that the relevant entity or its group meets the conditions for resolution (but no resolution action has yet been

taken) or (ii) the relevant authority or authorities, as the case may be, determine(s) that the relevant entity or its group will no longer be viable unless the relevant capital instruments are written down or converted into ordinary shares or (iii) extraordinary public financial support is required by the relevant entity or its group except when for the purposes of remedying a serious disturbance in the economy of an EEA member state and to preserve financial stability, the support takes the form of (i) a State guarantee to back liquidity facilities provided by the Luxembourg Central Bank or the European Central Bank according to the central banks' conditions, (ii) a State guarantee of newly issued liabilities, or (iii) an injection of own funds or purchase of capital instruments at prices and on terms that do not confer an advantage upon the relevant entity.

Holders of Subordinated Notes may be subject to write-down or conversion into equity on application of such mandatory write-down or conversion powers (without requiring such holders' consent), which may result in such holders losing some or all of their investment. Any indication or perception that Notes will become subject to such non-viability loss absorption measure could have an adverse effect on the market price of the relevant Notes.

#### *Single Resolution Mechanism ("SRM")*

Regulation (EU) 806/2014 of the European Parliament and the Council of the EU (the "SRM Regulation"), which was passed on 15 July 2014 and became effective from 1 January 2015, establishes 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 "SRM").

Under the SRM, a single resolution process applies to all banks established in EU member states participating in the single supervisory mechanism ("SSM"). According to the selection criteria of the ECB, the BIL Group (as part of Precision Capital S.A.) has been identified as a "significant bank" and is thus centrally supervised under the SSM.

The SRM is applicable to the BIL Group as a primary recovery and resolution code instead of the Luxembourg implementation measures relating to the BRRD, including in particular the Resolution Law. The SRM is co-ordinated by the Single Resolution Board (the "SRB"), which consists of representatives from the ECB, the European Commission and the relevant national resolution authorities. The SRB's purpose is to assess whether a relevant entity meets the necessary conditions for it to be placed under resolution and then to draw up and adopt a resolution plan for the entities subject to its powers, including the BIL Group. It can also determine, after consultation with competent authorities, a minimum requirement for own funds and eligible liabilities subject to write-down and conversion powers which the BIL Group will be required to meet at all times (see "*Minimum requirement for eligible liabilities ("MREL")*" below). The SRB can also use the powers of early intervention as set forth in the SRM, including the power to require a relevant entity to implement measures set out in its recovery plan.

The SRB has the authority to exercise the specific resolution powers pursuant to the SRM similar to those of the national resolution authorities under the BRRD (i.e. for Luxembourg the CSSF in accordance with the Resolution Law). These specific resolution powers include the sale of business tool, the bridge institution tool, the asset separation tool, the bail-in tool and the mandatory write-down and conversion power in respect of capital instruments. The use of one or more of these tools will be included in a resolution scheme to be adopted by the SRB National resolution authorities (i.e. for Luxembourg the CSSF in accordance with the Resolution Law) will remain responsible for the execution of the resolution scheme according to the instructions of the SRB.

Although the provisions relating to resolution plans and cooperation between the SRB and the national resolution authorities have been applied as of 1 January 2015, the resolution powers of the Resolution Board took effect from 1 January 2016.

#### *Effect of the resolution powers under the BRRD and the SRM*

The resolution powers under the BRRD (as implemented in the relevant EU member state, notably for the Issuer in Luxembourg by the Resolution Law) and the SRM impact on how credit institutions and investment firms in the EU are managed as well as, in certain circumstances, the rights of creditors. The exercise of any such resolution power, including the power to exercise the bail-in tool in respect of the Issuer and any Notes and/or Warrants issued by the Issuer or any suggestion, or perceived suggestion, of such exercise could materially adversely affect the rights of the holder of such Notes and/or Warrants, the price or the value of any Notes and/or Warrants and/or the ability of the Issuer to satisfy its obligations under such Notes and/or Warrants and could lead to the holders of the Notes and/or Warrants losing some or all of their investment in the Notes and/or Warrants. Prospective investors in the Notes and/or Warrants should consult their own advisors as to the

consequences of the SRM and the implementation of the BRRD, in particular in Luxembourg by the Resolution Law.

#### *Minimum requirement for own funds and eligible liabilities ("MREL")*

In order to ensure the effectiveness of bail-in and other resolution tools, the BRRD and the SRM require that all institutions must meet an individual MREL requirement calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities (including the SRB) on a case-by-case basis. The relevant resolution authority must have regard to certain specified criteria when determining an entity's MREL, including its size and business model. Only liabilities that satisfy certain conditions intended to ensure that they are easier to bail in will count towards an entity's eligible liabilities and so can be used to meet its MREL obligations. .

The precise impact of the MREL requirements on individual firms will remain a matter of some uncertainty until the final measures are fully adopted and specific requirements imposed on institutions. Under the SRM, the SRB will determine, after consultation with competent authorities, the MREL requirement for the BIL Group.

Until these measures are finally adopted and applied to the Issuer, it is not possible to determine the ultimate scope and nature of any resulting obligations for the Issuer, nor the impact that they will have on the Issuer. It is possible that the Issuer may have to issue MREL eligible liabilities in order to meet the new requirements within the required timeframes and/or that the MREL requirements would impose operational restrictions on the Issuer, increase the Issuer's expenses and/or otherwise have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Issuer and, in turn, adversely affect the value of the Notes and/or Warrants.

#### *Depositor Preference*

The BRRD establishes a preference in the insolvency hierarchy firstly, for covered deposits and deposit guarantee schemes subrogating to the rights and obligations of covered deposits and secondly, for certain other deposits of individuals and micro, small and medium sized enterprises that are eligible for protection but exceed the coverage limit provided for in Article 6 of Directive 2014/49/EU (the "Deposit Guarantee Schemes Directive"), or would be eligible for protection were they not made through branches located outside the EU. In addition, the Deposit Guarantee Schemes Directive, , increases the nature and quantum of insured deposits to include a wide range of deposits, including corporate deposits (unless the depositor is a public authority or financial institution) and some temporary high value deposits. The effect of these changes is generally to increase the size of the class of preferred creditors. All such preferred deposits rank in the insolvency hierarchy ahead of all other unsecured senior creditors of the Issuer, including the holders of the Senior Notes and/or Warrants. Furthermore, covered deposits are excluded from the scope of the bail-in tool. As a result, the Notes and/or Warrants issued by the Issuer would be more likely to be bailed-in than certain other unsubordinated liabilities of the Issuer such as other preferred deposits.

#### *Uncertain economic conditions*

The Issuer's business activities are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are heavily dependent on customer confidence, market sentiment and other factors that affect the economy. Although in recent years there have been significant adverse developments in world markets, the current outlook for the world economy is improving. The profitability of the Issuer's businesses could, therefore, be adversely affected by a worsening of general economic conditions in its markets, as well as by foreign and domestic market conditions and/or related factors, including governmental policies and initiatives. An economic downturn could increase the risk that a greater number of the Issuer's customers would default on their loans or other obligations to the Issuer, or would refrain from seeking additional borrowing.

#### *Competition*

The Issuer faces strong competition across all its markets from local and international financial institutions including banks, building societies, life insurance companies and mutual insurance organisations. While the Issuer believes it is positioned to compete effectively with these competitors, there can be no assurance that increased competition will not adversely affect the Issuer in one or more of the markets in which it operates.

## **Factors which are material for the purpose of assessing the market risks associated with the Notes and the Warrants issued under the Programme.**

### *Global Financial Crisis and Eurozone Debt Crisis*

Since mid-2007, the global economy and financial markets have experienced serious difficulties, including extreme levels of instability, liquidity stress and disruption. There is substantial volatility in markets across asset classes, including (without limitation) stock markets, foreign exchange markets, commodity markets, fixed income markets and credit markets.

As an example, concerns about credit risk (including that of sovereigns) and the eurozone crisis have recently intensified. The large sovereign debts and/or fiscal deficits of a number of European countries and the United States have raised concerns regarding the financial condition of financial institutions, insurers and other corporates (i) located in these countries; (ii) that have direct or indirect exposure to these countries; and/or (iii) whose banks, counterparties, custodians, customers, service providers, sources of funding and/or suppliers have direct or indirect exposure to these countries. These concerns have had (and may continue to have) a negative impact on the credit rating of certain sovereigns, financial institutions and corporates.

These conditions exert downward pressure on asset prices and on credit availability, and upward pressure on funding costs. The impact of this, and the continuation of or deterioration in the condition of the global economy and financial markets could be detrimental to the Issuer and could adversely affect the ability of the Issuer to meet its obligations under the Notes and the Warrants under its debt obligations more generally.

There can be no assurance that similar or greater disruption to global markets and economies may not occur in the future for similar or other reasons. Equally, there can be no assurance as to how severe the global recession will be or as to how long it will last. Therefore, economic prospects are subject to considerable uncertainty.

Prospective investors should ensure that they have the necessary knowledge and awareness of the current global financial and eurozone crises, and the economic situation and its uncertain outlook, to enable them to make their own evaluation of the risks and merits of an investment in the Notes and the Warrants.

### *Notes and Warrants may not be a suitable investment for all investors*

Each potential investor in any Notes and/or Warrants must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes and/or Warrants, the merits and risks of investing in the relevant Notes and/or Warrants and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and/or Warrants and the impact such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes and/or Warrants, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the relevant Notes and/or Warrants and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes and/or Warrants are legal investments for it, (2) Notes and/or Warrants can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes and/or Warrants. Financial institutions should consult their legal advisers or the

appropriate regulators to determine the appropriate treatment of Notes and/or Warrants under any applicable risk-based capital or similar rules.

Some Notes and/or Warrants are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes and/or Warrants which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes and/or Warrants will perform under changing conditions, the resulting effects on the value of such Notes and/or Warrants and the impact this investment will have on the potential investor's overall investment portfolio.

### ***Risks related to the complex structure of certain Notes***

An investment in the Notes may involve a high degree of risk, including the risk that the entire amount invested may be lost. The Issuer will invest in and trade securities and other financial instruments using a variety of investment techniques with significant risk characteristics, including the risks arising from the volatility of the equity and fixed-income markets, the risks of borrowings and short sales, the risks arising from leverage associated with trading in the equity, currency and OTC derivative markets, the illiquidity of derivative instruments and the risk of loss from counterparty defaults. No guarantee or representation is made that the investment in Notes will be a successful one. The Issuer may utilise investment techniques such as option transactions, margin transactions, short sales, leverage, derivatives trading and futures and forward contracts to hedge payments due under the Notes, which practices could adversely affect the value of the Notes.

Short selling technique may be used to provide indexation of payments under the Notes. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to benefit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A short sale creates the risk of an unlimited loss, as the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

### ***Structured Notes***

An investment in Notes, the premium and/or the interest on or principal of which is determined by reference to one or more values of interest rates, shares or other indices or formulae, either directly or inversely, may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an investor may lose the value of its entire investment or part of it, as the case may be. Neither the current nor the historical value of the relevant interest rates, shares or other indices or formulae should be taken as an indication of future performance of such interest rates, shares or other indices or formulae during the term of any Notes.

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

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common features, distinguishing between factors which may occur in relation to any Notes and those which might occur in relation to certain types of Exempt Notes:

*If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*

An optional redemption feature of Notes (including *Redemption for Taxation Reasons*) is likely to limit their market value. During any period when the Issuer may elect, or is perceived to be able to elect, to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

In respect of Notes which are conventional debt securities, the Issuer may be expected to redeem Notes when its cost of borrowing is lower, or is perceived to be lower, than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and



may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*There are particular risks associated with an investment in certain types of Notes, such as Index Linked Notes. In particular, an investor might receive less interest than expected or no interest in respect of such Notes and may lose some or all of the principal amount invested by it*

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of shares or to movements in currency exchange rates (each, a "Relevant Factor"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index or other Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Notes linked to a Relevant Factor and the suitability of such Notes in light of its particular circumstances.

#### *No Claim against any Underlying Reference*

A Note will not represent a claim against any underlying reference asset(s) ("Underlying Reference(s)") to which the amount of principal and/or interest payable or amount of specified assets deliverable in respect of the Notes is dependent and, in the event that the amount paid by the Issuer or value of the specified assets delivered on redemption of the Notes is less than the principal amount of the Notes, a Noteholder will not have recourse under a Note to any Underlying Reference. In addition, investing in a Note will not entitle the Noteholder to benefit from a voting right (if any) attached to an Underlying Reference.

An investment in Notes linked to an Underlying Reference may entail significant risks not associated with investments in conventional debt securities, including but not limited to the risks set out in this section "Risks related to the structure of a particular issues of Notes". The amount paid or value of the specified assets delivered by the Issuer on redemption of such Notes may be less than the principal amount of the Notes, together with any accrued interest, and may in certain circumstances be zero.

#### *Limited Exposure to Underlying Reference*

If the applicable Final Terms (or Pricing Supplement in the case of Exempt Notes) provide that the exposure of any Index Linked Notes and Equity Linked Notes is limited or capped to a certain level or amount, such Notes will not benefit from any upside in the value of any such Underlying References beyond such limit or cap.

*The particular risks involved in an investment in Index Linked Notes include volatility, effects of leverage and the loss of part of or all of the principal amount invested*

The Issuer may issue Notes where the amount of principal payable is dependent upon the level of an index, or upon a formula encompassing a combination of a number of components, which can be indices or securities or derivatives or any other component.

Potential investors in any such Notes should be aware that depending on the terms of the Index Linked Notes (i) payment of principal may occur at a different time than expected and (ii) they may lose all or a substantial portion of their investment.

*Investors in Equity Linked Notes are exposed to volatility risks, leverage risks or performance of the share risks*

The Issuer may issue Notes where the amount of principal payable is dependent upon the price of, or changes in the price of, share(s) or where, depending on the price of or change in the price of shares, on redemption the Issuer's obligation is to deliver specified assets.

Potential investors in any such Notes should be aware that depending on the terms of the Equity Linked Notes (i) payment of principal or delivery of any specified assets may occur at a different time than expected and (ii) they may lose all or a substantial portion of their investment.

The market price of such Notes may be volatile and may be affected by the time remaining to the redemption date, the volatility of the share(s), the dividend rate (if any) and the financial results and prospects of the issuer or issuers of the relevant share(s) as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such shares may be traded.

*Market disruption and adjustments provisions may affect the value and liquidity of the Notes as well as postpone due dates for payment*

If an issue of Index Linked Notes or Equity Linked Notes includes provisions dealing with the occurrence of a Market Disruption Event or any other event, however defined, set out under Conditions 20 and 21 and affecting such Note (a "Disruption Event") on a Valuation Date or any other relevant date and the Calculation Agent determines that a Disruption Event has occurred or exists on such Valuation Date, any consequential postponement of the Valuation Date, or any other relevant date, alternative provisions for valuation provided in any such Notes may have an adverse effect on the value and liquidity of such Notes. The timing of such dates (as scheduled or as so postponed or adjusted) may affect the value of the relevant Notes such that the Noteholder may receive a lower cash redemption amount and/or interest amount or other payment under the relevant Notes than otherwise would have been the case. In addition, any such consequential postponement may result in the postponement of the relevant due date for payment under the Notes and/or Maturity Date.

*Physical Delivery Notes involve specific risks linked to the occurrence of a Settlement Disruption Event*

The value of Notes to be settled by way of physical delivery may be affected and/or the settlement of such Notes may be delayed if in the opinion of the Calculation Agent, delivery of the Share Amount (being the amount of relevant asset relating to each Note as set out in the Final Terms (or Pricing Supplement in the case of Exempt Notes)) using the method of delivery specified in the applicable Final Terms (or Pricing Supplement in the case of Exempt Notes), or such other commercially reasonable manner as the Calculation Agent has determined, is impracticable because a Settlement Disruption Event has occurred and is continuing on the Delivery Date. A Settlement Disruption Event is an event beyond the control of the Issuer as a result of which, in the opinion of the Calculation Agent, delivery of the specified assets to be delivered by or on behalf of the Issuer is not practicable.

*If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or from a floating rate to a fixed rate, this may affect the secondary market and the market value of the Notes concerned.*

Fixed/Floating Rate Notes will interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

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

A key difference between (i) Floating Rate Notes and (ii) 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 of Floating Rate Notes at the time they purchase them, so that 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 the 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.

*Risks in relation to the interest derived on Range Accrual Notes*

Investors should also note that the coupon amount payable in respect of Range Accrual Notes will depend on the frequency with which the Range Accrual Reference Rate falls between the Lower Range and the Upper Range during the relevant Interest Period. The fewer the number of days the Range Accrual Reference Rate falls in this range during the relevant Interest Period, the lower the relevant interest in respect of such Interest Period. As a result, the interest amounts payable in respect of the Range Accrual Notes (and therefore the market value of the Range Accrual Notes) may be more volatile than for floating rate securities that do not include this feature.

Range Accrual Notes bearing or paying a floating or other variable rate of interest either will pay or, depending on the fulfilment of certain conditions, may pay a variable amount of interest on specified interest payment dates. Range Accrual Notes which bear or pay floating or other variable interest rates can be volatile investments. Investors who purchase Range Accrual Notes with a floating or other variable rate of interest, will be exposed to the risk of a fluctuating rate of interest and consequently variable interest amounts.

*The interest rate on Reset Notes will reset on each Reset Date, which can be expected to affect the interest payments on an investment in Reset Notes and could affect the market value of Reset Notes*

Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the First Margin or Subsequent Margin (as applicable) as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "Subsequent Reset Rate"). The Subsequent Reset Rate for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

*Zero Coupon Notes are subject to higher price fluctuations than non-discounted Notes*

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Notes than on the prices of ordinary Notes because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Notes can suffer higher price losses than other Notes having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk.

*Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates*

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

*The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"*

Interest rates and indices which are deemed to be "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (the "Benchmarks Regulation") was published in the Official Journal of the EU on 29 June 2016 and has applied since 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of

input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a "benchmark" (including Reset Notes), in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": they could (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

*Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR*

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, in the event that LIBOR or any other benchmark is no longer being calculated or administered at any time when the terms of the relevant Notes provide for any rate of interest (or any component part thereof) to be determined by reference to such benchmark, or if any relevant screen rate is not then available as a result of the permanent discontinuation of such benchmark, then the Calculation Agent acting in good faith and in a commercially reasonable manner and after consultation with the Issuer (i) will use the Substitute Rate (as defined in Condition 5(m)); or (ii) if the Calculation Agent determines in good faith that there is no clear market consensus on a direct successor or replacement to such LIBOR or other benchmark or such screen rate which has replaced such LIBOR or other benchmark (as applicable), the Calculation Agent shall be entitled (but not obliged) to appoint and request that an Independent Adviser shall determine an appropriate alternative LIBOR or other benchmark or screen rate (as applicable) and the Alternative Rate (as defined in Condition 5(m)) shall be used for determining the relevant rate of interest for such Notes in place of the originally specified LIBOR or other benchmark or screen rate, as further described in Condition 5(m). Accordingly, if LIBOR or any other relevant benchmark and/or screen rate ceases to exist, or cannot be used, prior to the maturity of the Notes, the method of calculation and rate of interest payable on the Notes may change. If any substitute or successor rate for LIBOR or any other benchmark and/or screen rate is used for determining any rate of interest in respect of any Notes, there can be no assurance that any applicable margin will be adjusted for any difference between such substitute or successor rate and LIBOR or the original benchmark, as the case may be. Alternatively, other fallback provisions under the Terms and Conditions of the Notes may be required to be used. Depending on the manner in which the LIBOR rate is to be determined under the Terms and Conditions, this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. In certain circumstances, therefore, Notes which are intended to be Floating Rate Notes,

Range Accrual Notes or Reset Notes could potentially bear a fixed rate of interest for their full term. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes, Range Accrual Notes or Reset Notes which reference LIBOR.

#### *The Issuer's obligations under Subordinated Notes*

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior to the claims of creditors in respect of unsubordinated obligations and certain other subordinated obligations (as described in "Terms and Conditions of the Subordinated Notes").

In the case of any Subordinated Notes, if an order is made or an effective resolution passed for the Liquidation of the Issuer, the Issuer will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors but excluding any obligations in respect of subordinated debt) in full before it can make any payments on the Subordinated Notes. If this occurs, the Issuer may not have sufficient assets remaining after these payments to pay all amounts due under the relevant Subordinated Notes.

#### *The Subordinated Notes may be redeemed prior to maturity*

Unless the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) specify otherwise, in the event that as a result of a change in law or regulations of Luxembourg (or in the official application of such laws or regulations) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application of such laws or regulations which change or amendment becomes effective on or after the Issue Date, which change the Issuer demonstrates to the satisfaction of the Regulator was material and was not reasonably foreseeable as at the Issue Date (i) (A) the Issuer has or would become obliged to pay additional amounts as provided or referred to in Condition 7 of the terms and conditions of the Subordinated Notes, and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or (ii) the Issuer would not be entitled to claim a deduction in respect of any payments in computing its taxation liabilities or the amount of the deduction would be materially reduced, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or would not be entitled to claim a deduction were a payment in respect of the Notes then due. The Issuer may redeem all outstanding Notes in accordance with the terms and conditions of the Subordinated Notes, subject to the prior consent of the Regulator and satisfaction of certain requirements.

In addition, unless the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) specify otherwise, the Issuer may redeem all outstanding Notes upon the occurrence of a Capital Event, in accordance with the terms and conditions of the Subordinated Notes, subject to the consent of the Regulator and satisfaction of certain requirements.

See also "*If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*".

#### *Limitation on gross-up obligation under the Subordinated Notes*

The obligation under Condition 7 to pay additional amounts in the event of any withholding or deduction in respect of taxes on any payments under the terms of Subordinated Notes applies only to payments of interest and not to payments of principal. As such, the Issuer would not be required to pay any additional amounts under the terms of the Subordinated Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under any Subordinated Notes, Noteholders may receive less than the full amount of principal due under such Notes upon redemption, and the market value of such Notes may be adversely affected.

#### *Limited remedies for non-payment*

The sole remedy against the Issuer available to the holders of Subordinated Notes for recovery of amounts owing in respect of any non-payment of principal or interest in respect of the Subordinated Notes will be to ask the relevant authorities to institute proceedings in Luxembourg (but not elsewhere) in accordance with Part II of the Resolution Law, to the extent set out in Condition 9(b) under "Terms and Conditions of the Subordinated Notes". As such, the remedies available to holders of Subordinated Notes are more limited than those typically available to holders of unsubordinated debt of the Issuer.

In addition, holders of Subordinated Notes may only accelerate the maturity of such Subordinated Notes if an order is made or an effective resolution is passed for the Liquidation (as defined under "Terms and Conditions of the Subordinated Notes") of the Issuer in Luxembourg and, if accelerated, may claim payment in respect of the Subordinated Notes only in the Liquidation of the Issuer.

*There is no restriction on the amount or type of further instruments or indebtedness that the Issuer may issue, incur or guarantee*

There is no restriction on the amount or type of further instruments or indebtedness that the Issuer may issue, incur or guarantee, that rank senior to, or *pari passu* with, the Subordinated Notes. As a result, this may reduce the amount recoverable by holders of Subordinated Notes on a Liquidation of the Issuer and may limit the Issuer's ability to meet its obligations under the Subordinated Notes. In addition, the Subordinated Notes do not contain any restriction on the Issuer's ability to issue securities that may have preferential rights to the Subordinated Notes or securities with similar or different provisions.

In particular, the Issuer may issue other subordinated obligations that rank or are expressed to rank senior to the Subordinated Notes, in each case as regards the right to receive periodic payments on a Liquidation of the Issuer and the right to receive repayment of capital on a Liquidation of the Issuer. In the event of a Liquidation of the Issuer, the Issuer will be required to pay its depositors, its unsubordinated creditors and its other subordinated creditors that by law rank or by their terms are expressed to rank senior to the Subordinated Notes in full before it can make any payments on the Subordinated Notes. Thereafter, the Issuer will be required to pay all subordinated creditors that by law rank or by their terms are expressed to rank *pari passu* with the Subordinated Notes, including the Subordinated Notes. If this occurs, the Issuer may not have enough assets remaining after these payments are made to pay amounts due under the Subordinated Notes.

#### ***Risks applicable to certain types of Exempt Notes***

*Inverse Floating Rate Notes will have more volatile market values than conventional Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

*Where Notes are issued on a partly paid basis, an investor who fails to pay any subsequent instalment of the issue price could lose all of his investment*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Any failure by an investor to pay any subsequent instalment of the issue price in respect of his Notes could result in such investor losing all of his investment.

*Notes which are issued with variable interest rates or which are structured to include a multiplier or other leverage factor are likely to have more volatile market values than more standard securities*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

*A Noteholder'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 own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

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

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

Payments of interest on the Notes, or profits realised by the Noteholder, as the case may be, upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on Noteholders generally is described under "Taxation" below; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. The Issuer advises all investors to contact their own tax advisers for advice on the tax impact of an investment in the Notes.

### **General risks and risks relating to Index Linked Warrants and ETF Linked Warrants**

Index Linked Warrants and ETF Linked Warrants ("Reference Item Linked Warrants") involve a high degree of risk, which may include, among others, interest rate, foreign exchange and time value and political risks. Purchasers should be prepared to sustain a total loss of the purchase price of the Warrants. This risk reflects the nature of such a Warrant as an asset which, other factors held constant, tends to decline in value over time and which may become worthless. Prospective purchasers of Warrants should understand the risks of transactions involving the relevant Warrants and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Warrants in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Warrants and the particular Reference Item to which the value of, or payments or deliveries in respect of, the relevant Warrants may relate, as specified in the applicable Final Terms.

Reference Item Linked Warrants will represent an investment linked to the economic performance of one specified Reference Item (either an index or a share in an exchange traded fund) and prospective investors should note that the return (if any) on their investment in such Warrants will depend upon the performance of the relevant Reference Item. Potential investors should also note that whilst the market value of such Warrants is linked to the relevant Reference Item and will be influenced (positively or negatively) by such Reference Item, any change may not be comparable and may be disproportionate. It is impossible to predict how the level of the relevant Reference Item will vary over time. In contrast to a direct investment in the relevant Reference Item, Warrants represent the right to receive payment or delivery, as the case may be, of the Cash Settlement Amount, the Share Amount or the Early Cancellation Amount, as the case may be, all or some of which and the value of which will be determined by reference to the performance of the relevant Reference Item.

As the amounts payable and/or deliverable in respect of Reference Item Linked Warrants are linked to the performance of the relevant Reference Item, a purchaser of such a Warrant must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Item. Assuming all other factors are held constant, the lower the value of such a Warrant and the shorter the remaining term to expiration (in the case of a Warrant), the greater the risk that purchasers of such Warrant will lose all or part of their investment.

Reference Item Linked Warrants are non-principal protected. Investors in Reference Item Linked Warrants that are non-principal protected may risk losing their entire investment if the value of the relevant Reference Item(s) does not move in the anticipated direction.

**PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM IS AND THE CONDITIONS AND THE APPLICABLE FINAL TERMS TO SEE HOW THE CASH SETTLEMENT AMOUNT, SHARE AMOUNT OR THE EARLY CANCELLATION AMOUNT, AS THE CASE MAY BE, ARE DETERMINED AND WHEN SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, BEFORE MAKING ANY DECISION TO PURCHASE ANY WARRANTS.**

Fluctuations in the value and/or volatility of the relevant Reference Item will affect the value of the relevant Warrants. Other factors which may influence the market value of Warrants include the creditworthiness of the Issuer, general market sentiment, interest rates, foreign exchange rates, time value, potential dividend or interest payments (as applicable) in respect of the relevant Reference Item, changes in the method of calculating the relevant Reference Item from time to time and market expectations regarding the future performance of the relevant Reference Item, its composition and such Warrants.

The Issuer may issue several issues of Warrants relating to a particular Reference Item.

#### *Risks relating to Index Linked Warrants*

The Issuer may issue Index Linked Warrants where the Cash Settlement Amount is dependent upon the level of or changes in the level of an index. The index may comprise of reference equities, bonds, other securities, property, currency exchange rate or other assets or bases of reference, and may be a well-known and widely published index or indices or an index or indices established by the Issuer, an affiliate of the Issuer or another entity which may not be widely published or available. An investment in Index Linked Warrants will entail significant risks not associated with a debt security.

Index Linked Warrants may be redeemable by the Issuer by payment of an amount determined by reference to the value of the index.

The level of an index is based on the value of the assets or reference bases notionally comprised in such index, although prospective investors should note that the level of the index at any time may not include the reinvestment of the yield (if any) on the assets or reference bases notionally comprised in the index. Prospective investors should understand that global economic, financial and political developments, among other things, may have a material effect on the value of the assets or reference bases notionally comprising such index and/or the performance of the index.

Fluctuations in the value of an index and changes in the price or market value or level of the assets or reference bases notionally contained in an Index and/or changes in the circumstances of the issuers or sponsors of such assets or reference bases, might have an adverse effect on the level of an index and affect the value of Warrants.

Potential investors in Index Linked Warrants should be aware that depending on the terms of the Index Linked Warrants (i) they will receive no amount of interest (or other periodic payments), (ii) payments may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment if the value of the index/indices do not move in the anticipated direction.

In addition, the movements in the level of the index may be subject to significant fluctuations that may not correlate with changes in economic factors, including changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level of an index or result of a formula, the greater the effect on yield.

The components of an index may represent values of only one or a few countries or industries. In addition, even where a large number of countries or industries are represented, an unequal weighting of those in the index is possible. This means that if a country or industry in the index experiences an unfavourable development then such Index may be disproportionately affected by it.

Prospective investors should also note that dividends or periodic payments (if any) paid to holders of the assets in an index may not be taken into account in the index or the Warrants. Consequently, the return on the Warrants may not reflect any dividends which would be paid to investors that had made a direct investment in the assets comprised in the index. Consequently, the return on the Warrants may be less than the return from a direct investment in the assets comprised in the index.

If the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred at any relevant time, such determination may have an effect on the timing of valuation and consequently the value of the Warrants and/or may delay settlement in respect of the Warrants. Prospective purchasers should review the relevant terms and conditions of the Warrants and the applicable Final Terms to ascertain whether and how such provisions apply to the Warrants.

Following the occurrence of an Index Adjustment Event in respect of any Index Linked Warrants, the Issuer may require the Calculation Agent to determine such adjustment to the terms of such Index Linked Warrants as it deems appropriate, which may include without limitation, delaying any applicable valuation date(s) or determining the level of the index. Such adjustment may have an adverse effect on the value and liquidity of the affected Index Linked Warrants. In addition, the Issuer may redeem or cancel the Warrants, as applicable, in whole following the occurrence of an Index Adjustment Event.

The market price of Index Linked Warrants may be volatile and may depend on the time remaining to the exercise date and the volatility of the level of the index. The level of the index may be affected by the economic, financial and political events in one or more jurisdictions, including the



stock exchange(s) or quotation system(s) on which any Warrants comprising the index or indices may be traded.

Decisions or determinations made by the Index Sponsor regarding an Index may have a negative impact on the value of the Warrants. This may lead to an Index level differing substantially from the one that would have been obtained had the Index Sponsor arrived at different decisions or determinations.

The Issuer shall have no liability to the Warrantholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index.

Changes in the composition of an Index or in some other regard might entail costs or otherwise have the effect of lowering the level or value of the Index, and thereby also the value of the Warrants.

Where the composition of an Index is supposed to be published on an internet site (as provided for in the Index or the applicable Final Terms) or in other media, such publication might not always show the Index's up-to-date composition since updates may be posted with a delay.

#### *Risks relating to ETF Linked Warrants*

The Issuer may issue Warrants where on exercise the Issuer's obligation is to either (i) pay a Cash Settlement Amount and/or (ii) deliver specified assets (the "Share Amount"), in each case which is dependent upon the price or changes in the price of units or shares in an exchange traded fund ("ETF").

Potential investors in ETF Linked Warrants should be aware that, depending on the terms of the ETF Linked Warrants, (i) they will receive no interest (or other periodic payments), (ii) payments or delivery of any specified assets may occur at a different time than expected, and (iii) they may lose all or a substantial portion of their investment.

In addition, the movements in the price of units or shares in the ETF may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices, and the timing of changes in the relevant price of the units or shares in the ETF may affect the actual return to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level of an ETF or result of a formula, the greater the effect on yield. In addition, the ETF interests may be illiquid and this may adversely affect returns (if any) on the Warrants, particularly where physical settlement applies.

ETF Linked Warrants may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to market disruptions, or other extraordinary events in relation to the relevant ETF. If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or, as the case may be, payments or settlements in respect of the Warrants and consequently adversely affect the value of the Warrants. In addition certain extraordinary or disruption events may lead to early termination of the Warrants which may have an adverse effect on the value of such Warrants. Whether and how such provisions apply to the relevant Warrants can be ascertained by reading the General Conditions of the Warrants in conjunction with the applicable Final Terms.

The disruption provisions may include a Settlement Disruption Event which is an event beyond the control of the Issuer as a result of which, in the opinion of the Calculation Agent, the Issuer cannot make delivery of the specified assets in respect of physically settled Warrants. Any such determination may affect the value of the Warrants and/or may delay settlement in respect of the Warrants.

In the event that a Warrantholder does not deliver a valid Exercise Notice in respect of physically settled Warrants as contemplated in the General Conditions of the Warrants), the Issuer may, but is not required to, elect to deliver to the relevant Clearance System(s) the aggregate Share Amount in respect of such Warrants, to be divided between and delivered to the relevant Warrantholders by the relevant Clearance System(s) in accordance with the rules of the relevant Clearance System(s) but no assurance is given as to the effect of such rules or other Clearance System practices for any such Warrantholders.

The market price of ETF Linked Warrants may be volatile and may depend on the time remaining to the expiration and the volatility of the price of units or shares in the ETF. The price of units or shares in an ETF may be affected by the economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) (if any) on which any units in the ETF may be traded.

ETF units or shares may be speculative and involve a high degree of risk. The Issuer does not give any assurance as to the performance of ETF units or share. Even if the Issuer or any of its affiliates may have arrangements with an ETF manager to obtain information required to calculate the value of the ETF, it may not have access to the activities of the ETF on a continuous basis.

The underlying ETF may have recourse to leverage, i.e., borrow amounts that represent more than 100.00 per cent. of the value of their assets to invest further in assets that involve further risks. Accordingly, a small downward movement in the value of ETFs assets may result in a significantly larger loss of the fund.

ETF managers may be eligible to earn incentive compensation. The potential for an ETF manager to earn performance based compensation may encourage such ETF manager to trade in a more speculative manner than it otherwise would.

ETF managers do not have any obligations to the Warrantholders, or other role in connection with, the Warrants, including any obligation to take the needs of the Warrantholders into consideration for any reason. ETF managers are not responsible for, and have not endorsed or participated in, the offering, placement, sale, purchase or transfer of the Warrants. The ETF's managers are not responsible for, and will not participate in, the determination or calculation of the amounts receivable by Warrantholders.

Changes to the current regulatory environment could affect the investment, operations and structure of the underlying ETFs and could adversely affect the performance of the underlying ETFs. The underlying ETFs may invest in assets that involve further risks.

Fees, deductions and charges may be payable before a Warrantholder receives the Share Amount deliverable under the Warrants. ETF fees will be deducted from the net asset value of the ETF, reducing the value of the ETF units or shares. Accordingly, to the extent that the Share Amount deliverable under the Warrants is linked to the net asset value of an ETF, the relevant Share amount(s) deliverable to Warrantholders will be less than it would have been absent these fees, deductions and charges, but the Issuer or one of its affiliates may be the beneficiary of such fees or obtain rebate on such fees from third parties.

Investing directly or indirectly in ETFs is generally considered to be risky and if, the underlying ETF does not perform sufficiently well, the value of the Warrants will fall and may in certain circumstances be zero.

Prospective investors should review carefully the prospectus, information memorandum and/or offering circular (if any) issued by the relevant ETF prior to purchasing any Warrants. None of the Issuer or the Calculation Agent provides any assurance as to the creditworthiness of any relevant ETF or any such ETF's administrator, custodian, investment manager or adviser or in respect of any prospectus, information memorandum and/or offering circular (if any) issued by any relevant ETF.

### ***Risks related to Notes and Warrants generally***

Set out below is a description of material risks relating to the Notes and Warrants generally:

*The terms and conditions of the Notes contain provisions which may permit their modification without the consent of all investors*

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

*The trading market for debt securities may be volatile and may be adversely impacted by many events*

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

*Potential conflicts of interest could arise where a Dealer acts as a Calculation Agent*

The Issuer may appoint a Dealer as Calculation Agent in respect of an issuance of Notes under the Programme. In such a case the Calculation Agent is likely to be a member of an international

financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst such a Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

*The Notes and/or Warrants may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes and/or Warrants*

#### *Change of law*

The terms and conditions of the Senior Notes may be, based on English law, and the terms and conditions of the Subordinated Notes and the General Conditions of the Bearer Warrants are, and the terms and conditions of the Senior Notes may be, based on Luxembourg law, in each case in effect as at the date of issue of the relevant Notes and/or Warrants. No assurance can be given as to the impact of any possible judicial decision or change to English law or Luxembourg law or administrative practice after the date of issue of the relevant Notes and/or Warrants.

#### *U.S. Dividend Equivalent Withholding*

Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended imposes a 30 per cent. withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met (such instruments, "Specified Notes" or "Specified Warrants", as applicable). If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "Taxation – U.S. Dividend Equivalent Withholding."

For purposes of withholding under the U.S. Foreign Account Tax Compliance Act, commonly known as FATCA, Specified Notes and Specified Warrants are subject to a different grandfathering rule than other Notes and Warrants. Prospective investors should refer to the section "Taxation – Foreign Account Tax Compliance Act."

*Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

*An active secondary market in respect of the Notes and/or Warrants may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes and/or Warrants*

Notes and/or Warrants may have no established trading market when issued, and one may never develop. If a market for the Notes and/or Warrants does develop, it may not be very liquid.

Therefore, investors may not be able to sell their Notes and/or Warrants easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes and/or Warrants that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes and/or Warrants generally would have a more limited secondary market and more price volatility than conventional debt securities.

*If an investor holds Notes and/or Warrants which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes and/or warrants could result in an investor not receiving payments on those Notes and/or Warrants*

The Issuer will pay principal and interest on the Notes and/or Warrants in the Specified Currency or Settlement Currency (as applicable) (the "Settled Currency"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Settled Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Settled Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Settled Currency would decrease (1) the equivalent yield on the Notes and/or Warrants in the Investor's Currency, (2) the equivalent value of the principal payable on the Notes and/or Warrants in the Investor's Currency and (3) the equivalent market value of the Notes and/or Warrants in the Investor's Currency.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes and/or Warrants. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*The value of Fixed Rate Notes may be adversely affected by movements in market interest rates*

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

*Credit ratings assigned to the Issuer or any Notes and/or Warrants may not reflect all the risks associated with an investment in those Notes and/or Warrants*

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes or the Warrants. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes or the Warrants. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority (ESMA) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

Credit rating agencies including Fitch, Moody's, Standard & Poor's and others could seek to rate the Notes or Warrants without having been requested to do so by the Issuer and if such unsolicited ratings are lower or higher than the comparable ratings assigned to the Notes or Warrants by Fitch, Moody's and Standard & Poor's, those unsolicited ratings could have an effect on the market

value and/or liquidity of the Notes or Warrants. For the avoidance of doubt, all references to ratings in this Base Prospectus are to ratings by the specified rating agencies only.

## IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF NOTES AND WARRANTS

### *Restrictions on Non-exempt Offers of Notes and Warrants in relevant Member States*

Certain Tranches of Notes and Warrants with a denomination or total consideration of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "Non-exempt Offer". This Base Prospectus has been prepared on a basis that permits Non-exempt Offers of Notes and Warrants in each Member State in relation to which the Issuer has given its consent, as specified in the applicable Final Terms (each specified Member State a "Non-exempt Offer Jurisdiction" and together the "Non-exempt Offer Jurisdictions"). Any person making or intending to make a Non-exempt Offer of Notes or Warrants on the basis of this Base Prospectus must do so only with the Issuer's consent to the use of this Base Prospectus as provided under "*Consent given in accordance with Article 3.2 of the Prospectus Directive*" below and provided such person complies with the conditions attached to that consent.

### *Consent given in accordance with Article 3.2 of the Prospectus Directive*

In the context of a Non-exempt Offer of such Notes or Warrants, the Issuer accepts responsibility, in each of the Non-exempt Offer Jurisdictions, for the content of this Base Prospectus in relation to any person (an "Investor") who purchases any Notes or Warrants in a Non-exempt Offer made by a Dealer or an Authorised Offeror (as defined below), where that offer is made during the Offer Period specified in the applicable Final Terms and provided that the conditions attached to the giving of consent for the use of this Base Prospectus are complied with. The consent and conditions attached to it are set out under "*Consent*" and "*Common Conditions to Consent*" below.

None of the Issuer or any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and none of the Issuer or any Dealer has any responsibility or liability for the actions of that Authorised Offeror.

Except in the circumstances set out in the following paragraphs, neither the Issuer nor, for the avoidance of doubt, any Dealer has authorised the making of any Non-exempt Offer by any offeror and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Non-exempt Offer of Notes or Warrants. Any Non-exempt Offer made without the consent of the Issuer is unauthorised and neither the Issuer nor, for the avoidance of doubt, any Dealer accepts any responsibility or liability for the actions of the persons making any such unauthorised offer. If, in the context of a Non-exempt Offer, an Investor is offered Notes or Warrants by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base Prospectus for the purposes of the relevant Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

The financial intermediaries referred to in paragraphs (a)(ii), (a)(iii) and (b) below are together the "Authorised Offerors" and each an "Authorised Offeror".

### *Consent*

In connection with each Tranche of Notes and/or Warrants and subject to the conditions set out below under "*Common Conditions to Consent*":

### *Specific consent*

- (a) the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of such Notes or Warrants during the relevant Offer Period stated in the applicable Final Terms by:
  - (i) the relevant Dealer(s) or Manager(s) stated in the applicable Final Terms;
  - (ii) any financial intermediaries specified in the applicable Final Terms;
  - (iii) any other financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website ([www.bil.com](http://www.bil.com)) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer; and

### General consent

- (b) if (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable", the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of Notes or Warrants during the relevant Offer Period stated in the applicable Final Terms by any other financial intermediary which satisfies the following conditions:
- (i) it is authorised to make such offers under the applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2014/65/EU); and
  - (ii) it accepts the Issuer's offer to grant consent to the use of this Base Prospectus by publishing on its website the following statement (with the information in square brackets duly completed) (the "Acceptance Statement"):

*"We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes/Warrants] (the "Notes/Warrants") described in the Final Terms dated [insert date] (the "Final Terms") published by [ ] (the "Issuer"). In consideration of the Issuer offering to grant its consent to our use of Base Prospectus (as defined in the Final Terms) in connection with the offer of the [Notes/Warrants] in [Belgium/Denmark/Luxembourg/France specify other Member State(s)] during the Offer Period and subject to the other conditions to such consent, each as specified in the Base Prospectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus) and we are using the Base Prospectus accordingly."*

The "Authorised Offeror Terms", being the terms to which the relevant financial intermediary agrees in connection with using this Base Prospectus, are that the relevant financial intermediary:

- (A) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Dealer that it will, at all times in connection with the relevant Non-exempt Offer:
- I. act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "Rules") from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes or Warrants by any person and disclosure to any potential Investor;
  - II. comply with the restrictions set out under "Plan of Distribution" in this Base Prospectus which would apply if the relevant financial intermediary were a Dealer and comply with the relevant manufacturer's target market assessment and distribution channels identified under the "MiFID II product governance" legend set out in the applicable Final Terms;
  - III. ensure that any fee (and any other commissions or benefits of any kind) received or paid by the relevant financial intermediary in relation to the offer or sale of the Notes or Warrants does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;
  - IV. hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes or Warrants under the Rules;
  - V. comply with applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Notes or Warrants by the Investor), and will not permit any application for Notes or Warrants in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
  - VI. retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the relevant Dealer, the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the relevant Dealer in order to enable the Issuer and/or the relevant Dealer to comply

with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer and/or the relevant Dealer, as the case may be;

- VII. ensure that it does not, directly or indirectly, cause the Issuer or the relevant Dealer to breach any Rule or subject the Issuer or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- VIII. immediately inform the Issuer and the relevant Dealer if at any time it becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
- IX. comply with the conditions to the consent referred to under "*Common conditions to consent*" below and any further requirements or other Authorised Offeror Terms relevant to the Non-exempt Offer as specified in the applicable Final Terms;
- X. make available to each potential Investor in the Notes or Warrants this Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this Base Prospectus and the applicable Final Terms;
- XI. if it conveys or publishes any communication (other than this Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Non-exempt Offer) in connection with the relevant Non-exempt Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer and the relevant Dealer accepts any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Dealer (as applicable), use the legal or publicity names of the Issuer or the relevant Dealer or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Notes or Warrants on the basis set out in this Base Prospectus;
- XII. ensure that no holder of Notes or Warrants or potential Investor in Notes or Warrants shall become an indirect or direct client of the Issuer or the relevant Dealer for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
- XIII. co-operate with the Issuer and the relevant Dealer in providing relevant information (including, without limitation, documents and records maintained pursuant to paragraph (VI) above) and such further assistance as is reasonably requested upon written request from the Issuer or the relevant Dealer in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process. For this purpose, relevant information is information that is available to or can be acquired by the relevant financial intermediary:
  - (i) in connection with any request or investigation by any regulator in relation to the Notes or Warrants, the Issuer or the relevant Dealer; and/or
  - (ii) in connection with any complaints received by the Issuer and/or the relevant Dealer relating to the Issuer and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as defined in the Rules; and/or
  - (iii) which the Issuer or the relevant Dealer may reasonably require from time to time in relation to the Notes or Warrants and/or as to allow the Issuer or the relevant Dealer fully to comply with its own legal, tax and regulatory requirements;



- XIV. during the period of the initial offering of the Notes or Warrants: (i) only sell the Notes or Warrants at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) only sell the Notes or Warrants for settlement on the Issue Date specified in the applicable Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes or Warrants (unless otherwise agreed with the relevant Dealer); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer; and
- XV. either (i) obtain from each potential Investor an executed application for the Notes or Warrants, or (ii) keep a record of all requests the relevant financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes or Warrants on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;
- (B) agrees and undertakes to indemnify each of the Issuer and the relevant Dealer (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Dealer; and
- (C) agrees and accepts that:
- I. the contract between the Issuer and the relevant financial intermediary formed upon acceptance by the relevant financial intermediary of the Issuer's offer to use this Base Prospectus with its consent in connection with the relevant Non-exempt Offer (the "Authorised Offeror Contract"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, Luxembourg law;
  - II. subject to (IV) below, the courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Authorised Offeror Contract (including any dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a "Dispute") and the Issuer and the relevant financial intermediary submit to the exclusive jurisdiction of the Luxembourg courts;
  - III. for the purposes of (C) (II) and (IV), the relevant financial intermediary waives any objection to the Luxembourg courts on the grounds that they are an inconvenient or inappropriate forum to settle any dispute; and
  - IV. to the extent allowed by law, the Issuer and each relevant Dealer may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

**Any Authorised Offeror falling within (b) above who meets the conditions set out in (b) and the other conditions stated in "Common Conditions to Consent" below and who wishes to use this Base Prospectus in connection with a Non-exempt Offer is required, for the duration of the relevant Offer Period, to publish on its website the Acceptance Statement.**

### ***Common Conditions to Consent***

The conditions to the Issuer's consent to the use of this Base Prospectus in the context of the relevant Non-exempt Offer are (in addition to the conditions described in paragraph (b) above if Part B of the applicable Final Terms specifies "General Consent" as "Applicable") that such consent:

- (i) is only valid during the Offer Period specified in the applicable Final Terms; and
- (ii) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes or Warrants in the Kingdom of Belgium, France, Denmark and/or the Grand Duchy of Luxembourg, as specified in the applicable Final Terms.

The consent referred to above only relates to Offer Periods (if any) occurring within 12 months from the date of this Base Prospectus.

The only relevant Member States which may, in respect of any Tranche of Notes or Warrants, be specified in the applicable Final Terms (if any relevant Member States are so specified) as indicated in (i) above, will be the Kingdom of Belgium, France, Denmark and/or the Grand Duchy of Luxembourg, and accordingly each Tranche of Notes or Warrants may only be offered to Investors as part of a Non-exempt Offer in the Kingdom of Belgium, France, Denmark and/or the Grand Duchy of Luxembourg, as specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

### ***ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS***

**AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES OR WARRANTS IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES OR WARRANTS TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE NOTES OR WARRANTS CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER. NONE OF THE ISSUER OR, FOR THE AVOIDANCE OF DOUBT, ANY DEALER HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.**

Save as provided above, neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any Non-exempt Offer of Notes or Warrants in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the audited consolidated annual accounts of the Issuer for the years ended 31 December 2016, and 31 December 2017, including the reports of the statutory auditors in respect thereof and which have been filed with the CSSF and are incorporated by reference in this Base Prospectus. Physical copies of all documents incorporated by reference will be available free of charge from the offices of the Issuer. All documents that have been incorporated by reference will be available to view on the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)).

The following documents which have previously been published and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Base Prospectus:

- (a) the auditors' report and audited consolidated and non-consolidated annual financial statements for the financial year ended 31 December 2016 of the Issuer including the information set out at the following pages in particular;
- (b) the auditors' report and audited consolidated and non-consolidated annual financial statements for the financial year ended 31 December 2017 of the Issuer including the information set out at the following pages in particular;

	<b>Annual Report 2017</b>	<b>Annual Report 2016</b>
Auditors' Report for the Consolidated Accounts	41-45 (inclusive)	41
Consolidated Balance Sheet	46-47 (inclusive)	42-43 (inclusive)
Consolidated Statement of Income	48-49 (inclusive)	44-45 (inclusive)
Consolidated Statement of Changes in Equity	50-51 (inclusive)	46-47 (inclusive)
Consolidated Cash Flow Statements	52-53 (inclusive)	48
Notes to the Consolidated Accounts	54-142 (inclusive)	49-132 (inclusive)
Auditors' Reports for the Non-consolidated Accounts	147-150 (inclusive)	137
Non-consolidated Balance Sheet	152-153 (inclusive)	138-139 (inclusive)
Non-consolidated Statement of Income	154-155 (inclusive)	140-141 (inclusive)
Non-consolidated Statement of Changes in Equity	156-157 (inclusive)	142-143 (inclusive)
Non-consolidated Cash Flow Statements	158-159 (inclusive)	144
Notes to the Non-consolidated Accounts	160-221 (inclusive)	145-205 (inclusive)

- (c) the Terms and Conditions of the Senior Notes and Terms and Conditions of the Subordinated Notes contained in previous Base Prospectuses dated 2 July 2003, pages 13 - 56 (inclusive) and 30 September 2004, pages 13 - 57 (inclusive) and 22 November 2005, pages 24 - 65 (inclusive) and 14 December 2006, pages 26 - 67 (inclusive) and 26 March 2008, pages 33 - 76 (inclusive) and 3 April 2009, pages 34 - 77 (inclusive) and 1 April 2010, pages 26 - 69 (inclusive) and 31 March 2011, pages 25 - 68 (inclusive) and 21 May 2012, pages 27 - 70 (inclusive) and 31 May 2013, pages 61 - 107 (inclusive) and 28 May 2014, pages 67 - 136 (inclusive) and 22 May 2015, pages 73 - 142 (inclusive) and 20 May 2016, pages 76 - 145 (inclusive) and 19 May 2017, pages 77 - 149 (inclusive) prepared by the Issuer in connection with the Programme.

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulation.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

## **PROSPECTUS SUPPLEMENT**

If at any time the Issuer shall be required to prepare a supplement to the Base Prospectus pursuant to Article 13 of the Prospectus Act 2005, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus or a further Prospectus which, in respect of any subsequent issue of Notes or Warrants to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market, shall constitute a prospectus supplement as required by Article 13 of the Prospectus Act 2005.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 13 (3) in conjunction with Article 7 (1) of the Prospectus Act 2005. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes or Warrants, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes or Warrants.

## TERMS AND CONDITIONS OF THE SENIOR NOTES

*The following is the text of the terms and conditions that, subject to completion of the applicable Final Terms in accordance with the provisions of Part A or in the case of Exempt Notes only as completed, amended, supplemented or varied by the applicable Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Tranche. Either (i) the full text of these terms and conditions together with Part A of the relevant provisions of the Final Terms or (ii) in the case of Exempt Notes, these terms and conditions as so completed, amended, supplemented or varied by the applicable Pricing Supplement, shall be endorsed on such Bearer Notes or on the Registered Note Certificates relating to such Registered Notes. All capitalised terms that are not defined in these conditions will have the meanings given to them in the applicable Final Terms. Those definitions will be endorsed on the definitive Notes or Registered Note Certificates, as the case may be. References in these Conditions to "Notes" are to the Senior Notes of one Series only, not to all Senior Notes that may be issued under the Programme.*

An Agency Agreement (as further amended or supplemented as at the date of issue of the Notes (the "Issue Date") (the "Agency Agreement") dated 9 November 1995 as amended and restated on 18 May 2018 between the Issuer and the other agents named in it, has been entered into in relation to the Notes. The fiscal agent, the paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Fiscal Agent", the "Paying Agents" (which expression shall include the Fiscal Agent), the "Registrars", the "Transfer Agents" and the "Calculation Agent(s)". The Noteholders (as defined below), the holders of the interest coupons (the "Coupons") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "Talons") (the "Couponholders") and the holders of the receipts for the payment of instalments of principal (the "Receipts") relating to Exempt Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. This Note is one of a Series (as defined below) of Notes issued by Banque Internationale à Luxembourg, société anonyme (the "Issuer") pursuant to the Agency Agreement.

References herein to the "Notes" shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a "Global Note"), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

Copies of the Agency Agreement are available for inspection free of charge at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents. The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these terms and conditions (the "Conditions") or, if this Note is a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an "Exempt Note"), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the applicable Final Terms are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. Any reference in the Conditions to "applicable Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" where relevant. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

### **1. Form, Denomination and Title**

The Notes are issued in bearer form ("Bearer Notes", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("Registered Notes") or in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") in each case in the Specified Denomination(s) shown hereon, provided that the minimum Specified Denomination shall be EUR 1,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

Unless this Note is an Exempt Note, this Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Note or an Equity Linked Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

If this Note is an Exempt Note, this Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

If this Note is an Exempt Note, this Note may also be an Index Linked Redemption Note, an Instalment Note or a Partly Paid Note, or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement. Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered note certificates ("Registered Note Certificates") and, save as provided in Condition 2(c), each Registered Note Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar outside the United Kingdom in accordance with the provisions of the Agency Agreement (the "Register"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Registered Note Certificate representing it) or its theft or loss (or that of the related Registered Note Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "Noteholder" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "holder" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## **2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes**

### *(a) Exchange of Exchangeable Bearer Notes:*

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 8(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

### *(b) Transfer of Registered Notes:*

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Registered Note Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Registered Note Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Registered Note Certificate, a new Registered Note Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a

holder of Registered Notes, a new Registered Note Certificate representing the enlarged holding shall only be issued against surrender of the Registered Note Certificate representing the existing holding.

(c) *Exercise of Options or Partial Redemption in Respect of Registered Notes:*

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Registered Note Certificate, a new Registered Note Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Registered Note Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Registered Note Certificates shall only be issued against surrender of the existing Registered Note Certificates to the Registrar or any Transfer Agent.

(d) *Delivery of New Registered Note Certificates:*

Each new Registered Note Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 7(e)) and in each case surrender of the Registered Note Certificate for exchange. Delivery of the new Registered Note Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Registered Note Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Registered Note Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in Luxembourg and in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) *Exchange Free of Charge:*

Exchange and transfer of Notes and Registered Note Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) *Closed Periods:*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Registered Note Certificate is simultaneously surrendered not later than the relevant Record Date.

### **3. Status**

The Notes, Receipts and Coupons constitute (subject to Condition 4) direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes, Receipts and Coupons shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer present and future.

*Subject to the application of the Resolution Law or the SRM, the Notes may be subject to write-down or conversion by a relevant resolution authority which may result in the Noteholders and Couponholders losing some or all of their investment, as described in "Risk Factors – Regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes and/or Warrants".*



#### **4. Negative Pledge**

(a) *Restriction:*

The Issuer undertakes that, so long as any of the Notes, Receipts or Coupons remain outstanding (as defined in the Agency Agreement), it shall not create or have outstanding any mortgage, charge, pledge, lien (other than a lien arising solely by operation of law in the ordinary course of business) or other encumbrance upon, or with respect to, the whole or any part of its present or future property, assets or revenues to secure repayment of, or to secure any guarantee of or indemnity in respect of, any external indebtedness unless the Notes, Receipts and Coupons (A) are, at the same time, secured equally and rateably therewith, or (B) have the benefit of such other security or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

(b) *External indebtedness:*

In this Condition 4, "external indebtedness" means any obligation for the repayment of borrowed money in the form of, or represented by, bonds, notes, debentures or other securities (i) that on issue were offered through an international group of banks or financial institutions as to more than 50 per cent. in issue amount outside Luxembourg and (ii) that are, or are capable of being, quoted, listed or ordinarily traded on any stock exchange, automated trading system, over-the-counter or other securities market.

#### **5. Interest and Other Calculations**

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes or Index Linked Notes or, in the case of Exempt Notes, whether a different interest basis applies.

(a) *Interest on Fixed Rate Notes:*

This Condition 5(a) applies to Fixed Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 5(a) for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

Each Fixed Rate 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 arrear on each Interest Payment Date up to (and including) the Maturity Date. The amount of interest payable shall be determined in accordance with Condition 5(i).

(b) *Interest on Floating Rate Notes, Index Linked Notes and Reference Rate Determination on Range Accrual Notes:*

This Condition 5(b) applies to Floating Rate Notes, Index Linked Notes and (where specified) Reference Rate Determination on Range Accrual Notes only. The applicable Final Terms contains provisions applicable to the determination of interest and must be read in conjunction with this Condition 5(b) and in the case of the Index Linked Notes, Condition 20 for full information on the manner in which interest is calculated on Floating Rate Notes, Index Linked Notes and (where specified) Reference Rate Determination on Range Accrual Notes. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Fiscal Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

- (i) *Interest Payment Dates:* Each Floating Rate 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

arrear on each Interest Payment Date up to (and including) the Maturity Date. The amount of interest payable shall be determined in accordance with Condition 5(i). The Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes and Reference Rate Determination on Range Accrual Notes:* The (i) Rate of Interest in respect of Floating Rate Notes or Floating Rate Range Accrual Notes for each Interest Accrual Period, or (ii) the Range Accrual Reference Rate in respect of Range Accrual Notes, shall be determined in the manner specified in the applicable Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply depending upon which is specified in the applicable Final Terms:

(A) ISDA Determination for Floating Rate Notes and Range Accrual Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which (i) the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period, or (ii) the Range Accrual Reference Rate 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 (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the applicable Final Terms;
- (y) the Designated Maturity is a period specified in the applicable Final Terms; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Final Terms.

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.

(B) Screen Rate Determination for Floating Rate Notes and Range Accrual Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which (i) the Rate of Interest, or (ii) the Range Accrual Reference Rate, is to be determined, such Rate of Interest for each Interest Accrual Period or Range Accrual Reference Rate will, subject as provided below, be either:

- (x) (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) (i) on the Interest Determination Date in question as determined by the Calculation Agent or (ii) on such relevant determination date for Range Accrual Notes, as specified in the applicable Final Terms. 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;

- (y) if the Relevant Screen Page is not available or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below and in Condition 5(m), the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference 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 Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on (i) the Interest Determination Date in question or (ii) on such relevant determination date for Range Accrual Notes, as specified in the applicable Final Terms. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the (i) Rate of Interest for such Interest Period or (ii) the Range Accrual Reference Rate shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, (i) the Rate of Interest or (ii) the Range Accrual Reference Rate 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 Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant (i) Interest Determination Date or (ii) determination date for Range Accrual Notes, as specified in the applicable Final Terms, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference 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 Reference 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 Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant (i) Interest Determination Date or (ii) determination date for Range Accrual Notes, as specified in the applicable Final Terms, 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 Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-

zone inter-bank market, as the case may be, provided that, if the (i) Rate of Interest or (ii) Range Accrual Reference Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the (i) Rate of Interest or (ii) Range Accrual Reference Rate shall be determined as at the last preceding (i) Interest Determination Date or (ii) determination date for Range Accrual Notes, as specified in the applicable Final Terms (though substituting, where a different Margin or Maximum 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 or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (c) *Floating Rate Notes which are CMS Linked Interest Notes or Range Accrual Notes that are CMS Range Accrual Notes:* Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which (i) the Rate of Interest is to be determined or (ii) the Range Accrual Reference Rate for a CMS Range Accrual Note is to be determined, (x) the Rate of Interest (for a CMS Linked Interest Note) for each Interest Period, or (y) the Range Accrual Reference Rate (for a CMS Range Accrual Note) will be:

- (i) where "CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

$$\text{CMS Rate} + \text{Margin}$$

- (ii) where "Leveraged CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

$$\text{Leverage} \times \text{CMS Rate}$$

- (iii) where "Steepner CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

Either:

- (A) where "Steepner CMS Reference Rate: Unleveraged" is specified in the applicable Final Terms:

$$\text{CMS Rate 1} - \text{CMS Rate 2}$$

or

- (B) where "Steepner CMS Reference Rate: Leveraged" is specified in the applicable Final Terms:

$$\text{Leverage} \times [(\text{Min}(\text{CMS Rate 1}; \text{Cap}) - \text{CMS Rate 2}) + \text{Margin}]$$

- (iv) where "Call Spread CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

$$\text{Leverage} \times \text{Min} [\text{Max}(\text{CMS Rate} + \text{Margin}; \text{Floor}); \text{Cap}]$$

- (v) where "Collar Steepner CMS" is specified in the applicable Final Terms:

$$\text{Min}(\text{Cap}, \text{Max}(\text{Floor}; (\text{Leverage 1} \times \text{CMS Rate 1} - \text{Leverage 2} \times \text{CMS Rate 2} + \text{Margin})))$$

For the purposes of this sub-paragraph (B):

"CMS Rate" shall mean the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page as at the specified time on the Interest Determination Date in question, all as determined by the Calculation Agent. The Agency

Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available; and

"Cap", "CMS Rate 1", "CMS Rate 2", "Floor", "Leverage", "Leverage 1", "Leverage 2" and "Margin" shall have the meanings given to those terms in the applicable Final Terms.

(d) *Adjustment of Rate of Interest for Fixed Rate and Floating Rate Notes*

If Adjustment of Rate of Interest is specified as being applicable in the applicable Final Terms, then from and including the first Interest Payment Date following any Adjustment Date specified in the applicable Final Terms, the Fixed Interest Rate (in the case of Fixed Rate Notes) or the Spread (in the case of Floating Rate Notes) that was applicable immediately before that Adjustment Date shall be increased or decreased by the Adjustment Margin applicable to that Adjustment Date, as specified in the applicable Final Terms. For the avoidance of doubt, the number of Adjustment Dates is unlimited.

(e) *Zero Coupon Notes:*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7(b)(i)).

(f) *Exempt Notes:*

In the case of Exempt Notes which are also Floating Rate Notes where the applicable Pricing Supplement identifies that Screen Rate Determination applies to the calculation of interest, if the Reference Rate from time to time is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Exempt Notes will be determined as provided in the applicable Pricing Supplement.

The rate or amount of interest payable in respect of Exempt Notes which are not also Fixed Rate Notes or Floating Rate Notes shall be determined in the manner specified in the applicable Pricing Supplement.

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(g) *Accrual of Interest:*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 9).

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

- (i) If any Margin is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified in the applicable Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions, (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (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(ies) of such currency.

(i) *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, Calculation Amount specified in the applicable Final Terms, 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 Amounts shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable 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.

(j) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:*

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, 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 as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange 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 Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 11, 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 but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(k) *Definitions:*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Business Day" means:

- (i) in the case of a currency other than EUR, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of EUR, a day on which the TARGET System is operating (a "TARGET Business Day");
- (iii) if TARGET System is specified as an Additional Business Centre in the applicable Final Terms, a TARGET Business Day; and/or
- (iv) in the case of a currency and/or one or more Additional Business Centres (other than TARGET System), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

"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/365" or "Actual/Actual(ISDA)" is specified in the applicable Final Terms, the actual number of 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 days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if "Actual/Actual (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y^2 - Y^1)] + [30 \times (M^2 - M^1)] + (D^2 - D^1)}{360}$$

where:

"Y<sup>1</sup>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sup>2</sup>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sup>1</sup>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sup>2</sup>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sup>1</sup>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sup>1</sup> will be 30; and

"D<sup>2</sup>" 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<sup>1</sup> is greater than 29, in which case D<sup>2</sup> will be 30.

- (v) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y^2 - Y^1)] + [30 \times (M^2 - M^1)] + (D^2 - D^1)}{360}$$

where:

"Y<sup>1</sup>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sup>2</sup>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sup>1</sup>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sup>2</sup>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sup>1</sup>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sup>1</sup> will be 30; and

"D<sup>2</sup>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sup>2</sup> will be 30.

- (vi) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y^2 - Y^1)] + [30 \times (M^2 - M^1)] + (D^2 - D^1)}{360}$$

where:

"Y<sup>1</sup>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sup>2</sup>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sup>1</sup>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sup>2</sup>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sup>1</sup>" 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 D<sup>1</sup> will be 30; and

"D<sup>2</sup>" 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<sup>2</sup> will be 30.

- (vii) if "Actual/Actual(ICMA)" is specified in the applicable Final Terms, (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and (b) if the Calculation Period is longer than one Determination Period, the sum of: (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

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 hereon or, if none is so specified, the Interest Payment Date.

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union and the Treaty of Amsterdam.

"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

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the applicable Final Terms, shall mean the Fixed Coupon Amount or Broken Amount as specified in the applicable Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.



"Interest Commencement Date" means the Issue Date or such other date as may be specified in the applicable Final Terms.

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon 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 Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor EUR or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is EUR.

"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 applicable Final Terms.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the applicable Final Terms.

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

"Reference Banks" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the applicable Final Terms.

"Reference Rate" means the rate specified as such hereon.

"Relevant Screen Page" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms.

"Specified Currency" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November, 2007 or any successor thereto.

(l) Calculation Agent:

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London 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.

(m) LIBOR or EURIBOR benchmark discontinuation:

With respect to Floating Rate Notes and Range Accrual Notes using a LIBOR, EURIBOR or other benchmark, if LIBOR or EURIBOR or such other benchmark is no longer being calculated or administered at any time when the terms and conditions of any Notes provide for any rate of interest (or any component part thereof) to be determined by reference to such benchmark, or if any relevant screen rate is not then available as a result of the permanent discontinuation of such benchmark, the

Calculation Agent acting in good faith and in a commercially reasonable manner and after consultation with the Issuer:

- (i) will use, as a substitute for LIBOR or EURIBOR or such other benchmark or such screen rate which has replaced such LIBOR or EURIBOR or such other benchmark (as applicable) and for each future Interest Determination Date, the alternative reference rate selected by the central bank, monetary authority or any similar institution (including any committee or working group thereof) in the jurisdiction of the applicable benchmark currency that is consistent with accepted market practice (the "Substitute Rate"); or
- (ii) if the Calculation Agent determines in good faith that there is no clear market consensus on a direct successor or replacement to such LIBOR or EURIBOR or such other benchmark or such screen rate which has replaced such LIBOR or EURIBOR or such other benchmark (as applicable) in customary market usage for the purposes of determining rates of interest on the same interest basis and in the same Specified Currency as the relevant Notes, the Calculation Agent shall be entitled (but not obliged) to appoint and request that an Independent Adviser shall determine an appropriate alternative LIBOR or EURIBOR or such other benchmark or screen rate (as applicable). If the Independent Adviser so determines such alternative LIBOR or EURIBOR or such other benchmark or screen rate (as the case may be), then such alternative LIBOR or EURIBOR or such other benchmark or screen rate (as the case may be) shall subsequently be used for determining the relevant rate of interest for such Notes in place of the originally specified LIBOR or EURIBOR or such other benchmark or screen rate (the "Alternative Rate").

As part of such substitution, the Calculation Agent will, after consultation with the Issuer, make such adjustments to the Substitute Rate or Alternative Rate or the spread thereon, as well as the Business Day Convention, Interest Determination Dates and related provisions and definitions, in each case that are consistent with accepted market practice for the use of such Substitute Rate or Alternative Rate for debt obligations such as such Notes.

If no successor, replacement or alternative LIBOR, EURIBOR or other benchmark or screen rate (as applicable) is determined pursuant to this provision, the original LIBOR, EURIBOR or other benchmark or screen rate (as applicable) will continue to apply, based on the last available rate.

"Independent Adviser" means an independent leading bank or financial institution of international repute engaged in the interbank market or an independent adviser of recognized standing and with appropriate expertise, that is most closely connected with the calculation or determination to be made by the Calculation Agent, appointed by the Issuer at its own expense.

- (n) Linear Interpolation:

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Fiscal Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Fiscal Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"Designated Maturity" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

## **6. Range Accrual Notes**

- (a) *Fixed Rate Range Accrual*

The Interest Amount payable on each Fixed Rate Range Accrual Note on each Interest Payment Date up to (and including) the Maturity Date shall be an amount determined by the Calculation Agent in accordance with the following formula ending on or around such Interest Payment Date:

~~Interest Amount = Specified Denominati on x (Fixed Rate x (Days Accrued/Actual Days) x Day Count Fraction~~

(b) *Floating Rate Range Accrual*

The Interest Amount payable on each Floating Rate Range Accrual Note on each Interest Payment Date up to (and including) the Maturity Date shall be an amount determined by the Calculation Agent in accordance with the following formula ending on or around such Interest Payment Date:

Interest Amount = Specified Denominati on x (Floating Rate x (Days Accrued/Actual Days) x Day Count Fraction

(c) *CMS Range Accrual*

The Interest Amount payable on each CMS Range Accrual Note on each Interest Payment Date up to (and including) the Maturity Date shall be an amount determined by the Calculation Agent in accordance with the following formula ending on or around such Interest Payment Date:

~~Interest Amount = Specified Denominati on x (Fixed Rate or Floating Rate x (Days Accrued/Actual Days) x Day Count Fraction~~

(d) *Definitions*

"Actual Days" means, in relation to each Interest Period, the number of calendar days in such Interest Period.

"Daily Observation" means the days in such Interest Period the Range Accrual Reference Rate is capable of determination.

"Days Accrued" means, in relation to each Interest Period, the number of calendar days in such Interest Period at which the Range Accrual Reference Rate is (i) equal or greater than the Lower Range and (ii) equal or less than the Upper Range.

"Fixed Rate" means the fixed rate as specified in the applicable Final Terms, subject to any adjustment to the Fixed Rate for subsequent Interest Periods, as specified in the applicable Final Terms.

"Floating Rate" means the floating rate as specified in the applicable Final Terms, subject to any adjustment to the Floating Rate for subsequent Interest Periods, as specified in the applicable Final Terms.

"Lower Range" means the Lower Range as specified in the applicable Final Terms, subject to any adjustment to the Lower Range for subsequent Interest Periods, as specified in the applicable Final Terms.

"Range Accrual Reference Rate" means such reference rate as specified in the Applicable Final Terms, whereby such specified reference rate (i) which is a Fixed Rate Range Accrual Note or a Floating Rate Range Accrual shall be determined according to Condition 5(c)(iii)(A) or (B), whichever is so specified in the applicable Final Terms, or (ii) which is a CMS Range Accrual Note shall be determined according to Condition 5(c).

"Upper Range" means the Upper Range as specified in the applicable Final Terms, subject to any adjustment to the Upper Range for subsequent Interest Periods, as specified in the applicable Final Terms.

## 7. **Redemption, Purchase and Options**

(a) *Final Redemption:*

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount).

(b) *Early Redemption:*

(i) *Zero Coupon Notes:*

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 7(c) or upon it becoming due and payable as provided in Condition 11 shall be

the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the applicable Final Terms.

- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 7(c) or upon it becoming due and payable as provided in Condition 11 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) Other Notes:

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 7(c) or upon it becoming due and payable as provided in Condition 11, shall be the Final Redemption Amount together (if applicable) with interest accrued to, but excluding, the date fixed for redemption unless otherwise specified in the applicable Final Terms.

(c) *Redemption for Taxation Reasons:*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note or an Index Linked Note) or at any time (if this Note is not a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 45 days' notice to the Noteholders in accordance with Condition 15 (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 7(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in the laws or regulations of Luxembourg (or in the official application of such laws or regulations) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall make available at the specified offices of the Fiscal Agent and the Paying Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) *Redemption at the Option of the Issuer:*

If Call Option is specified in the applicable Final Terms (the details of which will be specified in the applicable Final Terms), the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders in accordance with Condition 15 (or such other notice period as may be specified in the applicable Final Terms) redeem all or, if so provided, some of the Notes on

any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be redeemed which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements.

(e) *Redemption at the Option of Noteholders:*

If Put Option is specified in the applicable Final Terms, the Issuer shall, at the option of the holder of any such Note upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the applicable Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent (in the case of Bearer Notes) or the Registered Note Certificate representing such Note(s) with the Registrar or any Transfer Agent (in the case of Registered Notes) at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Registered Note Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) *Specific Redemption Provisions Applicable to Certain Types of Exempt Notes:*

The Final Redemption Amount, any Optional Redemption Amount and the Early Redemption Amount in respect of Dual Currency Redemption Notes may be specified in, or determined in the manner specified in, the applicable Pricing Supplement. For the purposes of Condition 7(c), Dual Currency Interest Notes may be redeemed only on an Interest Payment Date.

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount of Instalment Notes will be determined in the manner specified in the applicable Pricing Supplement.

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

(g) *Purchases:*

In addition to Notes or Coupons purchased in the ordinary course of dealing in securities on behalf of third parties, the Issuer or any of its Subsidiaries (as defined below) may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price in accordance with applicable laws (if any). The Notes so purchased, while held by or on behalf of the Issuer or any of its Subsidiaries shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 12(a). "Subsidiary" means any company 50 per cent. or more of the equity share capital of which is owned directly or indirectly by the Issuer. Such Notes may be reissued or resold by the Issuer or its Subsidiaries.

(h) *Cancellation:*

All Notes that are redeemed shall be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith) and accordingly may not be reissued or resold.

## 8. Payments and Talons

### (a) *Bearer Notes:*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the Notes (in the case of payments of principal and, in the case of interest, as specified in Condition 8(g)(v)) or Coupons (in the case of interest, save as specified in Condition 8(g)(v)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of EUR, in a city in which banks have access to the TARGET System.

### (b) *Registered Notes:*

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Registered Note Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered 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 (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer 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.

### (c) *Specific provisions in relation to payments in respect of certain types of Exempt Notes*

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 8(a) and (b) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 8(a) and (b) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Upon the date on which any Dual Currency Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

### (d) *Payments in the United States:*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

### (e) *Payments Subject to Fiscal Laws:*

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements), but without prejudice to the provisions of Condition 9, (ii) any

withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, 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 9) any law implementing an intergovernmental approach thereto and (iii) any withholding or deduction required pursuant to Section 871(m) of the Code ("871(m) Withholding"). In addition, in determining the amount of 871(m) Withholding imposed with respect to any amounts to be paid on the Notes, the Issuer shall be entitled to withhold on any "dividend equivalent" (as defined for purposes of Section 871(m) of the Code) at the highest rate applicable to such payments regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(f) *Appointment of Agents:*

The Fiscal Agent, the Paying Agents, the Registrars, the Transfer Agents and any Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, any Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes in Luxembourg, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities, and (vi) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed. Notice of any such termination or appointment and of any change in the specified office through which any Paying Agent acts will be given in accordance with Condition 15.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(g) *Unmatured Coupons and unexchanged Talons:*

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note or Index Linked Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Registered Note Certificate representing it, as the case may be.

Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Registered Note Certificate representing it, as the case may be.

(h) *Talons:*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).

(i) *Non-Business Days:*

If any date for payment in respect of any Note, or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph (i), "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Additional Financial Centres" (other than TARGET System) hereon and:

- (i) (in the case of a payment in a currency other than EUR) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in EUR and if TARGET System is specified as an "Additional Financial Centre" in the applicable Final Terms) which is a TARGET Business Day.

## 9. Taxation

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Luxembourg or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) *Other connection:*

to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Luxembourg other than the mere holding of the Note, Receipt or Coupon; or

(b) *Lawful avoidance of withholding:*

presented (or in respect of which the Registered Note Certificate representing it is presented) for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day assuming that day to have been a "business day" for the purposes of Condition 8(i).

As used in these Conditions, "Relevant Date" in respect of any Note, Receipt or Coupon 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 days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Registered Note Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is



in fact made upon such presentation. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 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 this Condition.

## 10. Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 11. Events of Default

If any of the following events ("Events of Default") occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:

- (a) *Non-Payment*: default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or
- (b) *Breach of Other Obligations*: the Issuer defaults in performance or observance of, or compliance with, any of its other obligations in the Notes which default is incapable of remedy or which, if capable of remedy, is not remedied within 21 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder; or
- (c) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the property, assets or revenues of the Issuer and is not stayed or discharged within 21 days; or
- (d) *Security Enforced*: any present or future mortgage, charge, pledge, lien or other encumbrance on or over all or a material part of the property, assets or revenues of the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager, administrator or other similar person) and such enforcement or step is not stayed or discharged within 21 days; or
- (e) *Insolvency*: the Issuer becomes insolvent within the meaning of Luxembourg law or applies for or consents to or suffers the appointment of a liquidator (*liquidateur*) or receiver of the Issuer or of the whole or any substantial part of the undertaking, property, assets or revenues of the Issuer or initiates any proceedings under any law for a readjustment or deferment of its obligations or any substantial part thereof or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors or an order is made or an effective resolution is passed for the dissolution (*dissolution*) or liquidation (*liquidation*) of the Issuer or to admit the Issuer to a regime of suspension of payments (*sursis de paiement*); or
- (f) *Cessation of Business*: the Issuer ceases to carry on business (except for the purpose of any amalgamation, merger or other reorganisation under which the continuing or successor corporation has assumed all of the assets and business undertakings of the Issuer pursuant to Condition 12(c) and has expressly and effectively assumed the obligations of the Issuer under the Notes); or
- (g) *Cross-Default*: (i) any loan or other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised and not being money deposited with the Issuer or transferred pursuant to a fiduciary contract within the meaning of the law of 27 July, 2003, as amended from time to time, or otherwise borrowed in the ordinary course of business of the Issuer ("Relevant Indebtedness") becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, or (ii) the Issuer fails to make any payment in respect of Relevant Indebtedness on the due date for such payment as extended by any originally applicable grace period, or (iii) the security for any Relevant Indebtedness

becomes enforceable, or (iv) default is made by the Issuer in making any payment due under any present or future guarantee and/or indemnity given by it of, or in respect of, Relevant Indebtedness provided that the aggregate amount of the Relevant Indebtedness in respect of which one or more of the events mentioned above in this paragraph (g) have occurred equals or exceeds U.S.\$10,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates).

## **12. Meetings of Noteholders, Modifications and Substitution**

*The following applies in the case of all Senior Notes other than Senior Notes governed by Luxembourg law:*

### **(a) Meetings of Noteholders:**

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange, notice of the date, time, place and agenda of such meeting will be published as provided under Condition 15. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

*These Conditions may be amended, modified or varied in relation to any Series of Exempt Notes by the terms of the applicable Pricing Supplement in relation to such Series.*

### **(b) Modification of Agency Agreement:**

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders or any modification which is of a formal, minor or technical nature or is made to correct a manifest error.

### **(c) Substitution:**

The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons any Subsidiary of the Issuer or the successor company of the Issuer or jointly and severally one or more companies to whom the Issuer has transferred all of its assets and business undertakings (in each case the "Substitute") provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue, no steps have been taken to admit the Issuer to a regime of suspension of payments (*sursis de paiement*) and (except in the case of a solvent reorganisation or amalgamation) no order has been made or resolution passed for the Liquidation (*liquidation*) of the Issuer. "Liquidation" means if an order is made or an effective resolution is passed for the judicial liquidation (*liquidation judiciaire*) of the Issuer in accordance with Articles 129ff. of the law of 18 December 2015 on the default of credit institutions and certain investment firms (*loi du 18 décembre 2015 relative à la défaillance des établissements de crédit et de*

*certaines entreprises d'investissement*) (the "Resolution Law") or the voluntary liquidation (*liquidation volontaire*) of the Issuer in accordance with Article 128 of the Resolution Law.

Such substitution effected in accordance with this Condition will release the Issuer or any previous substituted company and the Noteholders and Couponholders expressly consent hereto. The substitution shall be made by a deed poll (the "Deed Poll"), to be substantially in the form scheduled to the Agency Agreement as Schedule 9A and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment, withholding, deduction or governmental charge which is imposed on it by (or by any taxing authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution; (ii) if the Substitute is a Subsidiary of the Issuer, the obligations of the Substitute under the Deed Poll, the Notes and the Coupons shall be unconditionally and irrevocably guaranteed by the Issuer or its successor or each of the companies to whom together the Issuer has transferred all of its assets and business undertakings (each a "Guarantor") by means of a guarantee substantially in the form contained in the Deed Poll (the "Guarantee"); (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Guarantor have been taken, fulfilled and done and are in full force and effect; (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it; (v) the Issuer shall have made available at the specified offices of the Fiscal Agent and the Paying Agent a certificate signed by two Directors of the Issuer stating that the preceding conditions of this Condition 12(c) and the other matters specified in the Deed Poll have been fulfilled; (vi) if at the time the Notes are rated by a rating agency, the substitution does not affect adversely any such rating by such rating agency and (vii) the Issuer shall have given at least 30 days' prior notice of such substitution to the Noteholders, to be published in accordance with Condition 15, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents. References in Condition 11 to obligations under the Notes shall be deemed to include obligations under the Deed Poll and, where the Deed Poll contains a Guarantee, the events listed in Condition 11 shall be deemed to include such Guarantee not being (or being claimed by the Guarantor not to be) in full force and effect and the Guarantee shall contain (a) events of default in respect of the Notes in the same terms as Condition 11 of the Notes relating to the Guarantor (except that references in Condition 11(a) to failure to pay principal and interest on the Notes shall be a reference to failure to pay under the Guarantee), (b) clauses relating to the Guarantor in the form of Conditions 7(f) and (10) and (c) and a negative pledge in relation to the Guarantee in the form of Condition 4. References to "outstanding" in relation to the Notes of any Series shall, on a substitution of the Issuer where the Guarantor guarantees the Notes, not include Notes held by the Guarantor and its subsidiaries for the purposes of (i) ascertaining the right to attend and vote at any meeting of the Noteholders and (ii) the determination of how many Notes are outstanding for the purposes of Condition 12.

*The following applies in the case of all Senior Notes governed by Luxembourg law:*

(a) *Meetings of Noteholders:*

Noteholders will belong to a masse (the "Masse") created, among other things, for the representation of their common interests pursuant to the provisions of the law of 10 August 1915 on commercial companies, as amended (*loi du 10 aout 1915 concernant les sociétés commerciales, telle qu'elle a été modifiée*) (the "Luxembourg Company Law"). The discussion below is based on the Luxembourg Company Law in effect on the Issue Date. Any subsequent amendments to the relevant provisions of the Luxembourg Company Law may amend or modify the discussion below. A general meeting of the Noteholders (the "Masse Meeting") may appoint and determine the powers of one or more representatives (the "Representatives"). Where Representatives have been appointed, Noteholders may no longer individually exercise their rights against the Issuer. A Masse Meeting may be called at any time by the Representatives (if any) or the Board of Directors of the Issuer. The Representatives, provided an advance on expenses has been paid to them, or the Board of Directors must convene the Masse Meeting if called upon to do so by holders of Notes representing 5 per cent. or more of the Notes outstanding. All Masse Meetings shall be held at the place specified in the notice

calling the meeting and such notice shall contain the agenda. The convening notices for Masse Meetings shall take the form of announcements filed with the register of commerce and companies and published in the central electronic platform of official publication for companies and associations (Recueil électronique des sociétés et associations) and in a Luxembourg newspaper at least fifteen days before the Masse Meeting. The convening notices shall be also communicated to the Noteholders holding their Notes under registered form at least eight days before the Masse Meeting, by post unless the addressees have individually agreed to receive the convening notices by way of another means of communication, and no evidence of compliance with such formality needs to be given. In case all the Notes have been issued under registered form, convening notices for Masse Meetings may be made by registered letters only (or any other mean of communication individually accepted by a Noteholder) that need to be received at least eight days prior to the Masse Meeting by the Noteholders. Couponholders shall be deemed for all purposes to have gained knowledge of the contents of any notice given to the Noteholders. All Noteholders have the right to attend and vote at the Masse Meeting either personally or by proxy. The voting rights attached to the Notes are equal to the proportion of the principal amount of the outstanding Notes represented by the principal amount of the Note or Notes held by the relevant holder. A Masse Meeting may be called in the event of a merger involving the Issuer, may approve certain changes in the rights of the Noteholders and may, generally, determine any measures designed to ensure the defence of interests or the exercise of the rights of the Noteholders in accordance with the provisions of the Luxembourg Company Law. A Masse Meeting may deliberate validly without a quorum and by vote of a simple majority of Noteholders attending or represented at such Masse Meeting on the appointment and revocation of the Representatives, the revocation of special representatives appointed by the Issuer and the approval of any measures of a conservatory nature in the general interests of the Noteholders. On all other matters the Masse Meeting may deliberate validly on first convocation only if Noteholders present or represented hold at least 50 per cent. of the Notes then outstanding. On second convocation no quorum is required. Decisions at such meetings shall be taken by a majority of 66⅔ per cent. of the votes cast by Noteholders attending such meetings or represented thereat. Votes cast shall not include votes attaching to Notes in respect of which the Noteholder has not taken part in the vote or has abstained or has returned a blank or invalid vote.

*These Conditions may be amended, modified or varied in relation to any Series of Exempt Notes by the terms of applicable Pricing Supplement in relation to such Series.*

(a) *Modification of Agency Agreement:*

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders or any modification which is of a formal, minor or technical nature or is made to correct a manifest error.

(b) *Substitution:*

Subject to the provisions of this Condition, the Noteholders and the Couponholders by subscribing to or purchasing any Notes or Coupons, expressly consent to the Issuer, or any previously substituted company, at any time, substituting for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons any Subsidiary of the Issuer or the successor company of the Issuer or jointly and severally one or more companies to whom the Issuer has transferred all of its assets and business undertakings (in each case the "Substitute") provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue, no steps have been taken to admit the Issuer to a regime of suspension of payments (*sursis de paiement*) and (except in the case of a solvent reorganisation or amalgamation) no order has been made or resolution passed for the Liquidation of the Issuer. "Liquidation" means if an order is made or an effective resolution is passed for the judicial liquidation (*liquidation judiciaire*) of the Issuer in accordance with Articles 129ff. of the law of 18 December 2015 on the default of credit institutions and certain investment firms (*loi du 18 décembre 2015 relative à la défaillance des établissements de crédit et de certaines entreprises d'investissement*) (the "Resolution Law") or the voluntary liquidation (*liquidation volontaire*) of the Issuer in accordance with Article 128 of the Resolution Law. Such substitution effected in accordance with this Condition will release the Issuer or any previous substituted company and the Noteholders and Couponholders expressly consent hereto. The substitution shall be made by written undertaking (the "Undertaking"), to be substantially in the form scheduled to the Agency Agreement as Schedule 9B and may take place only if (i) the Substitute shall, by means of the Undertaking, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment, withholding, deduction or governmental charge which is imposed on it by (or by any taxing authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of

its incorporation with respect to any Note, Receipt, Coupon, Talon or the Undertaking and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution; (ii) if the Substitute is a Subsidiary of the Issuer, the obligations of the Substitute under the Undertaking, the Notes and the Coupons shall be unconditionally and irrevocably guaranteed by the Issuer or its successor or each of the companies to whom together the Issuer has transferred all of its assets and business undertakings (each a "Guarantor") by means of a guarantee substantially in the form contained in the Undertaking (the "Guarantee"); (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Undertaking, the Notes, Receipts, Coupons and Talons represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Undertaking of the Guarantor have been taken, fulfilled and done and are in full force and effect; (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it; (v) the Issuer shall have made available at the specified offices of the Fiscal Agent and the Paying Agent a certificate signed by two Directors of the Issuer stating that the preceding conditions of this Condition 12(c) and the other matters specified in the Undertaking have been fulfilled; (vi) if at the time the Notes are rated by a rating agency, the substitution does not affect adversely any such rating by such rating agency; and (vii) the Issuer shall have given at least 30 days' prior notice of such substitution to the Noteholders, to be published in accordance with Condition 15, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents. References in Condition 11 to obligations under the Notes shall be deemed to include obligations under the Undertaking and, where the Undertaking contains a Guarantee, the events listed in Condition 11 shall be deemed to include such Guarantee not being (or being claimed by the Guarantor not to be) in full force and effect and the Guarantee shall contain (a) events of default in respect of the Notes in the same terms as Condition 11 of the Notes relating to the Guarantor (except that references in Condition 11(a) to failure to pay principal and interest on the Notes shall be a reference to failure to pay under the Guarantee), (b) clauses relating to the Guarantor in the form of Conditions 7(f) and (10) and (c) and a negative pledge in relation to the Guarantee in the form of Condition 4.

### **13. Replacement of Notes, Registered Note Certificates, Receipts, Coupons and Talons**

If a Note, Registered Note Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of a Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Registered Note Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Registered Note Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Registered Note Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Registered Note Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

### **14. Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

### **15. Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, for so long as the Registered Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, such notices shall in addition be published on the website of the Luxembourg Stock

Exchange (www.bourse.lu) or as otherwise required by the rules of that exchange. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) except that for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, such notices shall be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or as otherwise required by the rules of that exchange. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

## **16. Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

## **17. Bail-in**

*The following applies in the case of all Senior Notes other than Senior Notes governed by Luxembourg law:*

Notwithstanding any other term of the Notes or any other agreement, arrangement or understanding between the Issuer and the Noteholders, by its subscription and/or purchase and holding of the Notes, each Noteholder (which for the purposes of this Condition 16 includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents and agrees:

- (i) to be bound by the effect of the exercise of the Bail-in Power by the Relevant Resolution Authority, which may include and result in any of the following, or some combination thereof:
  - (A) the reduction of all, or a portion, of the Amounts Due on a permanent basis;
  - (B) 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 holder 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;
  - (C) the cancellation of the Notes or Amounts Due; or
  - (D) the amendment or alteration of the maturity of the Notes or amendment of the Interest Amount 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.

In this Condition the following defined terms shall have the meanings set out below:

"Amounts Due" means the principal amount, together with any accrued but unpaid interest, and any additional amounts referred to in Condition 7, if any, due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Bail-in Power by the Relevant Resolution Authority.

"Bail-in Power" means any power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Luxembourg relating to (i) the transposition of the BRRD and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of certain entities as set out in such law, regulation, rules or requirements can be reduced, cancelled, suspended, modified, or converted into shares, other securities, or other obligations.

"BRRD" means Directive 2014/59/EU of 15 May establishing the framework for the recovery and resolution of credit institutions and investment firms or such other directive as may come into effect in place thereof, as implemented in Luxembourg and as amended or replaced from time to time and including any other relevant implementing regulatory provisions.

"Relevant Resolution Authority" means any authority lawfully entitled to exercise or participate in the exercise of any Bail-in Power from time to time.

## **18. Governing Law and Jurisdiction**

*The following applies in the case of all Senior Notes other than Senior Notes governed by Luxembourg law:*

### *(a) Governing Law:*

The Notes, the Receipts, the Coupons and the Talons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law. Application of articles 470-3 to 470-19 of the Luxembourg law of 10 August, 1915 on commercial companies is specifically excluded.

### *(b) Jurisdiction:*

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) to the extent permitted by applicable law.

### *(c) Service of Process:*

The Issuer irrevocably appoints Law Debenture Corporate Services Limited, at Fifth floor, 100 Wood Street, London EC2V 7EX as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer) and the Issuer agrees that failure by a process agent to notify the Issuer of any process will not invalidate the service. If for any reason such process agent ceases to be able or is unwilling to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 15. Nothing shall affect the right to serve process in any manner permitted by law.

*The following applies in the case of all Senior Notes governed by Luxembourg law:*

### *(d) Governing Law:*

The Notes, the Receipts, the Coupons and the Talons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, Luxembourg law.

(e) *Jurisdiction:*

The courts of Luxembourg are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of Luxembourg and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) to the extent permitted by applicable law.

*The following applies in the case of all Senior Notes other than Senior Notes governed by Luxembourg law:*

**19. Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

**20. Additional Provisions Applicable to Index Linked Notes**

The additional provisions in this Condition apply to each Note that is designated in the applicable Final Terms as relating to an Index (an "Index Linked Note"),

(a) *Market Disruption*

"Market Disruption Event" means:

- (i) in respect of an Index other than a Multi-Exchange Index, the occurrence or existence of (1) at any time during the one hour period that ends at the relevant Valuation Time (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material at any time during the one hour period that ends at the relevant Valuation Time, or (2) an Early Closure; or
- (ii) in respect of an Index which is a Multi-Exchange Index either:
  - (A) (x) the occurrence or existence, in respect of any Component Security, of:
    - (1) a Trading Disruption, which the Calculation Agent determines is material at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;
    - (2) an Exchange Disruption, which the Calculation Agent determines is material at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or
    - (3) an Early Closure; and
  - (y) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, comprises 20 per cent. or more of the level of the Index; or
  - (B) the occurrence or existence, in respect of futures or options contracts relating to the Index, of (x) a Trading Disruption, (y) an Exchange Disruption which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange or (z) an Early Closure.



For the purposes of determining whether a Market Disruption Event in respect of the Index exists at any time, if a Market Disruption Event occurs in respect of a Component Security included in such Index at any time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (i) the portion of the level of such Index attributable to that Component Security and (ii) the overall level of the Index, in each case (A) where the Index is not a Multi-Exchange Index, immediately before the occurrence of such Market Disruption Event or (B) where that Index is a Multi-Exchange Index, using the official opening weightings as published by the Index Sponsor as part of the market "opening data". The Calculation Agent shall give notice as soon as practicable to the Noteholders of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been a Valuation Date.

(b) *Adjustments to an Index*

(i) Successor Index Sponsor Calculates and Reports the Index

If the Index is:

- (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent; or
- (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then in each case that Index (the "Successor Index") will be deemed to be the Index.

(ii) Modification and Cessation of Calculation of the Index

If, in the determination of the Calculation Agent,

- (A) on or prior to the last Valuation Date, the Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an "Index Modification"); or
- (B) the Index Sponsor permanently cancels the Index and no Successor Index exists (an "Index Cancellation"); or
- (C) on any Valuation Date, the Index Sponsor or (if applicable) the successor to the Index Sponsor (the "Successor Index Sponsor") fails to calculate and announce the Index (an "Index Disruption" and, together with an Index Modification and an Index Cancellation, each an "Index Adjustment Event"),

then the Issuer may take the action in (x) or (y) below:

- (x) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Notes and, if so, to calculate the relevant Index Level using, in lieu of a published level for the Index, the level for the Index as at the Valuation Time on that Valuation Date as determined by the Calculation Agent which will be determined in accordance with the formula for and method of calculating the Index last in effect prior to the change, failure or cancellation, but using only those Component Securities that comprised the Index immediately prior to that Index Adjustment Event; or
- (y) on giving notice to Noteholders in accordance with Condition 15, cancel all but not some only of the Notes, each Note being cancelled by payment of the Early Redemption Amount.

(iii) Notice

The Calculation Agent shall, as soon as practicable, notify the Issuer of any determination made by it and the action proposed to be taken in relation thereto.

(c) *Correction to an Index*

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment, if the level of the Index published on a given day and used or to be used by the Calculation Agent to make any determination under the Notes, is subsequently corrected and the correction published by the Index Sponsor, Exchange or Related Exchange within one Settlement Cycle after the original publication, the level to be used for calculation of any relevant value in relation to the Notes shall be the level of the Index as so corrected and the Calculation Agent may make any relevant adjustment to the Conditions or any subsequent amount payable under the Notes to account therefor, as the Calculation Agent determines appropriate .

*(d) Additional Disruption Events*

"Additional Disruption Event" means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case if specified in the applicable Final Terms.

*Consequences of an Additional Disruption Event:*

- (i) If an Additional Disruption Event occurs, the Issuer acting in good faith and in a commercially reasonable manner may either:
  - (A) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any of the terms of the Notes to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (B) cancel the Notes by giving notice to the Noteholders in accordance with Condition 15. If the Notes are so cancelled, the Issuer will pay each Noteholder the Early Redemption Amount in respect of each Note held determined taking into account the Additional Disruption Event. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 15.
- (ii) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 15 stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event or the proposed action.

*(e) The Interest Amount and Final Redemption Amount*

If Barrier Provisions are specified in the applicable Final Terms as applying:

- (i) "Interest Amount" means, in respect of an Interest Period, an amount (which may never be less than zero) calculated by the Calculation Agent equal to:
  - (A) if an Interest Barrier Event occurs in respect of such Interest Period:  
(Calculation Amount x Coupon Rate x Day Count Fraction)+ Unpaid Interest; or
  - (B) otherwise, zero.
- (ii) "Final Redemption Amount" means an amount calculated by the Calculation Agent equal to:
  - (x) If Leveraged Floored Index Linked Redemption is not specified as applicable:
    - (1) if the Index Final is greater than or equal to the Barrier Level:  
Calculation Amount x 100%; or
    - (2) if the Index Final is below the Barrier Level:  
Calculation Amount x (Index Final / Index Initial)
  - (y) If Leveraged Floored Index Linked Redemption is specified as applicable:
    - (1) if the Index Final is greater than or equal to the Barrier Level:

Min [Calculation Amount \* Capped Redemption Amount; Calculation Amount x 100% + Calculation Amount \* Leverage \* (Index Final – Index Initial) / Index Initial]; or

(2) if the Index Final is below the Barrier Level:

Calculation Amount x Max[Floored Redemption Amount; (Index Final / Index Initial)]

If Barrier Provisions are not specified in the applicable Final Terms as applying the provisions of Condition 20(e) will not apply to the Notes.

*(f) Redemption for an Automatic Early Redemption Event*

If Automatic Early Redemption Event is specified as applicable in the Final Terms, then unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date, an Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date and each Note shall be redeemed by the Issuer at the relevant Automatic Early Redemption Amount, together with any interest due on such date. Following payment of such amounts, no interest or any further amount will be payable in respect of the Notes.

If Automatic Early Redemption Event is not specified in the applicable Final Terms as applying the provisions of Condition 20(f) will not apply to the Notes.

*(g) Redemption for Illegality*

The Issuer shall have the right to redeem the Notes by giving notice to the Noteholders if it determines in good faith that its performance thereunder has become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative or judicial authority or power ("Applicable Law"). In such circumstances, the Issuer will, however, if and to the extent permitted by Applicable Law, cause to be paid to each Noteholder in respect of each such Note held by it the Early Redemption Amount. The Issuer shall notify the Noteholders of the redemption in accordance with Condition 15.

*(h) Calculation Agent Provisions*

Whenever the Calculation Agent is required to act or exercise judgement, it will use its sole and absolute discretion. The Calculation Agent shall, as soon as practicable after making any determination pursuant to these Conditions, notify the Issuer and the Noteholders of such determination. The Calculation Agent is not acting as a fiduciary for or as an advisor to the Noteholders in respect of its duties as Calculation Agent in connection with any Notes.

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to these Conditions shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. In performing its duties pursuant to the Notes, the Calculation Agent shall use its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent or the Issuer shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

*(i) Index Disclaimer*

The Notes are not sponsored, endorsed, sold or promoted by the Index or the Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. The Issuer

shall have no liability to the Noteholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Neither the Issuer nor its Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

(j) *Definitions for Index Linked Notes*

"Affiliate" means, in relation to any entity (the "First Entity"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "control" means ownership of a majority of the voting power of an entity or person or, if the Calculation Agent determines appropriate, the power to direct or cause the direction of the management and policies of the First Entity, whether by contract, or otherwise.

"Associated Costs" means, in respect of a Note, an amount equal to such Note's pro rata share of the total amount of any and all Costs associated or incurred by the Issuer, any Affiliate and/or Hedging Party (as applicable) in connection with the relevant early cancellation, including, without limitation, any Costs associated with unwinding, substituting, re-establishing and/or incurring any funding relating to the Notes and any Costs associated with unwinding, substituting, re-establishing and/or incurring any hedge positions relating to the Note, all as determined by the Calculation Agent.

"Automatic Early Redemption Amount" means (a) an amount in the Specified Currency specified in the applicable Final Terms or if such amount is not specified, (b) the product of (i) the Calculation Amount and (ii) the relevant Automatic Early Redemption Rate relating to the relevant Automatic Early Redemption Date.

"Automatic Early Redemption Date" means each date specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

"Automatic Early Redemption Event" will be deemed to occur (unless otherwise specified in the applicable Final Terms) where the Index Level determined by the Calculation Agent as of the Valuation Time on any Automatic Early Redemption Valuation Date is, as specified in the Final Terms (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Level.

"Automatic Early Redemption Level" means the Index Level specified as such or otherwise determined in the applicable Final Terms.

"Automatic Early Redemption Rate" means, in respect of any Automatic Early Redemption Date, the rate specified as such in the applicable Final Terms.

"Automatic Early Redemption Valuation Date" means each date specified as such in the applicable Final Terms which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Conditions.

"Barrier Level" means the level specified as such in the applicable Final Terms, if applicable.

"Bloomberg Screen" shall mean, when used in connection with any designated page specified in the Final Terms, the display page so designated on the Bloomberg service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, in all cases for the purpose of displaying comparable rates in succession thereto).

"Calculation Agent" means the entity specified as such in the applicable Final Terms or any successor in such capacity.

"Capped Redemption Amount" means the percentage specified as such in the applicable Final Terms.

"Change in Law" means that, on or after the Trade Date:

- (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or
- (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Calculation Agent determines that (i) it has become illegal for any Hedging Party to hold, acquire or dispose of any relevant hedging arrangements relating to a Component Security or the relevant hedge position(s) relating to the Index and/or (ii) any Hedging Party will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer, any of its Affiliates or any Hedging Party).

"Clearance System" means in respect of any security or asset comprised in the Index the principal domestic clearance system customarily used for setting trades in that security or asset.

"Clearance System Business Day" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a settlement disruption event, would have been) open for acceptance and execution of settlement instructions.

"Closing Level" means an amount equal to the official closing level of the Index as published by the Index Sponsor as determined by the Calculation Agent.

"Component Security" means each and any component security or asset of the Index.

"Costs" means costs, losses, expenses, taxes and/or duties including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties (together with any interest additions to tax or penalties applicable thereto and any interest in respect of such additions or penalties).

"Coupon Rate" means, in respect of an Interest Period, the percentage specified as such in the applicable Final Terms.

"Disrupted Day" means (a) where the relevant Index is not specified in the applicable Final Terms to be a Multi-Exchange Index, any day which is any Scheduled Trading Day on which: (i) the Exchange or the Related Exchange fails to open for trading during their regular trading session or (ii) a Market Disruption Event has occurred or (b) where the Index is specified in the applicable Final Terms to be a Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index, (ii) the Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred.

"Early Closure" means:

- (i) in relation to an Index which is not specified in the applicable Final Terms as being a Multi-Exchange Index, the closure on any Exchange Business Day of the relevant Exchange(s) relating to Component Securities that comprise 20 per cent. or more of the level of the Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or
- (ii) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange, as the case may be, at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange, as the case may be, on such Exchange Business Day, or (ii) the submission deadline for orders to be entered into on the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

"Early Redemption Amount" means (a) if Fair Market Value is specified in the applicable Final Terms as the Early Redemption Amount, the fair market value of such Note, less any

Associated Costs, as determined by the Calculation Agent immediately prior to the date of redemption (ignoring the relevant illegality, in the event of early redemption due to illegality) or otherwise (b) the relevant amount specified as such in the applicable Final Terms. For the purpose of determining the Early Redemption Amount for the purpose of Condition 11, no account shall be taken of the financial condition of the Issuer which shall be presumed to be able to perform fully its obligations in respect of the Notes.

"Exchange" means:

- (i) in relation to an Index which is not specified in the applicable Final Terms as being a Multi-Exchange Index, each exchange or quotation system specified for the Index in the Final Terms or if no such exchange or quotation system is specified for the Index in the Final Terms, the exchange or quotation system on which all or substantially all relevant Component Securities are listed (being for the avoidance of doubt, where any Component Security has more than one listing, the exchange or quotation system used by the relevant Index Sponsor for the purposes of valuing the relevant price of such Component Security) or, in each case, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Component Securities comprising the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity in relation to the Component Securities comprising the Index on such temporary substitute exchange or quotation system as on the original Exchange); and
- (ii) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

"Exchange Business Day" means (a) where the Index is not specified in the applicable Final Terms to be a Multi-Exchange Index, any Scheduled Trading Day on which (i) the Exchange and each relevant Related Exchange (if any) in respect of the Index is open for trading during its regular trading session, notwithstanding the Exchange or any relevant Related Exchange closing prior to its Scheduled Closing Time or (b) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index; and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Disruption" means:

- (i) where the Index is not specified in the applicable Final Terms to be a Multi-Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values on any relevant Exchange(s) relating to Component Securities that comprise 20 per cent. or more of the level of the Index or, (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the Index on any relevant Related Exchange; or
- (ii) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange in respect of such Component Security; or (ii) futures or options contracts relating to the Index on the relevant Related Exchange.

"Final Valuation Date" means the date specified as the Final Valuation Date in the Final Terms, which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Conditions.

"Floored Redemption Amount" means the percentage specified as such in the applicable Final Terms.

"Hedging Disruption" means that any Hedging Party is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge any relevant price risk,

including but not limited to the currency risk, of the Issuer issuing and performing its obligations with respect to the Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by Calculation Agent.

"Hedging Party" means, at any relevant time, the Issuer or any Affiliate(s) or any entity (or entities) providing the Issuer directly or indirectly with hedging arrangements in relation to the Notes as the Issuer may select at such time.

"Hedging Shares" means the number of Component Securities comprised in an Index that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

"Increased Cost of Hedging" means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"Increased Cost of Stock Borrow" means that the Hedging Party would incur a rate to borrow any Component Security comprised in the Index that is greater than the Initial Stock Loan Rate.

"Index" means, subject to adjustment in accordance with Condition 20(b), the index specified in the applicable Final Terms and related expressions shall be construed accordingly.

"Index Final" means the Index Level as of the Final Valuation Date.

"Index Initial" means the Index Level as of the Initial Valuation Date as specified in the applicable Final Terms.

"Index Level" means the Closing Level of the Index.

"Index Sponsor" means, in relation to the Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a regular basis, which as of the Issue Date of the Notes is the index sponsor specified for such Index in the Final Terms.

"Initial Stock Loan Rate" means, in respect of the relevant Component Security, the rate which the Hedging Party would have incurred to borrow such Component Security on any Relevant Market as of the Trade Date, as determined by the Calculation Agent.

"Initial Valuation Date" means the date specified as the Initial Valuation Date in the Final Terms, which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Conditions.

"Interest Barrier Event" means the Index Level in respect of the Valuation Date relating to the relevant Interest Period is greater than or equal to the Interest Barrier Level.

"Interest Barrier Level" means the level specified as such in the applicable Final Terms.

"Leverage" means the percentage specified as such in the applicable Final Terms.

"Loss of Stock Borrow" means that the Hedging Party is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Component Securities comprised in the Index in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"Max" means the greater of the two terms separated by a semi-colon or, where such terms are the same amount, that amount, all as determined by the Calculation Agent.

"Maximum Stock Loan Rate" means in respect of the relevant Component Security, the lowest rate which the Hedging Party, after using commercially reasonable efforts, would have incurred to borrow such Component Security in the Relevant Market, in an amount equal to the Hedging Shares, as of the Trade Date, as determined by the Calculation Agent.

"Min" means the smaller of the two terms separated by a semi-colon or, where such terms are the same amount, that amount, all as determined by the Calculation Agent.

"Related Exchange" means the exchange specified as such in the Final Terms or if no such exchange is specified in the Final Terms, each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Index, any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index, on such temporary substitute exchange or quotation system as on the original Related Exchange).

"Relevant Market" means, for the purpose of determining any value or other amount pursuant to these Conditions, any relevant quotation system, exchange, dealing system, screen page, over the counter derivatives or other market which the Calculation Agent determines appropriate for such purpose and which it may select taking into account hedging arrangements of the Issuer and/or its Affiliates for the Notes.

"Scheduled Closing Time" means, in respect of the Exchange or an Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"Scheduled Trading Day" means (a) where the Index is not specified in the applicable Final Terms to be a Multi-Exchange Index, any day on which the Exchange and each Related Exchange (if any) is scheduled to be open for trading during its regular trading session or (b) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of that Index, and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

"Scheduled Valuation Date" means any original date that, but for the occurrence of a Disrupted Day would have been a Valuation Date.

"Settlement Cycle" means the longest period of Clearance System Business Days following a trade in each of the securities underlying the Index on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

"Trade Date" means the date specified as such in the Final Terms or if no such Trade Date is specified in the Final Terms, the Issue Date.

"Trading Disruption" means:

- (i) where the Index is not specified in the applicable Final Terms to be a Multi-Exchange Index, any suspension of or limitation imposed on trading by the Exchange or relevant Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or relevant Related Exchange or otherwise (a) relating to Component Securities that comprise 20 per cent. or more of the level of the Index on the Exchange or (b) in futures or options contracts relating to the Index on any relevant Related Exchange; or
- (ii) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (a) relating to any Component Security on the Exchange in respect of such Component Security; or (b) in futures or options contracts relating to the Index on the Related Exchange.

"Unpaid Interest" means, in respect of an Interest Period: (a) if Memory Effect is specified as applicable in the applicable Final Terms, the sum of, in respect of each prior Interest Period for which an Interest Barrier Event did not occur, subject as provided below (a "Relevant Period") Interest Amounts that would have been payable in respect of each principal amount of Notes equal to the Calculation Amount and each such Relevant Period if an Interest Barrier Event had occurred in respect of each such Relevant Period provided that there shall be excluded from the definition of Relevant Period any Interest Period already accounted for in relation to any



previous Interest Period under this definition of Unpaid Interest; or (b) if Memory Effect is not specified as applicable in the applicable Final Terms, zero.

"Valuation Date" means the Initial Valuation Date, any Valuation Date, any Automatic Early Redemption Valuation Date, or the Final Valuation Date specified as such in the applicable Final Terms or, if any such day is not a Scheduled Trading Day, the relevant day will be the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If any such day is a Disrupted Day, then the relevant Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of eight consecutive Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (a) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (b) the Calculation Agent shall determine the Index Level in respect of the relevant Valuation Date by determining the level or price of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security or asset comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or asset on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security or asset as of the Valuation Time on that eighth Scheduled Trading Day).

"Valuation Time" means:

- (i) where the relevant Index is not specified in the applicable Final Terms to be a Multi-Exchange Index, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date. If the relevant Exchange closes prior to its Scheduled Closing Time, then the Valuation Time shall be such actual closing time; or
- (ii) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index, (a) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, for the purposes of determining the Index Level, the Scheduled Closing Time on the relevant Exchange and (y) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant Related Exchange, and (b) in all other circumstances, the time at which the relevant Index Level is calculated and published by the Index Sponsor.

## **21. Additional Provisions Applicable to Equity Linked Notes**

The additional provisions in this Condition apply to each Note that is designated in the applicable Final Terms as relating to a Share (an "Equity Linked Note"),

### *(a) Market Disruption Event*

"Market Disruption Event" means, in respect of a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, or (iii) an Early Closure.

The Calculation Agent shall give notice as soon as practicable to the Noteholders of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Valuation Date.

### *(b) Potential Adjustment Events, Merger Event, Tender Offer, De-Listing, Nationalisation and Insolvency*

(i) "Potential Adjustment Event" means any of the following:

- (A) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (B) a distribution, issue or dividend to existing holders of the relevant Shares of (a) such Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Company as a result of a spin-off

or other similar transaction or (d) any other type of securities, rights or certificates or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- (C) an extraordinary dividend as determined by the Calculation Agent;
  - (D) a call by a Share Company in respect of relevant Shares that are not fully paid;
  - (E) a repurchase by the its subsidiaries or Share Company or its subsidiaries, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
  - (F) in respect of a Share Company an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, certificates, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
  - (G) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.
- (ii) Following the declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (ii) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 15 stating the adjustment and giving brief details of the Potential Adjustment Event.

- (iii) "De-Listing" means, in respect of any relevant Shares, the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Share Company (i) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (ii) Noteholders of the Shares of that Share Company become legally prohibited from transferring them.

"Merger Date" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"Merger Event" means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person,

(ii) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before (a) in the case of cash settled Notes, the last occurring Valuation Date or (b) in the case of Physical Delivery Notes, the relevant Maturity Date.

"Nationalisation" means that all the Shares or all or substantially all the assets of the Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"Share Substitution" means, in relation to a Merger Event and Tender Offer, the replacement of a Share the subject of such Merger Event or Tender Offer (as case may be) with a new share selected by the Calculation Agent (which shall be a share contained in the Reference Index or selected by the Calculation Agent in accordance with any other criteria specified in the applicable Final Terms). Such new share shall be deemed to be a Share in place of the Share the subject of the Merger Event or Tender Offer (as case may be).

"Reference Index" means, in respect of a Share which is the subject of a Share Substitution, an index selected by the Calculation Agent (a) in respect of which such Share is, or has been at some time during the immediately preceding six months, a component; and (b) in respect of which (in the opinion of the Calculation Agent) futures contracts are actively traded. If more than one index satisfies the criteria specified in (a) and (b) above, then the Calculation Agent shall determine which of such indices shall be the Reference Index. If no index satisfies the criteria specified in (a) and (b) above, then the Calculation Agent shall select the Reference Index by reference to such criteria it deems appropriate.

"Tender Offer" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 50 per cent. and less than 100 per cent. (the "Percentage Range") of the outstanding voting shares of the Share Company as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

"Tender Offer Date" means, in respect of a Tender Offer, the date on which the voting shares in the amount of the Percentage Range are actually purchased or otherwise obtained, as determined by the Calculation Agent.

If a Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency (each, an "Extraordinary Event") occurs in relation to a Share, the Issuer in its sole and absolute discretion may take the action described in (A), (B), (C) or (D) below:

- (A) require the Calculation Agent to determine the appropriate adjustment (which may include Share Substitution in respect of Merger Event and Tender Offer), if any, to be made to account for the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The relevant adjustments

may include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Notes. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency made by any options exchange to options on the Shares traded on that options exchange; or

- (B) unless Delayed Redemption on Occurrence of Extraordinary Events is specified as being applicable in the applicable Final Terms, on giving notice to Noteholders, redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the Early Redemption Amount determined taking into account the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, all as determined by the Calculation Agent. Payments will be made in such manner as shall be notified to the Noteholders; or
  - (C) if Delayed Redemption on Occurrence of Extraordinary Events is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the fair market value of each Note taking into account the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "Calculated Amount") as soon as practicable, following the occurrence of the Extraordinary Event (the "Calculated Amount Determination Date") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to the Calculated Amount plus interest accrued from and including the Calculated Amount Determination Date to but excluding the Maturity Date at a rate equal to Issuer's funding cost at or about the Calculated Amount Determination Date taking into account the tenor of the period remaining until the Maturity Date. No further amounts of interest or coupon amounts will be payable in respect of the Note on or after the Calculated Amount Determination Date; or
  - (D) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the "Options Exchange"), require the Calculation Agent to make a corresponding adjustment, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment as the Calculation Agent determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, Delisting, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.
- (iv) Upon the occurrence of a Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, the Issuer shall give notice as soon as practicable to the holders in accordance with Condition 15 stating the occurrence of the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

(c) *Correction of Share Price*

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment of any amount determined by reference to the Shares, if the price of the relevant Share published on a given day and used or to be used by the Calculation Agent to determine any such amount is subsequently corrected and the correction published by the relevant Exchange or Related Exchange, as the case may be, within 30 days of the original publication, the price to be used shall be the price of the relevant Share as so corrected. Corrections published after the day which is three Exchange Business

Days prior to the relevant redemption or payment date will be disregarded by the Calculation Agent for the purposes of determining any amount.

(d) *Additional Disruption Events*

(i) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (A), (B) or (C) below:

(A) require the Calculation Agent to determine the appropriate adjustment, to account for the Additional Disruption Event and determine the effective date of that adjustment; or

(B) unless Delayed Redemption on Occurrence of Additional Disruption Event is specified as being applicable in the applicable Final Terms, redeem the Notes by giving notice to the Noteholders. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the Early Redemption Amount determined taking into account the Additional Disruption Event all as determined by the Calculation Agent. Payments will be made in such manner as shall be notified to the Noteholders.

(C) if Delayed Redemption on Occurrence of Additional Disruption Event is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the fair market value of each Note taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "Calculated Additional Disruption Amount") as soon as practicable, following the occurrence of the Extraordinary Event (the "Calculated Additional Disruption Amount Determination Date") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to the Calculated Additional Disruption Amount plus interest accrued from and including the Calculated Additional Disruption Amount Determination Date to but excluding the Maturity Date at a rate equal to Issuer's funding cost at or about the Calculated Additional Disruption Amount Determination Date taking into account the tenor of the period remaining until the Maturity Date. No further amounts of interest or coupon amounts will be payable in respect of the Note on or after the Additional Disruption Amount Determination Date.

(ii) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the holders in accordance with Condition 15 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event or the proposed action.

(e) *The Interest Amount and Final Redemption Amount where Barrier Provisions are applicable*

If Barrier Provisions are specified in the applicable Final Terms as applying:

(i) "Interest Amount" means, in respect of an Interest Period, an amount (which may never be less than zero) calculated by the Calculation Agent equal to:

(A) if an Interest Barrier Event occurs in respect of such Interest Period:

$(\text{Calculation Amount} \times \text{Coupon Rate} \times \text{Day Count Fraction}) + \text{Unpaid Interest}$   
;or

(B) otherwise, zero.

(ii) "Final Redemption Amount" means an amount calculated by the Calculation Agent equal to:

(x) If Leveraged Floored Equity Linked Redemption is not specified as applicable:

(A) if Share Final is greater than or equal to the Barrier Level:

$\text{Calculation Amount} \times 100\%$ ; or

(B) if Share Final is below the Barrier Level:

Calculation Amount  $\times$  (Share Final / Share Initial)

- (y) If Leveraged Floored Equity Linked Redemption is specified as applicable:
  - (A) if the Share Final is greater than or equal to the Barrier Level:

Min[Capped Redemption Amount; Calculation Amount  $\times$  100% + Calculation Amount  $\times$  Leverage  $\times$  (Share Final – Share Initial) / Share Initial];  
or
  - (B) if the Share Final is below the Barrier Level:

Calculation Amount  $\times$  Max[Floored Redemption Amount; (Share Final / Share Initial)]

If Barrier Provisions are not specified in the applicable Final Terms as applying the provisions of Condition 21(e) will not apply to the Notes.

For the purpose of this Condition:

"Barrier Level" means the level specified as such in the applicable Final Terms, if applicable.

"Calculation Agent" means the entity specified as such in the applicable Final Terms or any successor in such capacity.

"Capped Redemption Amount" means the percentage specified as such in the applicable Final Terms.

"Coupon Rate" means, in respect of an Interest Period, the percentage specified as such in the applicable Final Terms.

"Final Valuation Date" means the date specified as the Final Valuation Date in the Final Terms, which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on such day in accordance with these Conditions.

"Initial Valuation Date" means the date specified as the Initial Valuation Date in the Final Terms, which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Conditions.

"Interest Barrier Event" means the Settlement Price in respect of the Valuation Date relating to the relevant Interest Period is greater than or equal to the Interest Barrier Level.

"Interest Barrier Level" means the level specified as such in the applicable Final Terms.

"Floored Redemption Amount" means the percentage specified as such in the applicable Final Terms.

"Leverage" means the percentage specified as such in the applicable Final Terms.

"Max" means the greater of the two terms separated by a semi-colon or, where such terms are the same amount, that amount, all as determined by the Calculation Agent.

"Min" means the smaller of the two terms separated by a semi-colon or, where such terms are the same amount, that amount, all as determined by the Calculation Agent.

"Share Final" means the Settlement Price on the Final Valuation Date.

"Share Initial" means the Settlement Price of the Share on the Initial Valuation Date.

"Unpaid Interest" means, in respect of an Interest Period: (a) if Memory Effect is specified as applicable in the applicable Final Terms, the sum of, in respect of each prior Interest Period for which an Interest Barrier Event did not occur, subject as provided below (a "Relevant Period") Interest Amounts that would have been payable in respect of each principal amount of Notes equal to the Calculation Amount and each such Relevant Period if an Interest Barrier Event had occurred in respect of each such Relevant Period provided that there shall be excluded from the definition of Relevant Period any Interest Period already accounted for in relation to any previous Interest Period under this definition of

Unpaid Interest; or (b) if Memory Effect is not specified as applicable in the applicable Final Terms, zero.

(f) *Redemption for an Automatic Early Redemption Event*

If Automatic Early Redemption Event is specified as applicable in the Final Terms, then unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date, an Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date and each Note will be redeemed by the Issuer at the relevant Automatic Early Redemption Amount, together with any interest due on such date. Following payment of such amounts, no interest or any further amount will be payable in respect of the Notes.

If Automatic Early Redemption Event is not specified in the applicable Final Terms as applying the provisions of Condition 21(f) will not apply to the Notes.

(g) *Redemption for Illegality*

The Issuer shall have the right to redeem the Notes, by giving notice to the Noteholders if it determines in good faith that its performance thereunder has become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative or judicial authority or power ("Applicable Law"). In such circumstances, the Issuer will, however, if and to the extent permitted by Applicable Law, cause to be paid to each Noteholder in respect of each such Note held by it the Early Redemption Amount. The Issuer shall notify the Noteholders of the redemption in accordance with Condition 15.

(h) *The Final Redemption Amount where Reverse Convertible Notes and Physical Delivery are applicable*

If Reverse Convertible Notes and Physical Delivery is specified as applicable in the applicable Final Terms, unless the Notes are otherwise redeemed or purchased and cancelled, the Issuer will cause each Note to be redeemed as follows:

- (i) if on the Final Valuation Date the Settlement Price of the Share is greater than or equal to the Strike Price Barrier, by payment of the Final Redemption Amount which will be calculated as follows:  
Calculation Amount x 100%; or
- (ii) if on the Final Valuation Date the Settlement Price of the Share is lower than the Strike Price Barrier, by delivery of the Integral Number of Deliverable Shares and payment of the Residual Cash Amount, in each case for value on the Delivery Date as defined in Condition 21(k) below.

If Reverse Convertible Notes and Physical Delivery is not specified as applicable in the applicable Final Terms, the provisions of Condition 21(h) will not apply to the Notes.

For the purposes of this Condition:

"Final Price" means, the Settlement Price of the Share on the Final Valuation Date.

"Final FX" means, the cross currency rate specified as such in the applicable Final Terms which appears on the page designated in the applicable Final Terms on the Final Valuation Date at or about the Valuation Time expressed as the number of units of the Share currency required to purchase one unit of the Specified Currency. If such rate does not appear on such page or it is otherwise impracticable to determine such rate at or about the Valuation Time for any reason then the Calculation Agent will determine the relevant rate as being the cross currency rate it determines would have prevailed but for such impracticability by reference to such source(s) as it determines appropriate.

"Final Valuation Date" means the date specified as the Final Valuation Date in the Final Terms, which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on such day in accordance with these Conditions.

"Initial FX" means, the cross currency rate specified as such in the applicable Final Terms which appears on the page designated in the applicable Final Terms on the Initial Valuation

Date at or about the Valuation Time expressed as the number of units of the Share currency required to purchase one unit of the Specified Currency. If such rate does not appear on such page or it is otherwise impracticable to determine such rate at or about the Valuation Time for any reason then the Calculation Agent will determine the relevant rate as being the cross currency rate it determines would have prevailed but for such impracticability by reference to such sources(s) as it determines appropriate.

"Initial Price" means, the Settlement Price of the Share on the Initial Valuation Date.

"Initial Valuation Date" means the date specified as the Initial Valuation Date in the Final Terms, which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on such day in accordance with these Conditions.

"Integral Number of Deliverable Shares" means, in respect of each Note, an integral number of Shares equal to the Number of Deliverable Shares rounded downwards to the nearest integral number.

"Number of Deliverable Shares" means, in respect of each Note, a number of Shares equal to (i) the Calculation Amount multiplied by the Initial FX (if any) or the Calculation Amount multiplied by the Final FX (if any), as specified in the applicable Final Terms (the "Applicable Rate for Calculation of Number of Deliverable Shares"), divided by (ii) the Strike Price of the Share, subject to the Physical Delivery Rounding Convention.

"Physical Delivery Rounding Convention" means the method specified in the applicable Final Terms or, if such Physical Delivery Rounding Convention is not specified, the figure to be rounded shall be rounded upwards to the nearest third decimal.

"Residual Cash Amount" means, in respect of each Note, an amount in the Specified Currency equal to: the Residual Number of Deliverable Shares multiplied by the Final Price divided by the Final FX (if any), rounded to the nearest second decimal and with 0.005 rounded upwards.

"Residual Number of Deliverable Shares" means a number of Shares (or part thereof) equal to (i) the Number of Deliverable Shares minus (ii) the Integral Number of Deliverable Shares.

"Strike Price Barrier" means the percentage specified as such in the Final Terms multiplied by the Strike Price.

"Strike Price" means, the percentage of the Initial Price specified in the applicable Final Terms.

*(i) Calculation Agent Provisions*

Whenever the Calculation Agent is required to act or exercise judgement, it will use its sole and absolute discretion. The Calculation Agent shall, as soon as practicable after making any determination pursuant to these provisions, notify the Issuer and the Noteholders of such determination. The Calculation Agent is not acting as a fiduciary for or as an advisor to the Noteholders in respect of its duties as Calculation Agent in connection with any Notes.

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to these Conditions shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. In performing its duties pursuant to the Notes, the Calculation Agent will use its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent or the Issuer shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

*(j) Additional Definitions*

"Additional Disruption Event" means any of Change of Law, Failure to Deliver, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing and/or Loss of Stock Borrow, in each case if specified in the applicable Final Terms.



"Affiliate" means in relation to any entity (the "First Entity"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes control means ownership of a majority of the voting power of an entity.

"Associated Costs" means, in respect of a Note, an amount equal to such Note's pro rata share of the total amount of any and all Costs associated or incurred by the Issuer, any Affiliate and/or Hedging Party (as applicable) in connection with the relevant early cancellation, including, without limitation, any Costs associated with unwinding, substituting, re-establishing and/or incurring any funding relating to the Notes and any Costs associated with unwinding, substituting, re-establishing and/or incurring any hedge positions relating to the Note, all as determined by the Calculation Agent.

"Automatic Early Redemption Amount" means (a) an amount in the Specified Currency specified in the applicable Final Terms or if such amount is not specified, (b) the product of (i) the Calculation Amount and (ii) the relevant Automatic Early Redemption Rate relating to the relevant Automatic Early Redemption Date.

"Automatic Early Redemption Date" means each date specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

"Automatic Early Redemption Event" will be deemed to occur (unless otherwise specified in the applicable Final Terms) if the Settlement Price of the Share determined by the Calculation Agent as of the Valuation Time on any Automatic Early Redemption Valuation Date is, as specified in the Final Terms (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Level.

"Automatic Early Redemption Level" means the Settlement Price specified as such or otherwise determined in the applicable Final Terms.

"Automatic Early Redemption Rate" means, in respect of any Automatic Early Redemption Date, the rate specified as such in the applicable Final Terms.

"Automatic Early Redemption Valuation Date" means each date specified as such in the applicable Final Terms which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Conditions.

"Calculation Agent" means the Calculation Agent specified in the applicable Final Terms or any successor in such capacity.

"Change of Law" means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (x) it has become illegal to hold, acquire or dispose of any relevant Share or (y) it will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"Costs" means costs, losses, expenses, taxes and/or duties including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties (together with any interest additions to tax or penalties applicable thereto and any interest in respect of such additions or penalties).

"Disrupted Day" means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

"Early Closure" means the closure on any Exchange Business Day of relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be

entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"Early Redemption Amount" means (a) in respect of a Note, if Fair Market Value is specified in the applicable Final Terms as the Early Redemption Amount, the fair market value of such Note, less any Associated Costs, as determined by the Calculation Agent immediately prior to such redemption (ignoring the relevant illegality, in the event of early redemption due to illegality) or otherwise (b) the relevant amount specified as such in the applicable Final Terms. For the purpose of determining the Early Redemption Amount for the purpose of Condition 11, no account shall be taken of the financial condition of the Issuer which shall be presumed to be able to perform fully its obligations in respect of the Notes.

"Exchange" means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

"Exchange Business Day" means the relevant Exchange Business Day specified in the applicable Final Terms. If no Exchange Business Day is specified as applying in the applicable Final Terms, Exchange Business Day shall mean any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Disruption" means, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the relevant Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant share on any relevant Related Exchange.

"Exchange Rate" means the cross currency rate specified as such in the applicable Final Terms which appears on the page designated in the applicable Final Terms on the relevant Valuation Date at or about the Valuation Time. If such rate does not appear on such page or it is otherwise impracticable to determine such rate at or about the Valuation Time for any reason then the Calculation Agent will determine the relevant rate as being the cross currency rate it determines would have prevailed but for such impracticability by reference to such source(s) as it determines appropriate.

"Failure to Deliver" means failure of the Issuer and/or any of its Affiliates to deliver, when due, the relevant Shares under the Notes, where such failure to deliver is due to illiquidity in the market for such Shares.

"Hedging Disruption" means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Hedging Shares" means the number of Shares that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

"Increased Cost of Hedging" means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"Increased Cost of Stock Borrow" means that the Issuer and/or any of its Affiliates would incur a rate to borrow any Share that is greater than the Initial Stock Loan Rate.

"Initial Stock Loan Rate" means, in respect of a Share, the initial stock loan rate specified in relation to such Share in the applicable Final Terms.

"Insolvency Filing" means that a Share Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company shall not be deemed an Insolvency Filing.

"Loss of Stock Borrow" means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"Maximum Stock Loan Rate" means, in respect of a Share, the Maximum Stock Loan Rate specified in the applicable Final Terms.

"Related Exchange" means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the relevant Share.

"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"Scheduled Trading Day" means the relevant Scheduled Trading Day specified in the applicable Final Terms. If no Scheduled Trading Day is specified as applying in the applicable Final Terms, Scheduled Trading Day shall mean any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

"Scheduled Valuation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"Settlement Price" means, unless otherwise specified in the applicable Final Terms, and subject as referred to in Valuation Date below an amount equal to the official closing price quoted on the relevant Exchange for such Share on the relevant Valuation Date or if, in the opinion of the Calculation Agent, any such official closing price cannot be so determined and the Valuation Date is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price and the closing fair market selling price for the Share or, at the Calculation Agent's discretion, the arithmetic mean of middle market quotations provided to the Calculation Agent by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide, such amount to be converted, if so specified in the applicable Final Terms, into the Specified Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent.

"Shares" and "Share" mean the share specified in the applicable Final Terms and related expressions shall be construed accordingly.

"Share Company" means the company that has issued the Share.

"Trading Disruption" means, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to the share or (b) in futures or options contracts relating to such share on any relevant Related Exchange.

"Valuation Date" means the Initial Valuation Date, any Valuation Date, any Automatic Early Redemption Valuation Date or the Final Valuation Date specified as such in the applicable Final

Terms or, if any such day is not a Scheduled Trading Day the relevant day will be the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If any such day is a Disrupted Day, then the relevant Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of eight consecutive Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price in respect of the relevant Valuation Date in accordance with its good faith estimate of the Settlement Price that would have prevailed but for such day being a Disrupted Day as of the Valuation Time on that the last such consecutive Scheduled Trading Day:

"Valuation Time" means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to the Share to be valued provided that if the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

(k) *Additional Physical Delivery Provisions*

(i) *Asset Transfer Notices*

In relation to Physical Delivery Notes, in order to obtain delivery of the Share Amount(s) in respect of any Note:

- (A) if such Note is represented by a Global Note, the relevant Noteholder must deliver to Euroclear or Clearstream, Luxembourg (as applicable) (each a relevant "Clearing System"), with a copy to the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice; and
- (B) if such Note is in definitive form, the relevant Noteholder must deliver to any Paying Agent with a copy to the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice,

provided in each case that the Issuer may give notice to Noteholders of such alternative settlement procedures for delivery of the Share Amount (which may or may not involve an Asset Transfer Notice) as it may determine appropriate from time to time which will be binding on Noteholders, the Calculation Agent and all other parties in the absence of manifest error. The Issuer may give notice of such alternative settlement procedures on more than one occasion.

For the purposes of this Condition:

"Asset Transfer Notice" means an asset transfer notice in the form set out in the Agency Agreement or such updated or modified form thereof as the Issuer may make available from time to time duly completed in accordance with the provisions of this Condition;

"Cut-off Date" means the date falling five Business Days prior to the Maturity Date;

"Relevant Asset" means the Shares; and

"Share Amount" means the amount of Relevant Assets relating to each Note.

Copies of the Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent.

An Asset Transfer Notice may only be delivered (a) if such Note is represented by a Global Note in such manner as is acceptable to the relevant Clearing System, or (b) if such Note is in definitive form, in writing together with the Note.

The Asset Transfer Notice shall:

- (A) specify the name and address of the relevant Noteholder and the person from whom the Issuer may obtain details for the delivery of the Share

Amount and any details required for delivery of the Share Amount set out in the form of Asset Transfer Notice;

- (B) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject to such notice and the number of the Noteholder's account at the relevant Clearing System to be debited with such Notes and irrevocably instruct and authorise the relevant Clearing System, as the case may be, to debit the relevant Noteholder's account with such Notes on or before the Delivery Date;
- (C) include an undertaking to pay all Delivery Expenses and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the Noteholder at the relevant Clearing System, as the case may be, in respect thereof and to pay such Delivery Expenses;
- (D) specify an account to which dividends (if any) payable pursuant to this Condition 21(k) or any other cash amounts specified in the applicable Final Terms as being payable are to be paid;
- (E) certify that the beneficial owner of each Note is not a U.S. person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a U.S. person (as defined in the Asset Transfer Notice) and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person (as defined in the Asset Transfer Notice) in connection with any redemption thereof; and
- (F) authorise the production of such notice in any applicable administrative or legal proceedings.

For the purposes of this Condition, "Delivery Expenses" means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the delivery of the Share Amount.

(ii) Verification of the Holder

Upon receipt of an Asset Transfer Notice the relevant Clearing System shall verify that the person delivering the Asset Transfer Notice is the holder of the Notes described therein according to its records. Subject thereto, the relevant Clearing System will confirm to the Agent the series number and number of Notes the subject of such notice, the relevant account details and the details for the delivery of the Share Amount relating to each Note. Upon receipt of such confirmation, the Agent will inform the Issuer thereof.

(iii) Determinations and Delivery

Failure properly to complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Conditions shall be made, in the case of Notes represented by a Global Note, by the relevant Clearing System, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Noteholder and, in the case of Notes in definitive form, by the relevant Paying Agent after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Noteholder.

If any Asset Transfer Notice deemed null and void in accordance with the foregoing paragraph is subsequently corrected to the satisfaction of the relevant Clearing System in consultation with the Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such corrected Asset Transfer Notice was delivered to the relevant Clearing System (with a copy to the Agent).

No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant Clearing System or the Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

The Share Amount will be delivered at the risk of the relevant Noteholder, in the manner provided below on the Maturity Date (such date, subject to adjustment in

accordance with this Condition, the "Delivery Date"), provided that the Asset Transfer Notice is duly delivered to the relevant Clearing System (with a copy to the Agent), as provided above on or prior to the Cut-Off Date.

If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to the Agent, on or prior to the Cut-Off Date, then the Share Amount will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be deemed the Delivery Date) at the risk of such Noteholder in the manner provided below. In such circumstances the relevant Noteholder shall not be entitled to any payment, whether of interest or otherwise, and the Issuer shall have no liability whatsoever, as a result of the Delivery Date falling after the Maturity Date.

The Issuer shall, at the relevant Noteholder's risk, deliver or procure the delivery of the Share Amount relating to each Note, pursuant to the details specified in the Asset Transfer Notice or in such manner as the Calculation Agent shall determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice. No delivery of the Share Amount shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

(iv) General

Following the Delivery Date of a share certificate all dividends on the relevant shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the shares executed on the Delivery Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a Noteholder will be paid to the account specified by the Noteholder in the relevant Asset Transfer Notice as referred to in Condition 21(k)(i).

For such period of time after delivery of the Share Amount as the Issuer or any person acting on behalf of the Issuer shall continue to be the legal owner of the securities comprising the Share Amount (the "Intervening Period"), none of the Issuer, the Calculation Agent or any other person shall at any time (A) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (B) be under any obligation to exercise or procure the exercise of any or all rights attaching to such securities or obligations or (C) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner during such Intervening Period of such securities or obligations.

(v) Settlement Disruption Event

If, in the opinion of the Calculation Agent, delivery of the Share Amount using the method of delivery specified above, or such other manner as the Calculation Agent has determined, is impracticable because a Settlement Disruption Event (as defined below) has occurred and is continuing on the Delivery Date, then it shall give notice as soon as practicable to the Noteholders in accordance with Condition 15 and the Delivery Date shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, provided that, the Issuer may elect in its sole and absolute discretion to satisfy its obligations in respect of the relevant Note by delivering the Share Amount using such other commercially reasonable manner as it may select and, in such event, the Delivery Date shall be such day as the Issuer deems appropriate (acting in a commercially reasonable manner). Noteholders shall not be entitled to any payment, whether on account of interest or otherwise, and the Issuer shall have no liability whatsoever, as a result of the Delivery Date being postponed due to the occurrence of a Settlement Disruption Event.

Where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Share Amount, the Delivery Date for the Relevant Assets unaffected by the Settlement Disruption Event will be the originally designated

Delivery Date. For so long as delivery of part of the Share Amount is impracticable by reason of a Settlement Disruption Event, then in lieu of physical delivery of the affected Relevant Asset(s), and notwithstanding any other provision hereof, the Issuer may elect in its sole and absolute discretion to satisfy its obligations in respect of the affected portion of the relevant Note(s) by paying the relevant Noteholder(s), the Disruption Cash Redemption Amount (as defined below) on the fifth Business Day following the date on which Noteholders are notified in accordance with Condition 15 of (A) such election having been made and (B) the manner in which the Issuer intends to pay the Disruption Cash Redemption Amount.

For the purposes of this Condition:

"Disruption Cash Redemption Amount" shall be, in respect of any Note, the fair market value of such Note (taking into account, where the Settlement Disruption Event affects some but not all of the Relevant Assets included in the Share Amount and such unaffected Relevant Assets have been duly delivered as provided above, the value of such unaffected and delivered Relevant Assets), less the cost to the Issuer of unwinding any related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion;

"Settlement Business Day" means a day on which each place or settlement system or entity relevant for delivery of the Share Amount is open all as determined by the Calculation Agent; and

"Settlement Disruption Event" means an event that is beyond the control of the Issuer, including illiquidity in the market for the Relevant Assets as a result of which the Issuer cannot make delivery of the Relevant Asset(s) using the method specified above, all as determined by the Calculation Agent.

(vi) Variation of Settlement

If prior to the redemption of Physical Delivery Notes, the Calculation Agent determines that the Shares are not freely tradable, the Issuer may, in its sole and absolute discretion, elect either (i) to substitute for such Shares freely tradable shares with a value equivalent to the Shares (as determined by the Calculation Agent) (the "Substitute Asset(s)") or (ii) not to deliver or procure the delivery of the Share Amount or the Substitute Asset(s), as the case may be, but in lieu thereof to pay to the Noteholders on the Maturity Date an amount equal to the fair market value of the Share Amount on the Valuation Date as determined by the Calculation Agent by reference to such sources as it considers appropriate (the "Alternate Cash Redemption Amount") together with all other cash amounts, if any, that would then be due to the Noteholders. Notification of any such election will be given to Noteholders.

For the purposes hereof, a freely tradable share shall mean (i) with respect to the United States, a share which is registered under the U.S. Securities Act of 1933 (the "Securities Act") or with respect to which an exemption from such registration is available, in each case, as determined by the Calculation Agent or (ii) with respect to any other jurisdiction, a share not subject to any legal restrictions on transfer in such jurisdiction.

## TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

*The following (apart from the text in italics) is the text of the terms and conditions that, subject to completion of the applicable Final Terms in accordance with the provisions of Part A of the relevant Final Terms or in the case of Exempt Notes only as completed, amended, supplemented or varied by the applicable Pricing Supplement, shall be applicable to the Subordinated Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Tranche. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) in the case of Exempt Notes, these terms and conditions as so completed, amended, supplemented or varied by the applicable Pricing Supplement, shall be endorsed on such Bearer Notes or on the Registered Note Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Registered Note Certificates, as the case may be. References in these Conditions to "Notes" are to the Subordinated Notes of one Series only, not to all Subordinated Notes that may be issued under the Programme.*

An Agency Agreement (as further amended or supplemented as at the date of issue of the Notes (the "Issue Date")) (the "Agency Agreement") dated as amended and restated on 18 May 2018 between the Issuer and the other agents named in it has been entered into in relation to the Notes. The fiscal agent, the paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Fiscal Agent", the "Paying Agents" (which expression shall include the Fiscal Agent), the "Registrars", the "Transfer Agents" and the "Calculation Agent(s)". The Noteholders (as defined below), the holders of the interest coupons (the "Coupons") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "Talons") (the "Couponholders") relating to interest bearing Notes in bearer form are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

References herein to the "Notes" shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a "Global Note"), units of each Specified Denomination in the Specified Currency;
- (ii) any Global Note; and
- (iii) any definitive Notes issued in exchange for a Global Note.

Copies of the Agency Agreement are available for inspection free of charge at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents. The final terms for the Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on the Note which complete these terms and conditions (the "Conditions") or, if the Note is a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an "Exempt Note"), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of the Note. References to the applicable Final Terms are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Note. Any reference in the Conditions to ""applicable Final Terms"" shall be deemed to include a reference to ""applicable Pricing Supplement"" where relevant. The expression ""Prospectus Directive"" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State.

### 1. Form, Denomination and Title

The Notes are issued in bearer form ("Bearer Notes", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("Registered Notes") or in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") in each case in the Specified Denomination(s) shown hereon.

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.



This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered note certificates ("Registered Note Certificates") and, save as provided in Condition 2(c), each Registered Note Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar outside the United Kingdom in accordance with the provisions of the Agency Agreement (the "Register"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Registered Note Certificate representing it) or its theft or loss (or that of the related Registered Note Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "Noteholder" means the bearer of any Bearer Note relating to it or the person in whose name a Registered Note is registered (as the case may be), "holder" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## **2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes**

### **(a) Exchange of Exchangeable Bearer Notes:**

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(f)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

### **(b) Transfer of Registered Notes:**

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Registered Note Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Registered Note Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Registered Note Certificate, a new Registered Note Certificate shall be issued to the transferee in respect of the part transferred and a further new Registered Note Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Registered Note Certificate representing the enlarged holding shall only be issued against surrender of the Registered Note Certificate representing the existing holding.

### **(c) Exercise of Options or Partial Redemption in Respect of Registered Notes:**

In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Registered Note Certificate, a new Registered Note Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Registered Note Certificates

shall be issued in respect of those Notes of that holding that have the same terms. New Registered Note Certificates shall only be issued against surrender of the existing Registered Note Certificates to the Registrar or any Transfer Agent.

(d) *Delivery of New Registered Note Certificates:*

Each new Registered Note Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer and in each case surrender of the Registered Note Certificate for exchange. Delivery of the new Registered Note Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer or Registered Note Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Registered Note Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in Luxembourg and in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) *Exchange Free of Charge:*

Exchange and transfer of Notes and Registered Note Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) *Closed Periods:*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Registered Note Certificate is simultaneously surrendered not later than the relevant Record Date.

### **3. Status and Subordination**

(a) *Status:*

Notes in respect of which the status is specified in the applicable Final Terms as "Subordinated" and Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the holders of Notes and Coupons relating to them against the Issuer in respect of such Notes and related Coupons (including any damages (if payable)) are subordinated to the claims of Senior Creditors.

*Notes that constitute Tier 2 Capital will have a minimum maturity of five years.*

(b) *Subordination of Notes:*

In the event of Liquidation of the Issuer, the rights of the holders of Notes and Coupons relating to them against the Issuer in respect of such Notes and related Coupons (including any damages (if payable)) shall:

- (i) be subordinated to the claims of all Senior Creditors;
- (ii) rank *pari passu* with the claims of all other subordinated creditors of the Issuer which in each case by law rank, or by their terms are expressed to rank *pari passu* with the Notes (including holders of instruments that qualify as Tier 2 instruments in accordance with the Applicable Banking Regulations); and

- (iii) rank senior to the claims of holders of the Issuer's ordinary shares, preference shares and any junior subordinated obligations or other securities of the Issuer which by law rank, or by their terms are expressed to rank, junior to the Notes.

*Subject to the application of the Resolution Law or the SRM, the Notes may be subject to write-down or conversion by a relevant resolution authority which may result in the Noteholders and Couponholders losing some or all of their investment, as described in "Risk Factors – Regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes and/or Warrants".*

- (c) *No set-off*

Subject to applicable law, no Noteholder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under, or in connection with, the Notes or Coupons and each Noteholder or Couponholder shall, by virtue of its holding of any Notes or Coupons (as the case may be), be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the above, if any amounts due and payable to any Noteholder or Couponholder by the Issuer in respect of, or arising under, the Notes or Coupons are discharged by set-off, such Noteholder or Couponholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or the liquidator or administrator of the Issuer as the case may be) and, until such time as payment is made, shall hold an amount equal to such amount in a fiduciary (*fiduciaire*) capacity, or where applicable law permits, in trust for the Issuer (or the liquidator or administrator of the Issuer, as the case may be) and, accordingly, any such discharge shall be deemed not to have taken place.

- (d) *Defined Terms:*

In this Condition:

"Liquidation" means if an order is made or an effective resolution is passed for the judicial liquidation (*liquidation judiciaire*) of the Issuer in accordance with Articles 129ff. of the law of 18 December 2015 on the default of credit institutions and certain investment firms (*loi du 18 décembre 2015 relative à la défaillance des établissements de crédit et de certaines entreprises d'investissement*) (the "Resolution Law") or the voluntary liquidation (*liquidation volontaire*) of the Issuer in accordance with Article 128 of the Resolution Law; and

"Senior Creditors" means creditors of the Issuer (i) who are depositors and/or other unsubordinated creditors of the Issuer; or (ii) whose claims are or are expressed to be subordinated (whether only in the event of the Liquidation of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer, other than those whose claims by law rank, or by their terms are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders and holders of the relevant Coupons.

#### **4. Interest and Other Calculations**

- (a) *Rate of Interest and Accrual on Notes:*

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 arrear on each Interest Payment Date up to (and including) the Maturity Date. The amount of interest payable shall be calculated in accordance with Condition 4(g).

- (b) *Reset Notes*

- (i) *Accrual of interest:*

Each Reset Note bears interest on its outstanding nominal amount:

- (A) from (and including) the Interest Commencement Date until (but excluding) the First Reset Date at the rate per annum (expressed as a percentage) equal to the Initial Rate of Interest;
- (B) if applicable, from (and including) the Second Reset Date to (but excluding) the first Subsequent Reset Date (if any), and each successive period from (and including) any Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) (each a "Subsequent Reset Period") at the rate per annum equal to the relevant Subsequent Reset Rate of Interest.

The Reset Rate of Interest payable shall be determined by the Calculation Agent on the relevant Reset Determination Date.

(ii) *Fallbacks:*

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the Principal Financial Centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum (converted as set out in the definition of such term above) of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be the sum (converted as set out in the definition of such term above) of (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotation and the Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined by the Calculation Agent in its sole discretion following consultation with the Issuer.

For the purposes of this Condition 4(b)(ii) "Reference Banks" means the principal office in the Principal Financial Centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

(c) *Interest on Floating Rate Notes*

(i) *Interest Payment Dates:*

Each Floating Rate 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 arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(g). The Interest Payment Date(s) is/are either shown hereon, as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be

the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for 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 herein and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply depending upon which is specified in the applicable Final Terms:

(A) ISDA Determination for Floating Rate Notes

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

- (x) the Floating Rate Option is as specified in the applicable Final Terms;
- (y) the Designated Maturity is a period specified in the applicable Final Terms; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Final Terms.

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.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period:

- (x) (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) 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 Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than

LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms;

- (y) if the Relevant Screen Page is not available or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below and in Condition 5(m), the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference 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 Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference 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 Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

if paragraph (y) 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 Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference 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 Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference 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 Reference 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 Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference 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 Reference Rate is LIBOR, the London inter-bank market or, if the Reference 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 or Maximum 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 or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(d) *Zero Coupon Notes:*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)).

(e) *Accrual of Interest:*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

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

- (i) If any Margin is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified in the applicable Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (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(ies) of such currency.

(g) *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 applicable Final Terms, 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 Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable 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.

(h) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Amounts:*

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amounts, Early Redemption Amounts or Optional Redemption 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 Final Redemption Amounts, Early Redemption Amounts or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, 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 as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest, Interest Amount, Interest Period Date and Interest Payment Date, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, 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 but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation

and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(i) *Definitions:*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Business Day" means:

- (i) in the case of a currency other than EUR, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of EUR, a day on which the TARGET System is operating (a "TARGET Business Day"); and/or
- (iii) In the case of a currency and/or one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centres or, if no currency is indicated, generally in each of the Additional Business Centres.

"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/365" or "Actual/Actual(ISDA)" is specified in the applicable Final Terms, the actual number of 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 days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if "Actual/Actual (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y^2 - Y^1) + [30 \times (M^2 - M^1)] + (D^2 - D^1)]}{360}$$

where:

"Y<sup>1</sup>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sup>2</sup>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sup>1</sup>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sup>2</sup>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sup>1</sup>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sup>1</sup> will be 30; and

"D<sup>2</sup>" 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<sup>1</sup> is greater than 29, in which case D<sup>2</sup> will be 30.

- (v) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:



$$\text{Day Count Fraction} = \frac{[360 \times (Y^2 - Y^1) + [30 \times (M^2 - M^1)] + (D^2 - D^1)]}{360}$$

where:

"Y<sup>1</sup>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sup>2</sup>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sup>1</sup>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sup>2</sup>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sup>1</sup>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sup>1</sup> will be 30; and

"D<sup>2</sup>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sup>2</sup> will be 30.

- (vi) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y^2 - Y^1) + [30 \times (M^2 - M^1)] + (D^2 - D^1)]}{360}$$

where:

"Y<sup>1</sup>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sup>2</sup>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sup>1</sup>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sup>2</sup>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sup>1</sup>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sup>1</sup> will be 30; and

"D<sup>2</sup>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sup>2</sup> will be 30

- (vii) if "Actual/Actual(ICMA)" is specified in the applicable Final Terms, (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and (b) if the Calculation Period is longer than one Determination Period, the sum of: (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year 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 hereon or, if none is so specified, the Interest Payment Date.

"EURIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor).

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

"First Margin" means the margin specified as such in the applicable Final Terms.

"First Reset Date" means the date specified in the applicable Final Terms.

"First Reset Period" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date;

"First Reset Rate of Interest" means, in respect of the First Reset Period and subject to Condition 4(b)(ii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum, converted from a basis equivalent to the Fixed Leg Swap Duration specified in the applicable Final Terms to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it), of (A) the relevant Mid-Swap Rate and (B) the First Margin.

"Initial Rate of Interest" has the meaning specified in the applicable Final Terms.

"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:

- (i) in respect of an Interest Accrual Period, the amount of interest payable, per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the applicable Final Terms, shall mean the Fixed Coupon Amount or Broken Amount, as specified in the applicable Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the applicable Final Terms.

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon 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 Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor EUR or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is EUR.

"Interest Payment Date" means each of the date or dates specified in the applicable Final Terms

"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 applicable Final Terms.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the applicable Final Terms.

"LIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate for that currency and period displayed on the appropriate page on the information service which publishes that rate.

"Mid-Swap Maturity" has the meaning specified in the applicable Final Terms.

"Mid-Market Swap Rate" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency, such day count basis as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency, such day count basis as determined by the Calculation Agent).

"Mid-Market Swap Rate Quotation" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate.

"Mid-Swap Floating Leg Benchmark Rate" means EURIBOR if the Specified Currency is EUR or LIBOR for the Specified Currency if the Specified Currency is not EUR or the Reference Rate as specified in the applicable Final Terms.

"Mid-Swap Rate" means, in relation to a Reset Determination Date and subject to Condition 4(b)(ii), either:

- (i) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,which appears on the Relevant Screen Page; or
- (ii) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the Principal Financial Centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent.

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (i) in relation to EUR, it means the principal financial centre of such Member State of the European Communities as is selected by the Calculation Agent; and
- (ii) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected by the Calculation Agent.

"Rate of Interest" means (i) in the case of Notes other than Reset Notes, the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon; and (ii) in the case of Reset Notes, the Initial Rate of Interest or the Reset Rate of Interest, as applicable.

"Reference Banks" means, (i) in the case of Notes other than Reset Notes, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-

bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the applicable Final Terms; and (ii) in the case of Reset Notes, four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute or as specified in the applicable Final Terms.

"Reference Rate" means the rate specified as such hereon.

"Relevant Screen Page" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms.

"Reset Date" means the First Reset Date and each of the date or dates specified as specified in the applicable Final Terms.

"Reset Determination Date" means, in respect of each Reset Period, the second Business Day prior to the first day of each such Reset Period as specified in the applicable Final Terms.

"Reset Period" means the period from (and including) the First Reset Date to (but excluding) the next Reset Date or, if no such next Reset Date is specified in the applicable Final Terms, the Maturity Date, and each successive period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date or, if no such next succeeding Reset Date is specified in the applicable Final Terms, the Maturity Date.

"Reset Rate of Interest" means, in respect of any Reset Period and subject to Condition 4(b)(ii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the Margin.

"Second Reset Date" means the date specified in the applicable Final Terms.

"Specified Currency" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"Subsequent Margin" means the margin specified as such in the applicable Final Terms.

"Subsequent Reset Date" means the date or dates specified in the applicable Final Terms.

"Subsequent Reset Rate of Interest" means, in respect of any Subsequent Reset Period and subject to Condition 4(b)(ii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum, converted from a basis equivalent to the Fixed Leg Swap Duration specified in the applicable Final Terms to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it), of (A) the relevant Mid-Swap Rate and (B) the relevant Subsequent Margin.

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November, 2007 or any successor thereto.

(j) *Calculation Agent:*

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount or Early Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London 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.

(k) LIBOR or EURIBOR benchmark discontinuation:

With respect to Floating Rate Notes, Range Accrual Notes and Reset Notes using a LIBOR, EURIBOR or other benchmark, if LIBOR or EURIBOR or such other benchmark is no longer being calculated or administered at any time when the terms and conditions of any Notes provide for any rate of interest (or any component part thereof) to be determined by reference to such benchmark, or if any relevant screen rate is not then available as a result of the permanent discontinuation of such benchmark, the Calculation Agent acting in good faith and in a commercially reasonable manner and after consultation with the Issuer:

- (i) will use, as a substitute for LIBOR or EURIBOR or such other benchmark or such screen rate which has replaced such LIBOR or EURIBOR or such other benchmark (as applicable) and for each future Interest Determination Date, the alternative reference rate selected by the central bank, monetary authority or any similar institution (including any committee or working group thereof) in the jurisdiction of the applicable benchmark currency that is consistent with accepted market practice (the "Substitute Rate"); or
- (ii) if the Calculation Agent determines in good faith that there is no clear market consensus on a direct successor or replacement to such LIBOR or EURIBOR or such other benchmark or such screen rate which has replaced such LIBOR or EURIBOR or such other benchmark (as applicable) in customary market usage for the purposes of determining rates of interest on the same interest basis and in the same Specified Currency as the relevant Notes, the Calculation Agent shall be entitled (but not obliged) to appoint and request that an Independent Adviser shall determine an appropriate alternative LIBOR or EURIBOR or such other benchmark or screen rate (as applicable). If the Independent Adviser so determines such alternative LIBOR or EURIBOR or such other benchmark or screen rate (as the case may be), then such alternative LIBOR or EURIBOR or such other benchmark or screen rate (as the case may be) shall subsequently be used for determining the relevant rate of interest for such Notes in place of the originally specified LIBOR or EURIBOR or such other benchmark or screen rate (the "Alternative Rate").

As part of such substitution, the Calculation Agent will, after consultation with the Issuer, make such adjustments to the Substitute Rate or Alternative Rate or the spread thereon, as well as the Business Day Convention, Interest Determination Dates and related provisions and definitions, in each case that are consistent with accepted market practice for the use of such Substitute Rate or Alternative Rate for debt obligations such as such Notes.

If no successor, replacement or alternative LIBOR, EURIBOR or other benchmark or screen rate (as applicable) is determined pursuant to this provision, the original LIBOR, EURIBOR or other benchmark or screen rate (as applicable) will continue to apply, based on the last available rate.

"Independent Adviser" means an independent leading bank or financial institution of international repute engaged in the interbank market or an independent adviser of recognized standing and with appropriate expertise, that is most closely connected with the calculation or determination to be made by the Calculation Agent, appointed by the Issuer at its own expense.

Notwithstanding any other provision of this Condition 4(k), no successor, replacement or alternative benchmark or screen rate will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Series of Notes as Tier 2 Capital.

(l) *Linear Interpolation:*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Fiscal Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer,

then the Fiscal Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"Designated Maturity" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

## 5. Redemption, Purchase and Options

### (a) *Scheduled Redemption:*

Unless previously redeemed (with the consent of the Regulator), purchased and cancelled as provided in this Condition 5, each Note shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount).

### (b) *Early Redemption of Zero Coupon Notes:*

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(c) or 5(f) with the prior consent of the Regulator or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the applicable Final Terms.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or 5(e) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Conditions 4(a) and (d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

### (c) *Redemption for Taxation Reasons:*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, (but subject to consent thereto having been obtained from the Regulator and subject to compliance with Regulatory Procedures (in each case, if and to the extent so required by the Applicable Banking Regulations)), on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), at their Early Redemption Amount specified in the applicable Final Terms (which, in the case of Zero Coupon Notes shall be provided in Condition 5(b) above together with any accrued but unpaid interest to the date fixed for redemption), if as a result of a change in law or regulations of Luxembourg (or in the official application of such laws or regulations) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application of such laws or regulations which change or amendment becomes effective on or after the Issue Date, which change the Issuer demonstrates to the satisfaction of the Regulator was material and was not reasonably foreseeable as at the Issue Date:

- (i) (A) the Issuer has or would become obliged to pay additional amounts as provided or referred to in Condition 7, and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

- (ii) the Issuer would not be entitled to claim a deduction in respect of any payments in computing its taxation liabilities or the amount of the deduction would be materially reduced,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or would not be entitled to claim a deduction were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) *Redemption at the Option of the Issuer:*

If Call Option is specified in the applicable Final Terms (the details of which will be specified in the relevant Final Terms), the Issuer may with the consent of the Regulator and subject to compliance with Regulatory Procedures (in each case, if and to the extent so required by the Applicable Banking Regulations), on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders in accordance with Condition 13 (or such other notice period as may be specified in the applicable Final Terms) redeem all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with any accrued but unpaid interest to the date fixed for redemption. If Minimum Redemption Amount and Maximum Redemption Amount are specified as applicable hereon, any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be redeemed which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements.

(e) *Capital Event Redemption*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, (but subject to consent thereto having been obtained from the Regulator and subject to compliance with Regulatory Procedures (in each case, if and to the extent so required by the Applicable Banking Regulations)), on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), at their Early Redemption Amount specified in the applicable Final Terms (which, in the case of Zero Coupon Notes, shall be as provided in Condition 5(b) above) (together with any accrued but unpaid interest to the date fixed for redemption) if, there is a change (or a pending change which the Regulator considers to be sufficiently certain) in the regulatory classification of the Notes that occurs on or after the Issue Date that the Issuer demonstrates to the satisfaction of the Regulator was not reasonably foreseeable as at the Issue Date, that would be likely to result in the exclusion of the Notes, in whole or part, from own funds or their reclassification, in whole or part, as a lower quality form of own funds (a "Capital Event"). Before the publication of any notice of redemption pursuant to a Capital Event, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that a Capital Event has occurred and the Issuer is entitled to effect such redemption.

(f) *Purchases:*

In addition to Notes or Coupons purchased in the ordinary course of dealing in securities on behalf of third parties, the Issuer or any of its Subsidiaries may with the consent of the Regulator (if so required by the Applicable Banking Regulations) purchase Notes (provided that all Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price in accordance with applicable law (including the Applicable Banking Regulations), if any. The Notes so purchased, while held by or on behalf of the Issuer shall not entitle

the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 10(a). The Issuer undertakes to procure that any Subsidiary which holds any Notes as principal, will not exercise its right to vote in any meeting of the Noteholders in respect of such Notes provided that the Issuer and such Subsidiary may vote in favour of a resolution requiring the unanimous consent of a Masse Meeting (as defined in Condition 10) when all other Noteholders have voted or will vote in favour of that resolution. "Subsidiary" means any company 50 per cent. or more of the equity share capital of which is owned directly or indirectly by the Issuer. Such Notes may be reissued or resold by the Issuer or its Subsidiaries.

(g) *Cancellation:*

All Notes that are redeemed shall be cancelled forthwith (together with all Coupons and unexchanged Talons attached thereto or surrendered therewith) and accordingly may not be reissued or resold.

(h) *Defined Terms*

In this Condition,

"Applicable Banking Regulations" mean the CRD IV Regulation, the CRD IV Directive, the Financial Sector Law, the Resolution Law, the CSSF Regulation N°14-01 on the implementation of certain discretions of the CRD IV Regulation, any laws, regulations or acts implementing CRD IV and, at any time, the laws, regulations, circular letters and other requirements, standards, guidelines and policies relating to capital adequacy for credit institutions of either (i) the Regulator and/or (ii) any other national or European authority, in each case then in effect in Luxembourg (or in such other jurisdiction in which the Issuer may have its home member state as defined in the CRD IV Regulation, the CRD IV Directive and the Financial Sector Law ("Home Member State")) and applicable to the Issuer.

"CRD IV" means the legislative package consisting of the CRD IV Directive and the CRD IV Regulation.

"CRD IV Directive" means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as the same may be amended or replaced from time to time.

"CRD IV Regulation" means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as the same may be amended or replaced from time to time.

"Financial Sector Law" means the Luxembourg law of 5 April 1993 on the financial sector, as amended.

"Group" means prudential consolidated group of which the Issuer is the parent entity.

"own funds" has the meaning given to it in the CRD IV Regulation.

"Regulator" means the European Central Bank, the European Banking Authority, the *Commission de Surveillance du Secteur Financier* ("CSSF") or such other authority which assumes or performs the functions, as at the Issue Date, performed by such authority or such other or successor authority exercising primary supervisory authority with respect to prudential matters in relation to the Issuer.

"Regulatory Procedures" means in respect of any redemption of the Notes:

- (i) on or before such redemption of the Notes, the Issuer or any member of the Group replaces the Notes with own funds instruments of an equal or higher quality on terms that are sustainable for its income capacity; or
- (ii) the Issuer has demonstrated to the satisfaction of the Regulator that the own funds of the Group would, following such redemption, exceed its minimum capital requirements (including any capital buffer requirements) as set out in CRD IV by a margin that the Regulator may consider necessary on the basis set out in CRD IV for it to determine the appropriate level of capital of an institution.

"Resolution Law" means the Luxembourg law of 18 December 2015 on the default of credit institutions and certain investment firms, as amended.



## 6. Payments and Talons

### (a) *Bearer Notes:*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the Notes (in the case of payments of principal and, in the case of interest, as specified in Condition 6(f)(v)) or Coupons (in the case of interest, save as specified in Condition 6(f)(v)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of EUR, in a city in which banks have access to the TARGET System.

### (b) *Registered Notes:*

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Registered Note Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the persons shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency in which such payments are due by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer 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.

### (c) *Payments in the United States:*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

### (d) *Payments Subject to Fiscal Laws:*

All payments are subject in all cases to any (i) applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements), but without prejudice to the provisions of Condition 7, (ii) withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, 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 7) any law implementing an intergovernmental approach thereto and (iii) any withholding or deduction required pursuant to Section 871(m) of the Code ("871(m) Withholding"). In addition, in determining the amount of 871(m) Withholding imposed with respect to any amounts to be paid on the Notes, the Issuer shall be entitled to withhold on any "dividend equivalent" (as defined for purposes of Section 871(m) of the Code) at the highest rate applicable to such payments regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

### (e) *Appointment of Agents:*

The Fiscal Agent, the Paying Agents, the Registrars, the Transfer Agents and any Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, any Registrar, any Transfer Agent or the

Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes in Luxembourg, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities, and (vi) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed. Notice of any such termination or appointment and of any change in the specified office through which any Paying Agent acts will be given in accordance with Condition 13.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) *Unmatured Coupons and unexchanged Talons:*

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes) should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount or Early Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of ten years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Interest Note or Index Linked Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons and where any Bearer Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Registered Note Certificate representing it, as the case may be.

Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Registered Note Certificate representing it, as the case may be.

(g) *Talons:*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet (where applicable to the relevant Series of Notes) may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(h) *Non-Business Days:*

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in

respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Additional Financial Centres" hereon and:

- (i) (in the case of a payment in a currency other than EUR) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in EUR) which is a TARGET Business Day.

## **7. Taxation**

All payments of interest in respect of the Notes or Coupons shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Luxembourg or any political sub-division or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) *Other Connection:*

to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with Luxembourg other than the mere holding of the Note or Coupon; or

(b) *Lawful avoidance of withholding:*

presented (or in respect of which the Registered Note Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day assuming that day to have been a "business day" for the purposes of Condition 8(h).

As used in these Conditions, "Relevant Date" in respect of any Note or Coupon 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 days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Registered Note Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 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 this Condition.

## **8. Prescription**

Claims against the Issuer for payment in respect of the Notes and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## **9. Enforcement**

(a) *Winding Up:*

The holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is due and payable, whereupon the Final Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable if an order is

made or an effective resolution is passed for the Liquidation of the Issuer in Luxembourg (or such other jurisdiction in which the Issuer may be organised).

(b) *Non-Payment:*

If the Issuer does not make payment for a period of seven days or more after the due date for the payment of principal or for a period of 14 days or more after an Interest Payment Date, for the payment of interest due in respect of any of the Notes on such Interest Payment Date, any Noteholder may ask the relevant authorities to institute proceedings in Luxembourg (but not elsewhere) in accordance with Part II of the Resolution Law for the Liquidation of the Issuer.

Although the relevant authorities may take into account a request from a Noteholder to institute proceedings in Luxembourg for the Liquidation of the Issuer, they are not in any way bound to do so following the receipt of such a request or on any other basis. In determining whether to institute any such proceeding against the Issuer, the relevant authorities will act solely on the basis of their own discretion and in accordance with Luxembourg law. Subject to such request from a Noteholder as described in this Condition 9(b), a Noteholder shall not be able to take proceedings for the Liquidation of the Issuer.

(c) *Breach of Other Obligations:*

To the extent permitted by applicable law and by these Conditions, a Noteholder may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes or the Coupons (other than any payment obligation of the Issuer under or arising from the Notes or the Coupons, including, without limitation, payment of any principal or interest; *provided always* that such Noteholder shall not enforce, and shall not be entitled to enforce or otherwise claim, against the Issuer any judgment or other award given in such proceedings that requires the payment of money by the Issuer, whether by way of damages or otherwise, except by proving in a Liquidation of the Issuer).

(d) *Other Remedies:*

No remedy against the Issuer other than the institution of the proceedings referred to in Conditions 9(b) or (c) and the proving or claiming in any Liquidation of the Issuer, shall be available to the Noteholders or the Couponholders whether for the recovery of amounts owing in respect of the Notes or the Coupons or in respect of any breach by the Issuer of any other obligation, condition or provision binding on it under the Notes or the Coupons. This is without prejudice to any liability of the Issuer vis-à-vis a Noteholder or Couponholder if and to the extent damage is caused as a result of gross negligence or wilful default on the part of the Issuer in performing its obligations under these Conditions.

## **10. Meeting of Noteholders, Modifications and Substitution**

(a) *Meetings of Noteholders and Representation:*

Noteholders will belong to a masse (the "*Masse*") created, among other things, for the representation of their common interests pursuant to the provisions of the law of 10 August 1915 on commercial companies, as amended (*loi de 10 août 1915 concernant les sociétés commerciales, telle qu'elle a été modifiée*) (the "Luxembourg Company Law"). The discussion below is based on the Luxembourg Company Law in effect on the Issue Date. Any subsequent amendments to the relevant provisions of the Luxembourg Company Law may amend or modify the discussion below. A general meeting of the Noteholders (the "*Masse Meeting*") may appoint and determine the powers of one or more representatives (the "*Representatives*"). Where Representatives have been appointed, Noteholders may no longer individually exercise their rights against the Issuer. A *Masse Meeting* may be called at any time by the Representatives (if any) or the Board of Directors of the Issuer. The Representatives, provided an advance on expenses has been paid to them, or the Board of Directors must convene the *Masse Meeting* if called upon to do so by holders of Notes representing 5 per cent. or more of the Notes outstanding. All *Masse Meetings* shall be held at the place specified in the notice calling the meeting and such notice shall contain the agenda. The convening notices for *Masse Meetings* shall take the form of announcements filed with the register of commerce and companies and published in the central electronic platform of official publication for companies and associations (Recueil électronique des sociétés et associations) and in a Luxembourg newspaper at least fifteen days before the *Masse Meeting*. The convening notices shall be also communicated to the Noteholders holding their Notes under registered form at least eight days before the *Masse Meeting*, by post unless the addressees have individually agreed to receive the convening notices by way of another means of communication, and no evidence of compliance with such formality needs to be

given. In case all the Notes have been issued under registered form, convening notices for Masse Meetings may be made by registered letters only (or any other mean of communication individually accepted by a Noteholder) that need to be received at least eight days prior to the Masse Meeting by the Noteholders. Couponholders shall be deemed for all purposes to have gained knowledge of the contents of any notice given to the Noteholders. All Noteholders have the right to attend and vote at the *Masse Meeting* either personally or by proxy. The voting rights attached to the Notes are equal to the proportion of the amount of the outstanding Notes represented by the amount of the Note or Notes held by the relevant holder. A *Masse Meeting* may be called in the event of a merger involving the Issuer, may approve certain changes in the rights of the Noteholders and may, generally, determine any measures designed to ensure the defence of interests or the exercise of the rights of the Noteholders in accordance with the provisions of the Luxembourg Company Law. A *Masse Meeting* may deliberate validly without a quorum and by vote of a simple majority of Noteholders attending or represented at such *Masse Meeting* on the appointment and revocation of the Representatives, the revocation of special representatives appointed by the Issuer and the approval of any measures of a conservatory nature in the general interests of the Noteholders. On all other matters, the *Masse Meeting* may deliberate validly on first convocation only if Noteholders present or represented hold at least 50 per cent. of the Notes then outstanding. On second convocation no quorum is required. Decisions at such meetings shall be taken by a majority of 66 $\frac{2}{3}$  per cent. of the votes cast by Noteholders attending such meetings or represented thereat. Votes cast shall not include votes attaching to Notes in respect of which the Noteholder has not taken part in the vote or has abstained or has returned a blank or invalid vote.

*These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the applicable Pricing Supplement in relation to such Series.*

(b) *Modification of Agency Agreement:*

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders or any modification which is of a formal, minor or technical nature or is made to correct a manifest error.

(c) *Substitution:*

Subject to the provisions of this Condition the Noteholders and the Couponholders by subscribing to or purchasing any Notes or Coupons, expressly consent to the Issuer, or any previous substituted company, at any time provided the prior approval of the Regulator is obtained (if so required), substituting for itself as principal debtor under the Notes, the Coupons and the Talons any Subsidiary of the Issuer or the successor company of the Issuer or jointly and severally one or more companies to whom the Issuer has transferred all of its assets and business undertakings (in each case the "Substitute") provided that no payment in respect of the Notes, or the Coupons is at the relevant time overdue, no steps have been taken to admit the Issuer to a regime of suspension of payments (*sursis de paiement*) and (except in the case of a solvent reorganisation or amalgamation) no order has been made or resolution passed for the Liquidation of the Issuer. Such substitution effected in accordance with this Condition will release the Issuer or any previous substituted company and the Noteholders and Couponholders expressly consent hereto. The substitution shall be made by a written undertaking (the "Undertaking") to be substantially in the form scheduled to the Agency Agreement as Schedule 9B and may take place only if (i) the Substitute shall, by means of the Undertaking, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment, withholding, deduction or governmental charge which is imposed on it by (or by any taxing authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Coupon, Talon or the Undertaking and which would not have been so imposed had the substitution not been made, as well as against any tax duty, assessment or governmental charge, and any cost or expense, relating to the substitution; (ii) if the Substitute is a Subsidiary of the Issuer, the obligations of the Substitute under the Undertaking, the Notes and the Coupons shall be unconditionally and irrevocably guaranteed (subordinated to the same extent as set out in Condition 3)) by the Issuer or its successor or each of the companies to whom together the Issuer has transferred all of its assets and business undertakings (each a "Guarantor") (which shall be the same basis in respect of which Notes originally issued by the Issuer were subordinated) by means of a guarantee substantially in the form contained in the Undertaking (the "Guarantee"); (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Undertaking, the Notes, Coupons and Talons, represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Guarantee of the Guarantor have been taken, fulfilled and done and

are in full force and effect; (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it; (v) the Issuer shall have made available at the specified offices of the Fiscal Agent and the Paying Agent a certificate signed by two Directors of the Issuer stating that the preceding conditions of this Condition 10(c) and the other matters specified in the Undertaking have been fulfilled; (vi) if at the time the Notes are rated by a rating agency, the substitution does not affect adversely any such rating by such rating agency and (vii) the Issuer shall have given at least 30 days' prior notice of such substitution to the Noteholders, to be published in accordance with Condition 13 stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents. References in Condition 9 to obligations under the Notes shall be deemed to include obligations under the Undertaking, and, where the Undertaking contains a Guarantee, the Guarantee shall contain rights of enforcement in the same terms as Condition 9 relating to the Guarantor and its obligations under the Guarantee.

#### **11. Replacement of Notes, Registered Note Certificates, Coupons and Talons**

If a Note, Registered Note Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of a Fiscal Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Registered Note Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Registered Note Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the issuer on demand the amount payable by the Issuer in respect of such Notes, Registered Note Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Registered Note Certificates, Coupons or Talons must be surrendered before replacements will be issued.

#### **12. Further Issues**

Subject to the prior consent of the Regulator (if so required), the Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

#### **13. Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and for so long as the Registered Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, such notices shall in addition be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or as otherwise required by the rules of that exchange. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) except that for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, such notices shall be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or as otherwise required by the rules of that exchange. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have gained knowledge of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

#### **14. Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or

otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

## **15. Governing Law and Jurisdiction**

### *(a) Governing Law*

The Notes, the Coupons and the Talons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, the laws of Luxembourg.

### *(b) Jurisdiction:*

The courts of Luxembourg are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of Luxembourg and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Coupons and Talons.

## GENERAL CONDITIONS OF THE WARRANTS

*The following is the text of the General Conditions of the Warrants that, subject to completion of the applicable Final Terms in accordance with the Terms set out in the applicable Final Terms or in the case of Exempt Warrants only as completed, amended, supplemented, or varied by the applicable Pricing Supplement, shall be applicable to the Warrants. Either (i) the full text of these General Conditions together with the relevant provisions of the Final Terms for the Warrants or (ii) in the case of Exempt Warrants, these General Conditions as so completed, amended, supplemented or varied by the applicable Pricing Supplement (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on Warrants issued in definitive form. The terms and conditions applicable to any Warrant in global form will differ from those terms and conditions which would apply to the Warrants were they in definitive form to the extent described under "Summary of Provisions Relating to the Warrants while in Global Form" below. All capitalised terms that are not defined in these General Conditions will have the meanings given to them in the applicable Final Terms or Pricing Supplement for the Warrants. References in these Conditions to "Warrants" are to the Warrants of one Series only, not to all Warrants that may be issued under the Programme.*

Warrants issued under the Programme are issued in series (each a "Series") and each Series may comprise one or more tranches (each a "Tranche") of Warrants. If the Warrant issued under the Programme is a Warrant which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an "Exempt Warrant"), the final terms (or the relevant provisions thereof) are set out in the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the General Conditions, replace or modify the General Conditions for the purposes of this Warrant. Any reference in the General Conditions to "applicable Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" where relevant. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, to the extent implemented in the relevant Member State), and includes any relevant implementing measure in a relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

Each Tranche is the subject of a set of Final Terms ("Final Terms") which supplements these General Conditions (the "Terms"). The terms and conditions applicable to any particular Tranche of Warrants are the Terms as set out in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the applicable Final Terms, the applicable Final Terms shall prevail. Expressions used herein and not defined shall have the meaning given to them in the Terms. References in these General Conditions to "Calculation Agent" are to the Calculation Agent (if any) appointed in relation to the Warrants and specified in the Terms.

### 1. Form and Title

#### (a) Form

The Warrants are issued in bearer form.

#### (b) Title

Title to the Warrants shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Warrant shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating such holders.

In these General Conditions, "Warranholder" and "holder" mean the bearer of any Warrant.

### 2. Status

The Warrants represent unsubordinated and unsecured contractual obligations of the Issuer. The Warrants rank equally among themselves and, save for such exceptions as may be provided by applicable legislation, *pari passu* with all other unsecured and unsubordinated obligations of the Issuer.

*Subject to the application of the Resolution Law or the SRM, the Warrants may be subject to write-down or conversion by a relevant resolution authority which may result in the Warranholders losing some or all of their investment, as described in "Risk Factors – Regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes and/or Warrants".*



### **3. Exercise Rights**

#### *(a) Exercise Period—American Style Warrants*

If Automatic Exercise is not specified as applying in the applicable Final Terms, Warrants designated in the applicable Final Terms as "American Style" ("American Style Warrants") are exercisable on any Business Day, as specified in the applicable Final Terms, during the period from, but excluding, the Issue Date (and, as the case may be, if different from the Issue Date, the First Exercise Date as specified in the applicable Final Terms) to and including the Final Exercise Date (such period, the "Exercise Period") subject to prior termination of the Warrants as provided in Condition 5, Condition 6 and Condition 7.

If Automatic Exercise is specified as applying in the applicable Final Terms, American Style Warrants with respect to which no Exercise Notice (as defined in Condition 4(a)) has been delivered in the manner set out in Condition 4(a), at or prior to 10.00 a.m. (Luxembourg time) on the Final Exercise Date and which in the determination of the Calculation Agent is "In-The-Money", shall be exercised by the Calculation Agent on behalf of the relevant Warrantholder on the Final Exercise Date. The expression "exercise", "due exercise" and related expressions shall be construed to apply to any American Style Warrants to which Automatic Exercise applies in accordance with this provision.

#### *(b) Exercise Period—European Style Warrants*

If Automatic Exercise is not specified as applying in the applicable Final Terms, Warrants designated in the applicable Final Terms as "European Style" ("European Style Warrants") are exercisable on the Exercise Date or Exercise Dates (or, if such a day is not a day on which Euroclear and Clearstream, Luxembourg are open for business (an "Exercisable Business Day"), the next following such day) (each an "Exercise Date", the latest such Exercise Date being the "Final Exercise Date") subject to prior termination of the Warrants as provided in Condition 5, Condition 6 and Condition 7.

If Automatic Exercise is specified as applying in the applicable Final Terms, any European Style Warrant which in the determination of the Calculation Agent is "In-The-Money" on an Exercise Date, shall be automatically exercised by the Calculation Agent on behalf of the Warrantholders on such Exercise Date and the provisions of Condition 4 shall apply. The expression "exercise", "due exercise" and related expressions shall be construed to apply to any European Style Warrants to which Automatic Exercise applies in accordance with this provision.

#### *(c) Entitlement*

The rights attaching to each Warrant on exercise will be as set out in the applicable Final Terms.

#### *(d) Failure to Exercise*

Unless Automatic Exercise is specified in the applicable Final Terms, any Warrant with respect to which no Exercise Notice has been delivered to the Issuer in the manner set out in Condition 4, at or prior to 10.00 a.m. (Luxembourg time) on the relevant Final Exercise Date shall become void.

#### *(e) Definitions*

For the purposes of this Condition 3, "In-The-Money" means:

- (i) in the case of a Warrant to which cash settlement applies, the Cash Settlement Amount (as defined in Condition 4(b)) is greater than zero; and
- (ii) in the case of a Warrant to which physical settlement applies, the Assessed Value Payment Amount (as defined in Condition 6(e)) is greater than zero,

in each case in the determination of the Calculation Agent.

### **4. Exercise Procedure**

#### *(a) Exercise Notice*

Unless Automatic Exercise is specified in the applicable Final Terms, each Warrant may be exercised by presentation and surrender of such Warrant together with a duly completed exercise notice in writing (copies of which may be obtained from the specified office of the Issuer) (an "Exercise Notice") to the Issuer at its specified office (1) (in the case of American Style Warrants) not later than 10.00 a.m. (Luxembourg time) on any Business Day (the "Exercise Date") during the

Exercise Period or (2) (in the case of European Style Warrants) at any time after 10.00 a.m. (Luxembourg time) on the Exercisable Business Day immediately preceding the relevant Exercise Date but not later than 10.00 a.m. (Luxembourg time) on the relevant Exercise Date:

- (i) specifying the number of Warrants being exercised;
  - (ii) including an irrevocable undertaking to pay any applicable stamp duty, stamp duty reserve tax and/or other similar taxes or duties due by reason of the exercise of Warrants by such Warrantholder and an authorisation to the Issuer to deduct any such taxes or duties from the Cash Settlement Amount or Early Cancellation Amount, as the case may be, or any other amount payable by the Issuer in connection with the exercise of such Warrants (such taxes, duties or other amount payable, the "Warrantholder Expenses") and/or to debit a specified account with the Issuer in respect of such Warrantholder Expenses;
  - (iii) in the case of Physical Settlement, irrevocably instructing the Issuer to debit on the Exercise Date a specified account with the Issuer with the aggregate amount of the Exercise Prices in respect of the Warrants being exercised (together with any other amounts payable);
  - (iv) specifying the number of the account with the Issuer to be credited with any Cash Settlement Amount and any Early Cancellation Amount and any dividends payable pursuant to Condition 4(h);
  - (v) including the account details and/or name and address of any person into whose name evidence of the Share Amount is to be registered and/or any bank, broker or agent to whom documents evidencing title are to be delivered;
  - (vi) certifying that such Warrants are not being exercised by or on behalf of any U.S. persons, that payment or delivery with respect to duly exercised Warrants will not be made to, or for the account of, a U.S. person and that none of such Warrants was purchased by the holder in the United States; and
  - (vii) authorising the production of such certification in applicable administrative or legal proceedings.
- (b) *Cash Settlement*

(i) Index Linked Warrants

For each Warrant that is designated in the applicable Final Terms as relating to an Index (an "Index Linked Warrant"), the Issuer shall pay the Cash Settlement Amount less any Warrantholder Expenses (as defined in Condition 4(a)(ii)) which the Issuer is authorised to deduct, in accordance with Condition 11 on the Settlement Date specified in the applicable Final Terms.

The "Cash Settlement Amount" in respect of each Call Index Linked Warrant is an amount determined by the Calculation Agent as follows:

$$\frac{\text{IndexFinal}}{\text{IndexInitial}} - 1$$

provided that the Cash Settlement Amount shall not be less than zero.

(ii) ETF Linked Warrants

For each Warrant that is designated in the applicable Final Terms as relating to an exchange traded fund share or unit (an "ETF Linked Warrant") and where Cash Settlement is specified as applicable in the applicable Final Terms, the Issuer shall pay the Cash Settlement Amount less any Warrantholder Expenses (as defined in Condition 4(a)(ii)) which the Issuer is authorised to deduct, in accordance with Condition 11 on the Settlement Date specified in the applicable Final Terms.

The "Cash Settlement Amount" in respect of:

- (x) each Warrant designated in the applicable Final Terms as a Call ETF Linked Warrant is an amount determined by the Calculation Agent as follows:

$$\frac{\text{FinalPrice}}{\text{ClosingPrice}} - 1; \text{ and}$$

- (y) each Warrant designated in the applicable Final Terms as a Put ETF Linked Warrant is an amount determined by the Calculation Agent as follows:

$$\frac{\text{Strike Price} - \text{Final Price}}{\text{Closing Price}}$$

provided that, in the case of (x) and (y) above, the Cash Settlement Amount shall not be less than zero.

- (iii) Notional

For the purpose of sub-paragraph (i) and (ii) above, each Warrant shall be deemed to have a notional amount ("NA") of the amount specified as such in the applicable Final Terms and the Calculation Agent shall multiply such NA by the amount determined in accordance with the relevant formula above for the purpose of determining the Cash Settlement Amount due in respect of such Warrant.

(c) *Physical Settlement*

For each Warrant that is designated in the applicable Final Terms as relating to an exchange traded fund share or unit (an "ETF Linked Warrant") and where Physical Settlement is specified as applicable in the applicable Final Terms, the Issuer shall effect Physical Settlement, subject to payment to it of the Exercise Price and any applicable Warrantholder Expenses (as defined in Condition 4(a)(ii)), and deliver or cause delivery of the Share Amount for such duly exercised Warrant on the Settlement Date specified in the applicable Final Terms, such delivery to be made at the risk of the relevant Warrantholder provided however that, where Cash Floor is specified as applicable in the applicable Final Terms and the Underlying Performance is less than or equal to the Cash Floor Barrier Level, the Issuer shall pay the Cash Settlement Amount less any Warrantholder Expenses (as defined in Condition 4(a)(ii)) which the Issuer is authorised to deduct, in accordance with Condition 11 on the Settlement Date specified in the applicable Final Terms.

If Automatic Exercise and Cash Floor are each specified as applying in the applicable Final Terms, American Style Warrants with respect to which no Exercise Notice (as defined in Condition 4(a)) has been delivered in the manner set out in Condition 4(a), at or prior to 10.00 a.m. (Luxembourg time) on the Final Exercise Date shall be exercised by the Calculation Agent on behalf of the relevant Warrantholder on the Final Exercise Date and the Cash Settlement Amount paid in respect thereof.

The "Share Amount" in respect of each ETF Linked Warrant is a fraction of ETF Shares calculated in accordance with the following:

$$\frac{1}{\text{Parity}}$$

"Parity" is the number of Warrants required for the delivery of one ETF Share to the relevant Warrantholder and will be calculated in accordance with the following formula:

Underlying Option Price (expressed as percentage) multiplied by the Closing Price divided by the Issue Price.

The Parity will be determined by the Calculation Agent and notified to Warrantholders on the Initial Valuation Date in accordance with Condition 15.

For the purpose of determining the Share Amount deliverable in respect of the Warrants, Warrants held by the same Warrantholder will be aggregated. The aggregate Share Amount(s) to be delivered in respect of each such aggregated holding will be rounded down to the nearest whole unit of the ETF Share, in such manner as the Calculation Agent shall determine. Therefore, fractions of the ETF Share will not be delivered but in lieu thereof the Issuer shall pay to the Warrantholders in respect of their respective holding an additional amount in EUR equal to the fair market value of such fraction(s) in such manner as shall be determined by the Calculation Agent acting in good faith and in a commercially reasonable manner and notified to Warrantholders in accordance with Condition 15.

The Share Amount shall be delivered and evidenced in such manner as the Issuer determines to be customary for the ETF Shares or in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of any Warrantholder or any other person as the registered shareholder in respect of the ETF Shares comprised in any Share Amount in the register of members of the ETF Issuer.

(d) *Determination*

For the purpose of determining the Share Amount deliverable in respect of the Warrants or (as the case may be), the Cash Settlement Amount (where Cash Floor is specified as applicable in the applicable Final Terms), each Warrant shall be deemed to have a notional amount ("NA") of the amount specified as such in the applicable Final Terms and the Calculation Agent shall multiply such NA by the amount determined in accordance with the relevant formula above for the purpose of determining the Share Amount or (as the case may be) the Cash Settlement Amount due in respect of such Warrant.

Any determination as to whether an Exercise Notice is duly completed and in proper form and accompanied by the correct Warrants shall be made by the Issuer and shall be conclusive and binding on the Issuer, the Calculation Agent (if any) and the Warrantholder. Any Exercise Notice so determined to be incomplete or not in proper form shall be void. If such Exercise Notice is subsequently corrected to the satisfaction of the Issuer, it shall be deemed to be a new Exercise Notice submitted at the time the correction is delivered.

(e) *Effect of Exercise Notice*

Delivery of an Exercise Notice together with the surrender of one or more Warrants shall constitute an irrevocable election and undertaking by the relevant Warrantholder to exercise the Warrants so delivered and surrendered and specified in the Exercise Notice in the manner specified in the Exercise Notice.

(f) *Settlement Disruption*

If in respect of an ETF Linked Warrant and prior to delivery of the Share Amount in respect thereof, in the opinion of the Calculation Agent, a Settlement Disruption Event is subsisting, then the Settlement Date for such Warrant shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting.

For so long as delivery of any Share Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant by payment of the Early Cancellation Amount (as defined in Condition 7) not later than on the fifth Business Day following the date that notice of such election is given to the Warrantholders in accordance with Condition 15. Payment of the Early Cancellation Amount will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 15. The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 15 that a Settlement Disruption Event has occurred.

No Warrantholder or any other person shall be entitled to any payment in respect of a Warrant in the event of any delay in the delivery of any Share Amount relating thereto due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

(g) *Intervening Period*

With respect to Physical Settlement, for such period of time after the Exercise Date as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the ETF Shares comprising the relevant Share Amount (the "Intervening Period"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Warrantholder or any subsequent beneficial owner of such ETF Shares or any other person any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such ETF Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such ETF Shares during the Intervening Period or (iii) be under any liability to the relevant Warrantholder or any subsequent beneficial owner of such ETF Shares or any other person in respect of any loss or damage which the relevant Warrantholder or subsequent beneficial owner or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such ETF Shares during such Intervening Period.

(h) *Dividends*

Any dividend in respect of any Share Amount to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the ETF Shares executed on the Exercise Date and to be delivered in the same manner as such Share Amount. Any such dividend to be paid to a Warrantholder shall be paid to the account specified in the relevant Exercise Notice.

(i) *Exercise and Settlement Risk*

Exercise and settlement of the Warrants is subject to all applicable laws, regulations and practices in force on the Exercise Date or Settlement Date, as the case may be, and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices.

**5. Adjustment Provisions in relation to Index Linked Warrants**

(a) *Market Disruption*

"Market Disruption Event" means the occurrence or existence of (1) at any time during the one hour period that ends at the relevant Valuation Time (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, or (2) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists at any time, if a Market Disruption Event occurs in respect of a Component Security included in the Index at any time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that Component Security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event. For the purposes of determining whether a Market Disruption Event in respect of the Index exists at any time, if a Market Disruption Event occurs in respect of a Component Security included in such Index at any time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (i) the portion of the level of such Index attributable to that Component Security and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event. The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 15 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been a Valuation Date.

(b) *Adjustments to an Index*

(i) Successor Index Sponsor Calculates and Reports the Index

If the Index is:

- (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent; or
- (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then in each case that Index (the "Successor Index") will be deemed to be the Index.

(ii) Modification and Cessation of Calculation of the Index

If, in the determination of the Calculation Agent,

- (A) on or prior to the last Valuation Date, the Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an "Index Modification"); or
- (B) the Index Sponsor permanently cancels the Index and no Successor Index exists (an "Index Cancellation"); or

- (C) on any Valuation Date, the Index Sponsor or (if applicable) the successor sponsor fails to calculate and announce the Index (an "Index Disruption" and, together with an Index Modification and an Index Cancellation, each an "Index Adjustment Event");

then the Issuer may take the action in (x) or (y) below:

- (x) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Warrants and, if so, shall calculate the relevant Index Level using, in lieu of a published level for the Index, the level for the Index as at the Valuation Time on that Valuation Date as determined by the Calculation Agent which will be determined in accordance with the formula for and method of calculating the Index last in effect prior to the change, failure or cancellation, but using only those Component Securities that comprised the Index immediately prior to that Index Adjustment Event; or
- (y) on giving notice to Warrantholders in accordance with Condition 15, cancel all but not some only of the Warrants, each Warrant being cancelled by payment of the Early Cancellation Amount.

(iii) Notice

The Calculation Agent shall, as soon as practicable, notify the Issuer of any determination made by it pursuant to paragraph (b) above and the action proposed to be taken in relation thereto.

(c) *Correction of Index Level*

With the exception of any corrections published after the day which is three Exchange Business Days prior to the Settlement Date, if the level of the Index published on a given day and used or to be used by the Calculation Agent to make any determination under the Warrants, is subsequently corrected and the correction published by the Index Sponsor, Exchange or Related Exchange within one Settlement Cycle after the original publication, the level to be used for calculation of any relevant value in relation to the Warrants shall be the level of the Index as so corrected and the Calculation Agent may make any relevant adjustment to the Conditions or any subsequent amount payable under the Warrants to account therefor, as the Calculation Agent determines appropriate in good faith and in a commercially reasonable manner.

(d) *Additional Disruption Events*

"Additional Disruption Event" means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow.

Consequences of an Additional Disruption Event

- (i) If an Additional Disruption Event occurs, the Issuer acting in good faith and in a commercially reasonable manner may either:
  - (A) require the Calculation Agent to determine acting in good faith and in a commercially reasonable manner the appropriate adjustment, if any, to be made to any of the terms of the Warrants to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (B) cancel the Warrants by giving notice to the Warrantholders in accordance with Condition 15. If the Warrants are so cancelled, the Issuer will pay each Warrantholder the Early Cancellation Amount in respect of each Warrant held such Warrantholder him determined taking into account the Additional Disruption Event. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 15.
- (ii) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 15 stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event or the proposed action.

(e) *Index Disclaimer*

The Warrants are not sponsored, endorsed, sold or promoted by the Index or the Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Warrants. The Issuer shall have no liability to the Warrantholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Neither the Issuer nor its Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

(f) *Definitions*

"Affiliate" means, in relation to any entity (the "First Entity"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "control" means ownership of a majority of the voting power of an entity or person or, if the Calculation Agent determines appropriate, the power to direct or cause the direction of the management and policies of the First Entity, whether by contract, or otherwise.

"Bloomberg Screen" shall mean, when used in connection with any designated page specified in the applicable Final Terms, the display page so designated on the Bloomberg service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, in all cases for the purpose of displaying comparable rates in succession thereto).

"Cash Floor Barrier Level" means the percentage specified as such in the applicable Final Terms.

"Change in Law" means that, on or after the Trade Date (as specified in the applicable Final Terms):

- (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or
- (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Calculation Agent determines acting in good faith and in a commercially reasonable manner that (i) it has become illegal for any Hedging Party to hold, acquire or dispose of any relevant hedging arrangements relating to a Component Security or the relevant hedge positions relating to the Index and/or (ii) any Hedging Party will incur a materially increased cost in performing its obligations in relation to the Warrants (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer, any of its Affiliates or any Hedging Party).

"Clearance System" means in respect of any security or asset comprised in the Index the principal domestic clearance system customarily used for setting trades in that security or asset.

"Clearance System Business Day" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a settlement disruption event, would have been) open for acceptance and execution of settlement instructions.

"Closing Level" means an amount equal to the official closing level of the Index as published by the Index Sponsor as determined by the Calculation Agent.

"Component Security" means each and any component security or asset of the Index.

"Disrupted Day" means any day which is any Scheduled Trading Day on which: (A) the Exchange or the Related Exchange fails to open for trading during their regular trading session or (B) a Market Disruption Event has occurred.

"Early Closure" means the closure on any Exchange Business Day of the relevant Exchange(s) relating to Component Securities that comprise 20 per cent. or more of the level of the Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time that would apply to the determination of a Closing Level on such Exchange Business Day.

"Exchange" means the exchange or quotation system specified for the Index in the applicable Final Terms or if no such exchange or quotation system is specified for the Index in the Final Terms, the exchange or quotation system on which all or substantially all relevant Component Securities are listed (being for the avoidance of doubt, where any Component Security has more than one listing, the exchange or quotation system used by the relevant Index Sponsor for the purposes of valuing the relevant price of such Component Security) or, in each case, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Component Securities comprising the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity in relation to the Component Securities comprising the Index on such temporary substitute exchange or quotation system as on the original Exchange).

"Exchange Business Day" means any Scheduled Trading Day on which (a) the Exchange and each relevant Related Exchange (if any) in respect of the Index is open for trading during its regular trading session, notwithstanding the Exchange or any relevant Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Disruption" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values on any relevant Exchange(s) relating to Component Securities that comprise 20 per cent. or more of the level of the Index or, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the Index on any relevant Related Exchange.

"Final Valuation Date" means the date specified as the Final Valuation Date in the applicable Final Terms, which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Conditions.

"Hedging Disruption" means that any Hedging Party is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge any relevant price risk, including but not limited to the currency risk, of the Issuer issuing and performing its obligations with respect to the Warrants, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by Calculation Agent.

"Hedging Party" means, at any relevant time, the Issuer or any Affiliate(s) or any entity (or entities) providing the Issuer directly or indirectly with hedging arrangements in relation to the Warrants as the Issuer may select at such time.

"Hedging Shares" means the number of Component Securities comprised in an Index that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Warrants.

"Increased Cost of Hedging" means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Warrants, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the



creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"Increased Cost of Stock Borrow" means that the Hedging Party would incur a rate to borrow any Component Security comprised in the Index that is greater than the Initial Stock Loan Rate.

"Index" means, subject to adjustment in accordance with these Conditions, the equity index specified in the applicable Final Terms and related expressions shall be construed accordingly.

"Index Final" means the Index Level as of the Final Valuation Date

"Index Initial" means the Index Level as of the Initial Valuation Date.

"Index Level" means the Closing Level of the Index.

"Index Sponsor" means, in relation to the Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a regular basis, which as of the Issue Date of the Warrants is the index sponsor specified for such Index in the applicable Final Terms.

"Initial Stock Loan Rate" means, in respect of the relevant Component Security, the rate which the Hedging Party would have incurred to borrow such Component Security on any Relevant Market as of the Trade Date, as determined by the Calculation Agent.

"Initial Valuation Date" means the date specified as the Initial Valuation Date in the applicable Final Terms, which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Conditions.

"Loss of Stock Borrow" means that the Hedging Party is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Component Securities comprised in the Index in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"Maximum Stock Loan Rate" means in respect of the relevant Component Security, the lowest rate which the Hedging Party, after using commercially reasonable efforts, would have incurred to borrow such Component Security in the Relevant Market, in an amount equal to the Hedging Shares, as of the Trade Date, as determined by the Calculation Agent.

"Related Exchange" means the exchange specified in the applicable Final Terms or if no such exchange is specified in the applicable Final Terms, each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Index, any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index, on such temporary substitute exchange or quotation system as on the original Related Exchange).

"Relevant Market" means, for the purpose of determining any value or other amount pursuant to these Conditions, any relevant quotation system, exchange, dealing system, screen page, over-the-counter derivatives or other market which the Calculation Agent determines appropriate for such purpose and which it may select taking into account hedging arrangements of the Issuer and/or its Affiliates for the Warrants.

"Reuters Screen" shall mean, when used in connection with any designated page, specified in the applicable Final Terms, the display page so designated on the Reuters Money Market Rate Services or such other services or service as may be nominated as the information vendor for the purpose of displaying the specific page on that service or such other page as may be replace that page on that service or such other service, in all cases for the purpose of displaying comparable rates in succession thereto.

"Scheduled Closing Time" means, in respect of the Exchange or an Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"Scheduled Trading Day" means any day on which the Exchange and each Related Exchange (if any) is scheduled to be open for trading during its regular trading session.

"Scheduled Valuation Date" means any original date that, but for the occurrence of an event issuing a Disrupted Day would have been a Valuation Date.

"Settlement Cycle" means the period of Clearance System Business Days following a trade in the securities underlying the Index on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

"Trade Date" means the date specified as such in the applicable Final Terms.

"Trading Disruption" means any suspension of or limitation imposed on trading by the Exchange or relevant Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or relevant Related Exchange or otherwise (a) relating to Component Securities that comprise 20 per cent. or more of the level of the Index on the Exchange or (b) in futures or options contracts relating to the Index on any relevant Related Exchange.

"Valuation Date" means the Initial Valuation Date and the Final Valuation Date and otherwise in accordance with the above provisions or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of eight consecutive Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Index Level by determining the level or price of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security or asset comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or asset on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security or asset as of the Valuation Time on that eighth Scheduled Trading Day).

"Valuation Time" means the official close of trading on the Exchange.

## **6. Adjustment Provisions in relation to ETF Linked Warrants**

### *(a) Market Disruption*

"Market Disruption Event" means the occurrence or existence of (1) at any time during the one hour period that ends at the official close of trading on the Exchange (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, or (2) an Early Closure.

The Calculation Agent shall give notice as soon as practicable to the Warrantheolders in accordance with Condition 15 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been a Valuation Date.

### *(b) Correction of ETF Share Price*

With the exception of any corrections published after the day which is five (5) Exchange Business Days prior to the Settlement Date, if the price of the ETF Share published on a given day and used or to be used by the Calculation Agent to make any determination under the Warrants, is subsequently corrected and the correction published by the relevant Exchange within one Settlement Cycle after the original publication, the level to be used for calculation of any relevant value in relation to the Warrants shall be the price of the ETF Share as so corrected and the Calculation Agent may make any relevant adjustment to the Conditions or any subsequent amount payable under the Warrants to account therefor, as the Calculation Agent determines appropriate in good faith and in a commercially reasonable manner.

### *(c) Potential Adjustment Events*

"Potential Adjustment Event" means in respect of ETF Shares any of the following:

- (i) a subdivision, consolidation or reclassification of relevant ETF Shares (unless resulting in a Merger Event or a Tender Offer) or a free distribution or dividend of any such ETF Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant ETF Shares of (A) such ETF Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the ETF equally or proportionately with such payments to holders of such ETF Shares or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the ETF, as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or certificates or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a repurchase by the ETF Issuer or any of its subsidiaries of ETF Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (v) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant ETF Shares.

Following the declaration by the ETF Issuer of the terms of any Potential Adjustment Event, the Calculation Agent will, acting in good faith and in a commercially reasonable manner, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the ETF Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or both of (a) the Share Amount and/or (b) any of the other terms of the Conditions and/or the applicable Final Terms as the Calculation Agent acting in good faith and in a commercially reasonable manner determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant ETF Share) and (ii) determine the effective date of that adjustment. In its determinations of the existence and extent of any dilutive or concentrative effect on the theoretical value of the ETF Shares relating to any Potential Adjustment Event, and any related adjustments to the terms of the Warrants, the Calculation Agent may take into account any amounts of Local Taxes that would, in the determination of the Calculation Agent, be withheld from or paid or otherwise incurred by an Offshore Investor in connection with such Potential Adjustment Event. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the ETF Shares traded on that options exchange.

Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall give notice as soon as reasonably practicable under the circumstances to (i) the Issuer, and (ii) the Warrantheolders in accordance with Condition 15 stating the adjustment to (a) any Share Amount and/or (b) any of the other terms of the Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event, provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Potential Adjustment Event.

(d) *Additional Disruption Events*

"Additional Disruption Event" means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Insolvency, De-Listing, Merger Event, Tender Offer, Nationalisation, and/or ETF Event.

Consequences of an Additional Disruption Event

- (i) If an Additional Disruption Event occurs, the Issuer acting in good faith and in a commercially reasonable manner may either:
  - (A) require the Calculation Agent to determine acting in good faith and in a commercially reasonable manner the appropriate adjustment, if any, to be made to any of the terms of the Warrants to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (B) cancel the Warrants by giving notice to the Warrantheolders in accordance with Condition 17. If the Warrants are so cancelled, the Issuer will pay each Warrantheolder the Early Cancellation Amount, in respect of each Warrant held by such Warrantheolder determined taking into account the Additional Disruption

Event. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 15.

- (ii) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 15 stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event or the proposed action.

(e) *Definitions*

"Affiliate" means, in relation to any entity (the "First Entity"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "control" means ownership of a majority of the voting power of an entity or person or, if the Calculation Agent determines appropriate, the power to direct or cause the direction of the management and policies of the First Entity, whether by contract, or otherwise.

"Assessed Value Payment Amount" means, in respect of an ETF Linked Warrant, an amount determined by the Calculation Agent to be the fair market value of the ETF Shares comprised in the Share Amount in respect of such ETF Linked Warrant at the relevant time of determination of the Assessed Value Payment Amount less the applicable Warrantholder Expenses and Exercise Price less the cost to the Issuer and/or Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer.

"Bloomberg Screen" shall mean, when used in connection with any designated page, specified in the applicable Final Terms, the display page so designated on the Bloomberg service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, in all cases for the purpose of displaying comparable rates in succession thereto).

"Change in Law" means that, on or after the Trade Date (as specified in the applicable Final Terms):

- (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or
- (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Calculation Agent determines acting in good faith and in a commercially reasonable manner that (i) it has become illegal for any Hedging Party to hold, acquire or dispose of the relevant hedge positions relating to the Exchange Traded Fund and/or (ii) any Hedging Party will incur a materially increased cost in performing its obligations in relation to the Warrants (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer any of its Affiliates or any Hedging Party).

"Clearance System" means in respect of any security or asset comprised in the ETF the principal domestic clearance system customarily used for setting trades in that security or asset or the ETF.

"Clearance System Business Day" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a settlement disruption event, would have been) open for acceptance and execution of settlement instructions.

"Closing Price" means the official closing price of the ETF Share quoted on the Exchange on the Initial Valuation Date as determined by or on behalf of the Calculation Agent.

"De-Listing" means, in respect of the ETF Shares, the Exchange announces that pursuant to the rules of such Exchange, such ETF Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or a Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

"Disrupted Day" means any day which is (i) any Scheduled Trading Day on which a Market Disruption Event has occurred, or (ii) the Exchange or any Related Exchange fails to open during its regular trading session.

"Early Closure" means the closure on any Exchange Business Day of the Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange(s) on such Exchange Business Day at one hour prior to the earlier of (a) the actual closing time for the regular trading session on the Exchange or Related Exchange and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time that would apply to the determination of a Closing Price on such Exchange Business Day.

"ETF" means (in respect of the ETF Share) an Exchange Traded Fund.

"ETF Event" means, in respect of the Exchange Traded Fund and/or the ETF Shares in respect of such Exchange Traded Fund, the occurrence or existence, at any time, in respect of such Exchange Traded Fund or ETF Shares, as the case may be, of any of the following, as determined by the Calculation Agent:

- (i) the Exchange Traded Fund is dissolved or the Exchange Traded Fund or ETF Shares cease to exist;
- (ii) any voluntary or involuntary liquidation, bankruptcy, insolvency or analogous proceedings are commenced with respect to the Exchange Traded Fund or a resolution is proposed for the winding up or dissolution of the Exchange Traded Fund;
- (iii) the Exchange Traded Fund is reclassified, consolidated, amalgamated or merged with another fund whose investment objective(s), risk profile and/or investment benchmark(s) is or are deemed by the Calculation Agent to be different from the investment objective(s), risk profile and/or benchmark(s) that applied to the Exchange Traded Fund as at the Trade Date, or a resolution or other decision is proposed to effect any such reclassification, consolidation, amalgamation or merger;
- (iv) the Exchange Traded Fund consolidates, amalgamates or merges with any other fund such that the Exchange Traded Fund is not the continuing entity, the Exchange Traded Fund changes its form or a resolution or other decision is proposed to effect any such consolidation, amalgamation, merger or change;
- (v) there is a change or any announcement regarding such change that in the opinion of the Calculation Agent is material in the investment objective(s), investment restrictions, investment process, investment guidelines, risk profile, or investment benchmark(s) of the Exchange Traded Fund (howsoever described, including the underlying type of assets in which the ETF invests), the information about the Exchange Traded Fund disclosed in the Fund Documents, any additional public statement of information concerning the Exchange Traded Fund or any rule, law, regulation, similar guideline or other document governing the activities of the Exchange Traded Fund or a resolution or other decision is proposed to effect any such material change;
- (vi) any event occurs which is likely to have a material adverse effect on the solvency or liquidity of the Exchange Traded Fund as well as the value of the ETF Shares, including, but not limited to, any material litigation concerning the Exchange Traded Fund between any holders of the ETF Shares and the Exchange Traded Fund or the Exchange Traded Fund and any Fund Service Provider;
- (vii) there is any restriction under the constitution of the Exchange Traded Fund or the law of the jurisdiction in which the Exchange Traded Fund is incorporated that is likely to prevent a Hedging Party subscribing for ETF Shares or as a result of which a Hedging Party is likely to be required to redeem any ETF Shares;
- (viii) the activities of the Exchange Traded Fund or any Fund Service Provider are placed under review by its regulators for reasons of wrongdoing, breach of any rule or regulation or similar reason;
- (ix) a Fund Service Provider ceases to act in such capacity in relation to the ETF (including by way of Merger Event or Tender Offer) and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent; and/or any event occurs which causes, or will with the passage of time (in the opinion of the Calculation Agent)

cause, the failure of the ETF and/or any Fund Service Provider to meet or maintain any obligation or undertaking under the Fund Documents which failure is reasonably likely to have an adverse impact on the value of the ETF Shares or on the rights or remedies of any investor therein;

- (x) an Exchange announces that pursuant to the rules of such Exchange, ETF Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union);
- (xi) the ETF ceases to be an undertaking for collective investments under the legislation of its relevant jurisdiction, provided that on the relevant Issue Date, the ETF was such an undertaking and any such cessation would, in the sole and absolute discretion of the Calculation Agent, have a material adverse effect on any investor in such ETF Shares;
- (xii) all the shares or all the assets or substantially all the assets of the Exchange Traded Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;
- (xiii) any subscription or redemption orders with respect to the ETF Shares are not executed as described in the Fund Documents;
- (xiv) any suspension or delay of the calculation or publication of the net asset value of the Exchange Traded Fund or ETF Shares or any failure by any Fund Service Provider to deliver when due any relevant report detailing the net asset value of the Exchange Traded Fund;
- (xv) the increase of, or introduction by the Exchange Traded Fund of, charges for dealings in ETF Shares; or
- (xvi) changes in the regulatory, tax, accounting and/or another treatment applicable to the Exchange Traded Fund and/or which might reasonably be expected to have an economic, legal or regulatory impact on a holder of ETF Shares.

"ETF Issuer" means, in respect of an Exchange Traded Fund, the entity specified in the applicable Final Terms as the issuer of that Exchange Traded Fund.

"ETF Share" means, in respect of an Exchange Traded Fund, the share, unit or other interest or unit of holding in the ETF Issuer (including, without limitation, any debt security) specified in the applicable Final Terms.

"Exchange" means in respect of the ETF Share, each exchange or quotation system specified as such for such ETF Share in the applicable Final Terms or, if none is specified, the principal exchange or quotation system for trading in such ETF Share, as determined by the Calculation Agent, any successor to such Exchange or quotation system or any substitute exchange or quotation system to which trading in the ETF Share has temporarily relocated, provided that the Calculation Agent has determined that there is comparable liquidity relative to such ETF Share on such temporary substitute exchange or quotation system as on the original Exchange.

"Exchange Business Day" means any Scheduled Trading Day on which the relevant Exchange and each relevant Related Exchange (if any) in respect of the ETF is open for trading during its regular trading session, notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Disruption" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for ETF Shares on the Exchange, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant ETF Shares on any relevant Related Exchange.

"Exchange Traded Fund" means the fund that is specified in the applicable Final Terms as an ETF.

"Final Price" means the official closing price of the ETF Share quoted on the Exchange on the Final Valuation Date as determined by or on behalf of the Calculation Agent.

"Final Valuation Date" means the date specified as the Final Valuation Date in the Final Terms, which shall be deemed to be a Valuation Date for the purposes of determining the

consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Conditions.

"Fund Documents" means, in respect of an Exchange Traded Fund, the constitutive and governing documents of that Exchange Traded Fund, the prospectus or offering document relating to the Exchange Traded Fund and the ETF Shares, and any subscription or other agreements of the Exchange Traded Fund specifying the terms and conditions relating to the Exchange Traded Fund, each as amended from time to time.

"Fund Service Provider" means, in respect of an Exchange Traded Fund, any person or entity from time to time appointed to provide services, directly or indirectly, in respect of such Exchange Traded Fund, as investment advisor, manager, administrator, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar, domiciliary agent, sponsor, general partner or transfer agent in respect of that Exchange Traded Fund.

"Hedging Disruption" means that any Hedging Party is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge any relevant price risk, including but not limited to the currency risk, of the Issuer issuing and performing its obligations with respect to the Warrants, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by Calculation Agent.

"Hedging Party" means, at any relevant time, the Issuer or any Affiliate(s) or any entity (or entities) providing the Issuer directly or indirectly with hedging arrangements in relation to the Warrants as the Issuer may select at such time.

"Increased Cost of Hedging" means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Warrants, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"Initial Valuation Date" means the date specified as the Initial Valuation Date in the applicable Final Terms, which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Conditions.

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the ETF (i) all the ETF Shares of that ETF are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the ETF Shares of that ETF become legally prohibited from transferring them.

"Local Taxes" shall mean taxes, duties and similar charges imposed by the taking authority of the country in which the ETF Issuer has been incorporated or in which the Exchange is located.

"Merger Date" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"Merger Event" means, in respect of the ETF Shares, any (i) reclassification or change of such ETF Shares that results in a transfer of or an irrevocable commitment to transfer all of such ETF Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a ETF with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such ETF is the continuing entity and which does not result in a reclassification or change of all of such ETF Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding ETF Shares of the ETF that results in a transfer of or an irrevocable commitment to transfer all such ETF Shares (other than such ETF Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the

ETF or its sub-funds with or into another entity in which the ETF is the continuing entity and which does not result in a reclassification or change of all such ETF Shares outstanding but results in the outstanding ETF Shares (other than ETF Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding ETF Shares immediately following such event, in each case if the Merger Date is on or before the relevant Settlement Date.

"Nationalisation" means that all the ETF Shares or all or substantially all the assets of the ETF are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"Offshore Investor" shall mean a holder of ETF Shares who is an institutional investor not resident in the country in which the ETF Issuer has been incorporated or in which the relevant Exchange is located (the "Local Jurisdiction"), for the purposes of the tax laws and regulations of the Local Jurisdiction and, for the avoidance of doubt, whose jurisdiction of residence (i) shall be determined by the Calculation Agent acting in good faith and in a commercially reasonable manner and (ii) may be the jurisdiction of a Hedging Party.

"Related Exchange" means, each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the EFF, any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such ETF has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such ETF, on such temporary substitute exchange or quotation system as on the original Related Exchange).

"Reuters Screen" shall mean, when used in connection with any designated page, specified in the applicable Final Terms, the display page so designated on the Reuters Money Market Rate Services or such other services or service as may be nominated as the information vendor for the purpose of displaying the specific page on that service or such other page as may be replace that page on that service or such other service, in all cases for the purpose of displaying comparable rates in succession thereto.

"Scheduled Closing Time" means, in respect of the Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"Scheduled Trading Day" means any day on which the Exchange and each Related Exchange (if any) is scheduled to be open for trading during its regular trading session.

"Scheduled Valuation Date" means any original date that, but for the occurrence of an event issuing a Disrupted Day would have been a Valuation Date.

"Settlement Cycle" means the period of Clearance System Business Days following a trade in the securities underlying the ETF on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

"Strike Price" means the percentage of the Closing Price specified in the applicable Final Terms.

"Tender Offer" means, as determined by the Calculation Agent, acting in a commercially reasonable manner, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the ETF, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

"Trade Date" means the date specified as such in relation to ETF Linked Warrants in the applicable Final Terms.

"Trading Disruption" means any suspension of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (a) relating to the ETF Shares on any relevant Exchange(s) or (b) in futures or options contracts relating to such ETF Shares on any relevant Related Exchange.



"Underlying Performance" means [an amount expressed as a percentage determined by the Calculation Agent to be equal to the official closing price of the ETF Share quoted on the Exchange on the Exercise Date as determined by or on behalf of the Calculation Agent divided by the Exercise Price.]

"Underlying Option Price" is the price of the underlying option as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner as of the Initial Valuation Date using a market standard valuation model.

"Valuation Date" means date(s) specified in the applicable Final Terms and otherwise in accordance with the above provisions or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight consecutive Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Closing Price by determining the price of the ETF Share as of the Valuation Time on the last such consecutive Scheduled Trading Day using the Exchange traded or quoted price as of the Scheduled Closing Time on the last such consecutive Scheduled Trading Day.

## **7. Illegality**

The Issuer shall have the right to terminate the Warrants, by giving notice to the Warrantholders and any Calculation Agent appointed in relation to the Warrants, if it determines in good faith that its performance thereunder has become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative or judicial authority or power ("Applicable Law"). In such circumstances, the Issuer will, however, if and to the extent permitted by Applicable Law, cause to be paid to each Warrantholder in respect of each such Warrant held by it the Early Cancellation Amount. The Issuer shall notify the Warrantholders of the termination in accordance with the procedure set out in Condition 15. Payment will be made to the Warrantholders in accordance with the procedures described in Condition 11 or in such other manner as shall be notified to the Warrantholders.

"Associated Costs" means, in respect of a Warrant, an amount equal to such Warrant's pro rata share of the total amount of any and all Costs associated or incurred by the Issuer, any Affiliate and/or Hedging Party (as applicable) in connection with such early cancellation, including, without limitation, any Costs associated with unwinding, substituting, re-establishing and/or incurring any funding relating to the Warrants and any Costs associated with unwinding, substituting, re-establishing and/or incurring any hedge positions relating to the Warrant, all as determined by the Issuer or, if a Calculation Agent has been appointed for the Warrants, the Calculation Agent.

"Costs" means costs, losses, expenses, taxes and/or duties including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties (together with any interest additions to tax or penalties applicable thereto and any interest in respect of such additions or penalties).

"Early Cancellation Amount" means, in respect of a Warrant, the fair market value of such Warrant plus any Exercise Price paid in respect of such Warrant, less any Associated Costs, as determined by the Issuer or, if a Calculation Agent has been appointed for the Warrants, the Calculation Agent as representing the fair market value of such Warrant immediately prior to such termination (ignoring any such illegality, in the event of early cancellation due to illegality). For the purpose of determining the Early Cancellation Amount for the purpose of Condition 11, no account shall be taken of the financial condition of the Issuer which shall be presumed to be able to perform fully its obligations in respect of the Warrants.

## **8. Purchase by the Issuer**

The Issuer may at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased will be surrendered for cancellation and may not be reissued or resold.

## **9. Minimum Number of Warrants Exercisable**

If a Minimum Exercise Number is specified in the relevant Terms, the Warrants may not be exercised in a number less than the Minimum Exercise Number or such multiples in which such Warrants may be exercised in accordance with the relevant Terms.

## **10. Maximum Exercise of Warrants**

If Warrants are designated in the relevant Terms as "American Style" and a Maximum Exercise Number is specified in the relevant Terms, then if following any Exercise Date other than the Final Exercise Date the Issuer determines that more than the Maximum Exercise Number of Warrants (the "Quota") were exercised on such Exercise Date by a single Warrantheader or a group of Warrantheaders, then the Issuer may deem the Valuation Date for the first Quota of such Warrants exercised by such Warrantheader or group of Warrantheaders to be the originally applicable Valuation Date for Warrants exercised on such Exercise Date, and the Valuation Date for each additional Quota of Warrants (or part thereof, in the case of the last amount) exercised by such Warrantheader or group of Warrantheaders to be the respective Valuation Dates applicable to each succeeding date following such Exercise Date on which such Warrants could have been exercised, until all such Warrants exercised on such Exercise Date by such Warrantheader or group of Warrantheaders have been given a Valuation Date. In any case where more than the Quota of Warrants are so exercised on the same day by a Warrantheader or group of Warrantheaders acting in concert, the order of settlement in respect of such Warrants shall be at the discretion of the Issuer. Notwithstanding the foregoing, the Issuer may, at any time, in its discretion, accept more than the Quota of Warrants for exercise on any Exercise Date.

## **11. Payments**

Payments of the Cash Settlement Amount and any other amounts due in respect of the Warrants shall be made against presentation and surrender of the relevant Warrants at the specified office of the Issuer on the Settlement Date by a cheque payable in the currency in which such payment is due drawn on, or at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre for that currency; provided that, in the case of payment in Japanese yen to a non-resident of Japan, the transfer shall be to a non-resident Japanese yen account with an authorised foreign exchange bank.

All payments are subject in all cases to any withholding or deduction required pursuant to (i) an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, 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 any law implementing an intergovernmental approach thereto or (ii) Section 871(m) of the Code ("871(m) Withholding"). In addition, in determining the amount of 871(m) Withholding imposed with respect to any amounts to be paid on the Warrants, the Issuer shall be entitled to withhold on any "dividend equivalent" (as defined for purposes of Section 871(m) of the Code) at the highest rate applicable to such payments regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law.

## **12. Replacement of Warrants**

If a Warrant is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Issuer or specified office of such agent of the Issuer as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Warrantheaders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Warrant is subsequently presented for exercise or payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Warrants) and otherwise as the Issuer may require. Mutilated or defaced Warrants must be surrendered before replacements will be issued.

## **13. Issuer's Specified Office and the Calculation Agent**

### *(a) Changes in Specified Office or Calculation Agent*

The specified office of the Issuer is set out at the foot of these General Conditions. The Issuer reserves the right at any time to change its specified office or to vary or terminate the appointment of any Calculation Agent appointed for the Warrants and to appoint other or additional Calculation Agents, provided that there will always be a Calculation Agent (which may be the Issuer) where so required by the Terms. Notice of any variation or termination of appointment and of any changes in

the specified office of the Issuer or Calculation Agent will be given to the Warrantheolders in accordance with the procedures set out in Condition 15. The Calculation Agents are acting solely as agents of the Issuer and do not assume any obligations or duty to, or any relationship of agency or trust for or with, the Warrantheolders.

(b) *Calculation Agent*

All calculation functions required of the Calculation Agent under these Conditions and any Warrant may be delegated to any such person as the Calculation Agent, in its absolute discretion, may decide.

(c) *Calculations*

The Calculation Agent shall have no responsibility for errors or omissions in any calculations and determinations made hereunder and all such calculations and determinations shall (save in the case of manifest error) be final and binding on the Issuer and the Warrantheolders.

(d) *Determinations by the Issuer*

Any determination made by the Issuer pursuant to the Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Warrantheolders.

#### **14. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Warrantheolders to create and issue further Warrants so as to form a single series with the Warrants.

#### **15. Notices**

All notices to Warrantheolders will be valid if published in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the Issuer's Website ([www.bil.com](http://www.bil.com)) except that for so long as the Warrants are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, such notices shall be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or as otherwise required by the rules of that exchange. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first such publication.

#### **16. Taxation**

The Issuer will not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or exercise of any Warrants.

#### **17. Prescription**

Claims in relation to the Warrants shall become void unless such claims are made within 10 years of the appropriate Relevant Date.

"Relevant Date" means the date on which the Cash Settlement Amount or Share Amount, as the case may be, first becomes due, except that, if the full amount of the moneys payable or the full amount of ETF Shares, as the case may be, has not been duly received by a Warrantheolder on or prior to such due date, it means the date on which, the full amount of such moneys or of the ETF Shares having been so received, notice to that effect is duly given to the Warrantheolders in accordance with Condition 15.

#### **18. Governing Law and Jurisdiction**

(a) *Governing Law*

The Warrants, and any non-contractual obligations arising out of or in connection with them, shall be governed by, and construed in accordance with, the laws of Luxembourg.

(b) *Jurisdiction:*

The Courts of Luxembourg are to have jurisdiction to settle any disputes that may arise out of or in connection with any Warrants and accordingly any legal action or proceedings ("Proceedings") arising out of or in connection with any Warrants may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of Luxembourg and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the

Warranholders and shall not limit the right of any of them to take Proceedings in any court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) to the extent permitted by applicable law.

## **OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **Form of the Notes**

#### **1. *Bearer Notes***

Each Tranche of Bearer Notes will be initially issued in the form of a temporary global note (a "temporary Global Note") or, if so specified in the applicable Final Terms, a permanent global note (a "permanent Global Note" and, together with a temporary Global Note, each a "Bearer Note").

#### **2. *Exchangeable Bearer Notes***

Bearer Notes, specified as Exchangeable Bearer Notes in the applicable Final Terms, may become exchangeable for Registered Notes (as described below).

#### **3. *Registered Notes – Regulation S Global Notes***

The Registered Notes of each Tranche offered and sold to persons other than U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act will initially be represented by a global note in registered form (a "Regulation S Global Note").

### **Initial Issue of Notes**

If the Global Notes or the Registered Note Global Certificates are stated in the applicable Final Terms to be issued in respect of Senior Notes and issued in NGN form or to be held under the NSS (as the case may be), the Global Notes or the Registered Note Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or the Registered Note Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Registered Note Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the "Common Depositary") or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Registered Note Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary or the Common Safekeeper, as the case may be, may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, or any other permitted clearing system (an "Alternative Clearing System") as the holder of a Note represented by a Registered Note Global Note must look solely to Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Registered Note Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Registered Note Global

Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

## **Exchange**

### **1. *Temporary Global Notes***

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

### **2. *Permanent Global Notes***

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided below, in part for Definitive Notes or, in the case of (iii) below, Registered Notes:

- (i) unless principal in respect of any Notes is not paid when due, by the Issuer giving notice to the Noteholders and the Fiscal Agent of its intention to effect such exchange;
- (ii) if the relevant Final Terms provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange;
- (iii) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- (iv) otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, (2) if principal in respect of any Notes is not paid, or assets in respect of any Notes are not delivered, when due by the holder giving notice to the Fiscal Agent of its election for such exchange or (3) in such circumstances as are specified in the relevant Final Terms.

The exchange of a permanent Bearer Global Note for definitive Bearer Notes upon notice from Euroclear and/or Clearstream (acting on the instructions of any holder) or at any time at the request of the Issuer should not be expressed to be applicable in the applicable Final Terms if the Bearer Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Bearer Notes which is to be represented on issue by a temporary Bearer Global Note exchangeable for definitive Notes.

### **3. *Registered Note Global Certificates***

If the Final Terms state that the Notes are to be represented by a permanent Registered Note Global Certificate on issue, transfers of the holding of Notes represented by any Registered Note Global Certificate pursuant to Condition 2(b) (Transfer of Registered Notes) may only be made in part:

- (i) if the Notes represented by the Registered Note Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid, or assets in respect of any Notes are not delivered, when due; or
- (iii) in such circumstances as are specified in the relevant Final Terms; or
- (iv) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

#### 4. *Partial Exchange of permanent Global Notes*

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid, or assets in respect of any Notes are not delivered, when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly-Paid Notes.

#### 5. *Delivery of Notes*

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Registered Note Certificates, as the case may be, or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Base Prospectus, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Registered Note Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

#### 6. *Exchange Date*

"Exchange Date" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

### **Amendment to Conditions**

The temporary Global Notes, permanent Global Notes and Registered Note Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

#### 7. *Payments*

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form, will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment

has been made in respect of the Notes. For so long as Notes are represented by a Global Certificate, notwithstanding the provisions of Condition 8(b)(ii) (in respect of Senior Notes) and Condition 6(b)(ii) (in respect of Subordinated Notes), each payment will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment (the "Record Date"), where "Clearing System Business Day" means Monday to Friday inclusive except 1 January and 25 December. If the Global Note is a NGN or if the Registered Note Global Certificate is held under the NSS, the Issuer shall procure the details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Registered Note Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For so long as Notes are represented by a Global Note, Condition 8(i) (in respect of Senior Notes) and Condition 6(h) (in respect of Subordinated Notes) is modified with the effect that "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant Additional Financial Centre and:

- (i) (in the case of a payment in a currency other than EUR) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in EUR) on a day on which the TARGET System is operating.

#### 8. *Prescription*

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 10 in the case of the Senior Notes and in Condition 8 in the case of the Subordinated Notes).

#### 9. *Meetings*

The holder of a permanent Global Note or of the Notes represented by a Registered Note Global Certificate shall (unless such permanent Global Note or Registered Note Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Registered Note Global Certificate).

#### 10. *Cancellation*

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

#### 11. *Purchase*

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

#### 12. *Issuer's Option*

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, Euroclear France (to be reflected in the records of Euroclear, Clearstream, Luxembourg and/or Euroclear, France as either a pool factor or a



reduction in nominal amount, at their discretion or any other Alternative Clearing System (as the case may be).

### 13. *Noteholders' Options*

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is a NGN or where the Registered Note Global Certificate is held under the NSS, the Issuer shall procure that details of such exercise shall be entered pro rata in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

### 14. *NGN nominal amount*

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

### 15. *Events of Default*

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 11 of the Senior Notes or Condition 9 of the Subordinated Notes by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Registered Note Global Certificate may elect for direct enforcement rights against the Issuer to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system under the terms of an amended and restated Deed of Covenant executed as a deed by the Issuer on 18 May 2018 in relation to Senior Notes that are not denominated in EUR, and under the terms of an amended and restated Undertaking governed by Luxembourg law executed by the Issuer on 18 May 2018 in relation to Senior Notes that are denominated in EUR and, in the case of BIL, Subordinated Notes. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Registered Note Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Registered Note Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Registered Note Global Certificate shall have been improperly withheld or refused.

### 16. *Notices*

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note except that so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or as otherwise required by the rules of that exchange.

## **OVERVIEW OF PROVISIONS RELATING TO THE WARRANTS WHILE IN GLOBAL FORM**

### **Initial Issue of Warrants**

Global Warrants will be delivered on or prior to the original issue date of the relevant Tranche to a Common Depositary.

Upon the initial deposit of a Global Warrant with a common depositary for Euroclear and Clearstream, Luxembourg (the "Common Depositary"), Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Warrants equal to the nominal amount thereof for which it has subscribed and paid. The records of such clearing system shall be conclusive evidence of the nominal amount of Warrants represented by the Global Warrant and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Warrants that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Warrants that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, or any other permitted clearing system (an "Alternative Clearing System") as the holder of a Warrant represented by a Global Warrant must look solely to Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Warrant. Such persons shall have no claim directly against the Issuer in respect of payments due on the Warrants for so long as the Warrants are represented by such Global Warrant and such obligations of the Issuer will be discharged by payment to the bearer of such Global Warrant in respect of each amount so paid.

### **Exchange**

#### **1. *Global Warrants***

Warrants initially represented by a Global Warrant will be represented by a permanent Global Warrant. Each permanent Global Warrant will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided below, in part for Definitive Warrants:

- (i) unless principal in respect of any Warrants is not paid when due, by the Issuer giving notice to the Warrantholders and the Fiscal Agent of its intention to effect such exchange; and
- (ii) otherwise, (1) if the permanent Global Warrant is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Warrants is not paid when due by the holder giving notice to the Fiscal Agent of its election for such exchange.

#### **2. *Delivery of Warrants***

On or after any due date for exchange the holder of a Global Warrant may surrender such Global Warrant. In exchange for any Global Warrant, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Warrants. In this Base Prospectus, "Definitive Warrants" means, in relation to any Global Warrant, the definitive Bearer Warrants for which such Global Warrant may be exchanged. Definitive Warrants will be security printed in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Warrant, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Warrants.

#### **3. *Exchange Date***

"Exchange Date" means a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Warrants when due 30 days after that on which the notice requiring

exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

#### **Amendment to Conditions**

The Global Warrants contain provisions that apply to the Warrants that they represent, some of which modify the effect of the General Conditions of the Warrants set out in this Base Prospectus. The following is a summary of certain of those provisions:

#### **4. Exercise procedures**

Subject to Condition 3(d) of the "General Conditions of the Warrants" and to prior termination of the Warrants as provided in the Conditions, Warrants may be exercised by a Warrantholder (at his own expense) at such time and on such day(s) as provided in Condition 4 of the "General Conditions of the Warrants" by delivery of a duly completed and signed Exercise Notice to (i) the relevant Clearance System and (ii) the Issuer.

The bearer of the Global Warrant must, within the period specified therein for the deposit of the relevant Warrant and exercise notice, give written notice of such exercise to the Issuer and/or such other person as is specified in the relevant Final Terms specifying the nominal amount or number of Warrants being exercised. Any such notice will be irrevocable and may not be withdrawn.

Subject to 3(d) of the "General Conditions of the Warrants", any Exercise Notice delivered after 10.00 a.m. (Luxembourg time) on the relevant Exercise Date or the relevant Business Day during the Exercise Period, as the case may be, shall: (a) in the case of European Style Warrants, be void and (b) in the case of American Style Warrants, be deemed to have been delivered on the next following day on which such Warrants are exercisable (unless no such day occurs on or prior to the Final Exercise Date, in which case that Exercise Notice shall be void).

Form of Exercise Notice: Each Exercise Notice shall be in the form (for the time being current) available from the Issuer and must:

- (i) specify the name, address, telephone and facsimile details of the Warrantholder in respect of the Warrants being exercised;
- (ii) specify the number of Warrants being exercised (which must not be less than the Minimum Exercise Number);
- (iii) include an irrevocable undertaking to pay any applicable stamp duty, stamp duty reserve tax and/or other similar taxes or duties due by reason of the exercise of Warrants by such Warrantholder and an authorisation to the Issuer to deduct any such taxes or duties from the Cash Settlement Amount or Early Cancellation Amount, as the case may be, or any other amount payable by the Issuer to the Warrantholder in connection with the exercise of such Warrants (such taxes, duties or other amount payable, the "Warrantholder Expenses") and/or to debit a specified account of the Warrantholder at the relevant Clearance System in respect of such Warrantholder Expenses;
- (iv) specify the number of the Warrantholder's account at the relevant Clearance System to be debited with the Warrants being exercised and irrevocably instruct, or, as the case may be, confirm that the Warrantholder has irrevocably instructed, the relevant Clearance System to debit the Warrantholder's account with the Warrants being exercised and credit the same to the account of the Issuer;
- (v) in the case of Physical Settlement, specify the number of the Warrantholder's account at the relevant Clearance System to be debited on the Exercise Date with the aggregate amount of the Exercise Prices in respect of the Warrants being exercised (together with any other amounts payable);
- (vi) specify the number of the Warrantholder's account at the relevant Clearance System to be credited with any Cash Settlement Amount and any Early Cancellation Amount and any dividends payable pursuant to Condition 4(h);
- (vii) specify the number of the Warrantholder's account at the relevant Clearance System to be credited with the Share Amount deliverable pursuant to Condition 4(d);
- (viii) certify that such Warrants are not being exercised by or on behalf of any U.S. persons (as defined in such Exercise Notice), that payment or delivery with respect to duly exercised Warrants will not be made to, or for the account of, a U.S. person (as defined

in such Exercise Notice) and that none of such Warrants, or interests therein, was purchased or obtained, directly or indirectly, by the holder in the United States; and

- (ix) authorise the production of such certification in applicable administrative or legal proceedings.

#### *Verification of Warrantholder*

To exercise Warrants, the Warrantholder thereof must duly complete an Exercise Notice. The relevant Clearance System shall, in accordance with its normal operating procedures, verify that each person exercising Warrants is the Warrantholder thereof according to the records of such Clearance System and that such Warrantholder has an account at the relevant Clearance System which contains Warrants in an amount being exercised and funds equal to any applicable Warrantholder Expenses in respect of the Warrants being exercised.

If, in the determination of the relevant Clearance System or the Issuer:

- (i) the Exercise Notice is not complete or not in proper form;
- (ii) the person submitting an Exercise Notice is not validly entitled to exercise the relevant Warrants or not validly entitled to deliver such Exercise Notice; or
- (iii) sufficient Warrants or sufficient funds equal to any applicable Warrantholder Expenses or Exercise Price(s) are not available in the specified account(s) with the relevant Clearance System on the Exercise Date,

that Exercise Notice will be treated as void and a new duly completed Exercise Notice must be submitted if exercise of the Warrantholder's Warrants is still desired.

Any determination by the relevant Clearance System or the Issuer as to any of the matters set out above shall, in the absence of manifest error, be conclusive and binding upon the Issuer, the Warrantholder and the beneficial owner of the Warrants exercised.

#### *Notification to the Issuer and Common Depositary*

Subject to the verification set out above, the relevant Clearance System will:

- (i) confirm to the Issuer the number of Warrants being exercised and the number of the account(s) to be credited with the Cash Settlement Amount, Early Cancellation Amount and the Share Amount, as the case may be; and
- (ii) promptly notify the Common Depositary of receipt of the Exercise Notice and the number of the Warrants to be exercised.

Upon exercise of part of the Global Warrant, the Common Depositary will note such exercise on the Schedule to the Global Warrant and the number of Warrants so exercised as represented by the Global Warrant shall be cancelled *pro tanto*.

#### *Effect of Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the Warrants specified therein, provided that the person exercising and delivering such Exercise Notice is the person then appearing in the records of the relevant Clearance System as the holder of the relevant Warrants. If the person exercising and delivering the Exercise Notice is not the person so appearing, such Exercise Notice shall for all purposes become void and shall be deemed not to have been so delivered.

After the delivery of an Exercise Notice (other than an Exercise Notice which shall become void) by a Warrantholder, such Warrantholder shall not be permitted to transfer either legal or beneficial ownership of the Warrants exercised thereby. Notwithstanding this, if any Warrantholder does so transfer or attempt to transfer such Warrants, the Warrantholder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related hedging operations in reliance on the relevant Exercise Notice and subsequently: (i) entering into replacement hedging operations in respect of such Warrants; or (ii) paying any amount on the subsequent exercise of such Warrants without having entered into any replacement hedging operations.

#### *5. Payments*

No payment falling due after the Exchange Date will be made on any Global Warrant unless exchange for Definitive Warrants is improperly withheld or refused. All payments in respect of

Warrants represented by a Global Warrant will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Warrants, surrender of that Global Warrant to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Warrantholders for such purpose. A record of each payment so made will be endorsed on each Global Warrant, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Warrants.

6. *Prescription*

Claims against the Issuer in respect of Warrants that are represented by a permanent Global Warrant will become void unless it is presented for payment within a period of ten years (in the case of principal) from the appropriate Relevant Date (as defined in Condition 17).

7. *Cancellation*

Cancellation of any Warrant represented by a permanent Global Warrant that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Warrant.

8. *Notices*

So long as any Warrants are represented by a Global Warrant and such Global Warrant is held on behalf of a clearing system, notices to the holders of Warrants of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Warrant except that so long as the Warrants are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or as otherwise required by the rules of that exchange.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes and Warrants will be applied by the Issuer for its general corporate purposes, which include making a profit. If, in respect of an issue of Notes and/or Warrants which are derivative securities for the purposes of Article 15 of Commission Regulation No 809/2004 implementing the Prospectus Directive, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms for the Notes or Warrants.

## **BANQUE INTERNATIONALE À LUXEMBOURG, SOCIÉTÉ ANONYME**

Founded in 1856, Banque Internationale à Luxembourg ("BIL") is the oldest multi-business bank in the Grand Duchy. It has always played an active role in the development of Luxembourg's economy and issued its first banknotes in the very year of its creation. The bank offers retail, private, corporate and institutional banking as well as treasury and financial market services.

BIL employs more than 2,000 people in total in its offices in Luxembourg, Switzerland (since 1985), Denmark (since 2000), the Middle East (since 2005) and Sweden (since 2016). Its specialised entities BIL Lease, Experta, Belair House and BIL Manage Invest offer a full range of services for investors and professionals.

Through its national and international network, BIL offers bespoke and innovative financial services to meet the specific needs of a broad client base. These services help client wealth and businesses to flourish and support financial professionals in developing their activities.

### **Introduction**

BIL was incorporated in Luxembourg on 8 March 1856 in the form of a société anonyme (limited liability company), governed by Luxembourg law. Its registered office is located at 69, route d'Esch, Luxembourg, L-2953 Luxembourg, telephone number +352 45901. BIL is registered in the Luxembourg Register of Commerce and Companies under number B-6307.

BIL's duration is unlimited.

### **Objects**

BIL's statutes (articles of incorporation) were approved by the royal grand ducal decrees of 8 March and 14 April 1856 and have been amended from time to time. Amendments to the statutes are published in the Mémorial C, Recueil des Sociétés et Associations (the "Mémorial") and, as from 1st June 2016, in the central electronic platform of official publication for companies and associations (Recueil électronique des sociétés et associations) only. The most recent amendment was made on 15 September 2016. The objectives of BIL are to undertake all banking and financial operations of whatsoever kind, and, inter alia, to accept deposits from the public or any other persons or institutions and to grant credit for its own account. It may also undertake all activities reserved for investment firms and to other professionals in the financial sector and all financial, administrative, management and advisory operations directly or indirectly related to its activities. It may establish subsidiaries, branches and agencies in or outside Luxembourg and participate in all financial, commercial and industrial operations.

### **Origins and history**

Banque Internationale à Luxembourg, the first public limited bank in Luxembourg, was founded on 8 March 1856, to provide financing for the railways and the iron and steel industry of a country that was at that time predominantly agricultural. The same year, it issued its first banknotes and was one of the few private establishments to retain this privilege until the introduction of the euro. In October 1989 BIL moved into its newly-built headquarters on route d'Esch in Luxembourg-City. To commemorate the 150th anniversary of the independence of the Grand Duchy, the building was named "L'Indépendance".

In July 1985 the Bank commenced its private banking activities in Switzerland, followed in 2000 by the opening of private banking activities in Denmark. Experta Luxembourg was formed in September 2002 to offer custom investment and corporate services.

### **Developments since 2012**

On 4 April 2012, Precision Capital and the Grand Duchy of Luxembourg announced their signing of share purchase agreements relating to the sale of Dexia's 99.906 per cent. participation in Banque Internationale à Luxembourg.

On 5 October 2012, the closing of the transaction was finalised. The transaction price for the stake of Dexia in BIL was EUR 730 million. The transaction scope did not include, among other things, the participation of BIL in Dexia Asset Management Luxembourg, in RBC Dexia Investor Services Limited and in Dexia LDG Banque and the portfolio of Legacy securities of BIL.

## **2013**

In view of the requirements of the European directive on alternative investment fund managers (the "AIFM Directive"), BIL formed its own management company, BIL Manage Invest ("BMI"), on 28 June 2013.

At the end of June 2013, the Bank sold its operating activity in BIL Finance in France, owing to the non-strategic nature of this business. The surviving company, renamed Société du 25 Juillet 2013, will be liquidated.

The Bank started preparing the transfer of business activity from Bahrain to Dubai.

At the end of November 2013, IBM took over Associated Dexia Technology Services ("ADTS") and renamed it Innovative Solutions for Finance ("IS4F") which is responsible for managing IT infrastructure.

On 18 December 2013, BIL transferred the activities of its Danish subsidiary to a newly created branch in Denmark. BIL's Danish subsidiary renamed Selskabet Af 18. December 2013 A/S has continued to exist due to a pending investigation into the EBH Bank market manipulation matter which dates back to 2008. On 5 October 2016, the State Prosecutor confirmed that he has decided to withdraw the accusation towards Selskabet Af 18. December 2013 A/S, so that the company can be liquidated.

In September 2013, BIL set up an independent multi-family office, named Belair House. After the ministerial approval received on 17 February 2014, Belair House has started its family office and investment office services to ultra-high-net-worth individuals and families on 1 April 2014.

## **2014**

Experta underwent a strategic repositioning in 2014 to increase the focus on its core business of global corporate services. Experta offers wealth structuring solutions, and address the structuring needs of investors active in real estate and private equity. As part of the overall wealth management strategy, Experta works closely with BIL, whilst strengthening its own identity outside of the BIL Group, offering a full open architecture approach to find the optimal solution for each client.

BIL Manage Invest (BMI) reconfirmed its positioning as a third-party ManCo and is able to provide fund promoters with the regulatory infrastructure required by the AIFMD (Alternative Investment Fund Managers Directive). This external AIFM solution is of particular interest to investors active in alternative asset classes including real estate and private equity. The granting of the AIFM license in May 2014 marked an important step in its development. In November 2014, BMI also received CSSF approval as a UCITS Management Company.

With the intent to focus and strengthen its presence in the region, BIL officially inaugurated its BIL Middle East branch in the United Arab Emirates in October 2014. Located in the Dubai International Financial Centre.

## **2015**

On 15 January 2015 the Bank sold 2,385,000 shares in investment firm Luxempart, representing 9.96% of its capital, for a total consideration of EUR 73.9 million, generating a capital gain of EUR 66.6 million.

### **A new strategic framework: BIL2020**

In April 2015, BIL set out the strategic vision on which it will focus for the next five years: the BIL2020 strategic plan. This plan lays the roadmap for tackling overarching trends in banking, challenges in financial markets and issues affecting BIL's ability to compete efficiently.

A strong corporate culture and a high-performing, innovative brand are key to ensuring stable revenues. They are the foundations to secure the bank's future. The strategy seeks to reinforce BIL's position by putting a greater focus on providing relevant and adapted value propositions in order to meet the needs of a diverse clientele, both in Luxembourg and internationally. This effort is reinforced by a strong emphasis on innovation and technology.

### **Optimisation of the international setup**

In 2015, BIL announced that it closed its operations in Singapore. This decision was adopted after reviewing BIL group's international presence in light of the new strategic framework introduced by BIL2020. An enhanced focus will allow BIL to achieve greater relevance in key markets and to further improve its service to its clients through perfectly-suited products and services. In this context,



BIL is continuously reviewing the international footprint that it needs to serve its clients across these key markets.

On 2 November 2015, the Bank successfully closed the acquisition of KBL (Switzerland) Ltd., a transaction that has significantly strengthened BIL's activities in Switzerland, where the bank has been established for over 30 years. This amplified presence has allowed BIL to improve the service offered to its clients by offering them better-performing solutions, but also to attract a new wealthy international clientele. BIL Suisse is now operational in three locations: Zurich, Geneva and Lugano.

Based on the experience of BIL's Nordic desk, which covers Denmark, Norway, Finland and Sweden, as well as its branch in Denmark, BIL extended its physical presence to Sweden where a representation office opened on 4 January 2016.

## **Local footprint**

Thanks to its vast experience and network of some 40 branches and 126 ATMs (half of them equipped with real-time deposit facility) throughout the country, BIL is one of the leading and most innovative players in the field of retail banking. It provides a comprehensive range of services to individual clients, SMEs and large businesses in Luxembourg.

In its retail activities, BIL continues to develop web and mobile applications, offering its individual and professional clients the ability to carry out banking transactions with a maximum of security and comfort. The digitalisation of retail transactions is an on-going process and BIL is establishing itself as a pioneer bank for innovation.

Corporate & Institutional Banking priorities in the context of the BIL2020 strategic intent are diversification in sectors deemed to be of national importance (clusters), as well as the defence of strategic market positions in traditional sectors. A deeper focus on Luxembourg financial institutions and the development of solid international relationships with the companies to which BIL loans money through syndicated loans are core.

In order to modernise the Luxembourg branch network, the Bank introduced the Lean Branch Optimisation programme to review in-branch processes and the branch footprint. In the spirit of serving retail clients more efficiently, this programme allows to minimise the time taken up by transactions that can be done digitally using the Bank's state of the art mobile & Internet banking platforms and apps as well as self-banking equipment inside the branches.

The bank continues constant refurbishments and reorganisation of its branch network.

## **Emphasising digitalisation**

The "Ignite" digital transformation programme was launched during 2015. The programme concerns the overhauling of the "Operations and IT" business line so that it can effectively support the Bank's BIL2020 strategy of sustainable profitability. Ignite also seeks to foster agile operations and innovation in support of BIL's digital strategy.

With the increased digitalisation, that is a key focus of the BIL2020 strategy, a new integrated Transformation Programme defines key areas for technological advancement that will give BIL yet another point of differentiation in the marketplace.

Mobile banking – a digital client experience: Digitisation is a key aspect of BIL's "BIL2020" strategy. In Luxembourg, BIL became the first bank to offer its clients a fully mobile experience on iPhones and iPads (BILnet). Thus BIL clients can access their accounts and all online services on an iPhone or iPad without using a second device to confirm their authentication.

This simplified mobile access to BILnet is one of many digital innovations offered by the bank and follows the integration of Touch ID into its BILnet Mobile app for account views and generating transfers. BIL is also the only bank in Luxembourg that enables cash withdrawals from its ATMs with a smartphone instead of a bank card.

## **2016**

BIL Select - a bespoke service for our clients. Innovation and a proactive approach to meeting client needs remained the key drivers for new product launches in 2016. BIL Select was launched in February as an offering tailored to high-potential clients in Luxembourg and the surrounding region.

BIL Select aims to meet a whole range of banking needs and offers bespoke, personal services from dedicated relationship managers as well as client information sessions on financial products. In Luxembourg, clients can also avail of discretionary management of their investments, a service usually reserved for larger asset holdings of private banking clients.

Innovative financing for corporate clients. BIL constantly strives to improve its financing solutions for corporate and institutional clients. These services are particularly relevant in the current challenging market environment in which companies need flexible partners to innovate and grow.

In 2016, BIL acted as the sole arranger of a mixed format Euro Private Placement (EURO PP). The financing was structured in a manner which aligned the interests of the investors with those of the bank lenders. The innovative aspect of this format is that the two funding sources are treated equally (*pari passu*) and share the same collateral. The placement of EUR 79 million was conducted on behalf of PRODWARE, a listed group. The transaction was made up of a EUR 50 million bond issue subscribed by institutional investors and a EUR 29 million bank loan underwritten by BIL and the Bank of China.

BIL was also the first Luxembourgish bank to sign the InnovFin guarantee agreement for SMEs with the European Investment Fund ("EIF") in 2015. The agreement enables BIL to provide EIF-backed loans with a total value of EUR 60 million to innovative companies in Luxembourg for a period of two years. This initiative underlines BIL's commitment to innovation and is further proof of its on-going support for the national economy, two cornerstones of the BIL2020 strategy.

In addition, two Luxembourg business incubators were officially supported by BIL in 2016: in February, BIL agreed with Nyuko to provide start-ups with the necessary resources to grow in a favourable environment for innovative firms in Luxembourg. In May, BIL launched a partnership with Technoport to supply financing tools (not limited to loans eligible for InnovFin), project evaluation expertise, office space and event management support.

The my|HOME partnership with Nexvia is a good example of how BIL's financing solutions can add value to services provided by start-ups: Nexvia's online simulation tool of real estate purchases was enhanced by financing simulations by BIL in September 2016.

These initiatives complement BIL's existing range of services for innovative companies such as BIL Start and the Digital Tech Fund which was launched in December 2015 in cooperation with the Luxembourgish government.

## **2017**

2017 was marked by the preparations of the MiFID II and PRIIPs regulations that came into force on 3 January 2018, bringing profound changes to the way in which BIL interacts with clients. The preparations for this new regulatory environment dominated the fourth quarter of 2017 as MiFID II also required BIL to rethink its investment offering, revenue model, relationship with third-party intermediaries, as well as certain processes and ways of working.

On 24 January 2017, BIL launched a collaboration with Foyer for retirement savings services. BIL successfully acted as a joint lead manager for a EUR 2 billion bond issue by the Grand Duchy of Luxembourg, launched on 25 January 2017.

In March, BIL launched a dedicated service for business owners which offers them a single point of access for wealth management, corporate banking and retail banking.

On 30 May 2017, BIL and Paul Wurth InCub, the business incubator set up by the Paul Wurth group to assist entrepreneurs, signed a partnership agreement aimed at supporting the development of industrial technologies, or InduTech, in Luxembourg. On 7 July 2017, BIL improved its B-active offer for young professionals by introducing new features such as 100% mortgages with deferred first loan instalments and tax-efficient pension products.

On 8 August 2017, BIL launched a collaboration with *The Office*, a start-up office space in Luxembourg City. Through this partnership, the Bank will be able to help the start-ups it works with to find office space as part of BIL's wider efforts to promote innovation and entrepreneurship in Luxembourg. On 10 August 2017, BIL advised Corestate Capital Holding SA, a real estate investment company listed in Frankfurt, on the arrangement of an EUR 40 million syndicated loan. BIL acted as

the single arranger, agent bank and security agent. Similarly, on 27 September 2017, BIL arranged a syndicated loan amounting to EUR 35 million for Coyote, a leader in driver-assistance systems. BIL was the co-arranger and sole coordinator of the loan and syndicated part of this credit facility to two reputable French banks.

MiFID II enables BIL's clients to benefit from increased investor protection. BIL took the new regulation as an opportunity to remodel and streamline its investment offer. In doing so, it tries to meet the clients' needs even better, in full compliance with the new regulatory requirements and closing gaps in the offering that had arisen over time. As a result, BIL Private Banking introduced a new simplified investment offer end of 2017 along with a new pricing approach (offering clients the choice between "pay as you go" vs. "all-in" schemes and incentivizing clients to increase their business with BIL, amongst other changes). The main objectives of this revamped value proposition are, in addition to better meeting the client's needs with a compliant offer, to increase the mandate penetration; reduce BIL's operational cost (offer simplification) and to optimise and increase revenues.

In early October, BIL Private Banking launched its new MasterCard World Elite for prestigious clients with high-end insurance, assistance and concierge services. Also in October, BIL increased its attractiveness for newcomers to Luxembourg thanks to a voucher for their first tax return and a moving-in loan.

In the course of 2017, BIL has strengthened its lending team in order to increase its Wealth management loan penetration and is tactically reviewing the related credit policy to increase volumes with minor credit policy impact.

In 2018, BIL significantly extended its client offering with the launch of 12 in-house investment funds. The new fund range, which comes in addition to six existing funds, offers clients a gateway to a range of investment strategies covering various asset classes across the globe. These funds will become the so-called 'building blocks' of the BIL product offering. With the help of a dedicated Relationship Manager, clients can hand-pick the funds which are best aligned with their own preferences and expectations. This will result in a combination of funds that can serve as the backbone of a diversified portfolio.

The different Wealth Management initiatives follow a new aligned approach: the Flex-programme aiming to define new way of working in the teams to achieve the following key objectives: improving client experience, empowering employees, significantly increasing added-value commercial time with clients and prospects, building new capabilities in the organization, ultimately leading to accelerating organic growth. Implemented in waves, this flexible, bottom-up approach has already yielded very promising results and significantly changed the daily work of the teams in scope of the first two waves, the aim is to cover all Wealth Management teams in Luxembourg by the end of 2018.

### **Shareholder change**

On 1 September 2017, Legend Holdings Corp., a Hong Kong-listed diversified investment group, announced an agreement with Precision Capital, a Luxembourg-based financial holding company, for the acquisition of the latter's 89.936% stake in BIL. The Grand Duchy of Luxembourg will retain its 9.993% ownership of BIL. The proposed transaction remains subject to regulatory approval. The acquisition represents a long-term strategic investment for Legend Holdings. They are committed to strengthening the BIL brand domestically and internationally, as well as to further enhancing its client offering and pursuing the BIL2020 strategy.

### **Awards and ratings**

Successive nominations from prestigious magazine like The Banker or Global Finance are evidence of the bank's ability to offer innovative and relevant products and services to clients. These awards underline the BIL2020 strategy, emphasizing the commitment to the optimal integration of our digital strategy and business priorities.

BIL's longstanding expertise and proven capacity to innovate, especially in light of BIL2020, were recognised by The Banker magazine: BIL was elected Bank of the Year 2016 – Luxembourg. This followed the award of 'Best Wealth Manager' for BIL Dubai by 'The Banker Middle East' in May 2016. On 22 February, BIL won Euromoney's "Best Private Bank for Super Affluent Clients in Luxembourg" in confirmation of our wealth management expertise and bespoke services for ultra-high net worth individuals (UHNWI).

In March 2017, Global Finance awarded BIL “Best Bank in Luxembourg 2017”. On 29 November 2017, BIL was named *Bank of the Year Luxembourg* for the second year in a row by Financial Times group magazine, *The Banker*. No later than 20 March 2018, *Global Finance* announced that BIL has been selected *Best Bank in Luxembourg 2018*, another consecutive recognition by one of the world’s leading trusted standards of excellence.

## Risk Management

BIL group Risk Management teams help the Management Board to drive an effective, sound and prudent day-to-day business (and inherent risk) management in compliance with the strategies and guiding principles laid down by the Board of Directors.

The Risk Management department (i) ensures that all risks are under control by identifying, measuring, assessing, mitigating and monitoring them on an on-going basis (global risk policies and procedures define the framework for controlling all types of risks by describing the methods used and the defined limits, as well as the escalation procedures in place); (ii) ensures that the risk limits are compatible with the strategy, the business model and the structure of the Bank through an effective risk appetite framework, which defines the level of risk the institution is willing to take in order to achieve its strategic and financial objectives; (iii) ensures compliance with banking regulatory requirements by submitting regular reports to the supervisory bodies, participating in regulatory discussions and analysing all new requirements related to Risk Management that affect the Bank’s activities (i.e. regulatory watch).

## Principal Subsidiaries

At 31 March 2018, the Bank held a direct interest of at least 20 per cent in the capital of the following undertakings:

Name of Company	Registered Office	Proportion of capital held directly
BIL Reinsurance S.A.	Luxembourg	100.00%
Biltrust Limited	St Peter Port, Guernsey	100.00%
Belair House S.A.	Luxembourg	100.00%
Compagnie Financière BIL S.A. & Cie Secs	Luxembourg	99.90%
Selskabet af 18 December, 2013 A/S	Copenhagen, Denmark	100.00%
Banque Internationale à Luxembourg (Suisse) S.A.	Zurich, Switzerland	100.00%
BIL Asia Singapore Limited, in liquidation	Singapore	100.00%
Société du 25 juillet 2013, in liquidation	Paris, France	100.00%
Europay Luxembourg SC	Luxembourg	35.20%
Experta Corporate and Fund Services S.A.	Luxembourg	100.00%
IB Finance S.A.	Luxembourg	100.00%
Private II Wealth Management Sàrl	Luxembourg	100.00%
Red Sky S.A.	Luxembourg	100.00%
BIL Manage Invest	Luxembourg	100.00%
Société de la Bourse de Luxembourg S.A.	Luxembourg	21.41%
Société Luxembourgeoise de Leasing - BIL Lease S.A.	Luxembourg	100.00%

## Board of Directors and Management

The Board of Directors is responsible for setting and overseeing the overall business strategy of BIL.

The Management Board is responsible for implementing and establishing a safe and sound management, in accordance with the principles and objectives established by the Board of Directors. The Management Board exercises its duties under the supervision of the Board of Directors.

### Board of Directors

Name	Function/responsibility	Address	Directorships and significant appointments outside of the Issuer
Luc Frieden	Chairman	69, route d'Esch, L-2953 Luxembourg	
Georges Nasra	Vice Chairman	43, boulevard Royal, L-2449 Luxembourg	CEO, Precision Capital SA
Hugues Delcourt	Chief Executive Officer	69, route d'Esch, L-2953 Luxembourg	
Maurice Lam	Member	13a, Avenue Guillaume, L-1651 Luxembourg	
Nicholas Harvey	Member	43, boulevard Royal L-2449 Luxembourg	Deputy CEO de Precision Capital SA
Christian Schaack	Member	29, rue de Scheuerhof L-5412 Canach	
Vincent Thurmes	Member	3, rue de la Congrégation L-2931 Luxembourg	Ministry of Finance
Albert Wildgen	Member	69 boulevard de la Pétrusse L-2320 Luxembourg	
Christophe Zeeb-lichter	Member	3, rue de la Congrégation, L-2931 Luxembourg	Ministry of Finance
Michel Scharff	Member (appointed by the delegation of employees)	69, route d'Esch, L-2953 Luxembourg	
Serge Schimoff	Member (appointed by the delegation of employees)	69, route d'Esch, L-2953 Luxembourg	
Donny Wagner	Member (appointed by the delegation of employees)	69, route d'Esch, L-2953 Luxembourg	
Fernand Welschbillig	Member (appointed by the delegation of employees)	69, route d'Esch, L-2953 Luxembourg	

### Management Board

Name	Title	Function/ responsibility
Hugues Delcourt	Chairman	Chief Executive Officer
Stéphane Albert	Member	Chief Risk Officer
Yves Baguet	Member	Chief Operating Officer

Hans-Peter Borgh	Member	Head of Wealth and Investment Management
Olivier Debehogne	Member	Head of Retail and Digital Banking
Marcel Leyers	Member	Head of Corporate and Institutional Banking
Bernard Mommens	Member	Secretary General and General Counsel
Nico Picard	Member	Chief Financial Officer
Claude Schon	Member	Head of Treasury and Financial Markets
Pia Haas	Permanent Invitee	Chief Internal Auditor

There are no potential conflicts between any duties to BIL in relation to the persons referred to above and their private interest and/or other duties.

The conflict of interests between the Directors' duties and/or the members of the Management Board's duties to BIL and their private interests or other duties, if any, are submitted, according to Article 57 al 2 of Luxembourg Company Law to the Annual General Meeting.

The business address of each member of the Management Board is 69, route d'Esch, L-2953 Luxembourg.

### Shareholders

Precision Capital S.A. holds 89.94 per cent of the issued share capital in BIL and the Grand Duchy of Luxembourg holds a further 9.99 per cent. Please see "Shareholder Change" above for more details.

### Fiscal Year and Accounts

The Bank's fiscal year corresponds to the calendar year. Since the financial year starting 1 January 2008, the consolidated financial statements of the Bank have always been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

### Auditors

Since 1 January 2013, the auditors of the Issuer are Ernst & Young, 35E, Avenue John F. Kennedy, 1855 Luxembourg.

The 2015 goodwill resulting from the acquisition of KBL (Switzerland) has been revised on the one hand to take into consideration the deferred tax impact on IAS19 provisions and, on the other hand, in accordance with the Share Purchase Agreement.

The following tables show the consolidated data as of 31 December 2016 and 31 December 2017:

### Consolidated data

	31 December 2017 <i>(in EUR)</i>	31 December 2016 <i>(in EUR)</i>
<b>Assets</b>		
Loans and advances to credit institutions	3,449,202,669	3,157,100,099
Loans and advances to customers	13,344,203,406	12,042,999,820
Financial Investments	5,931,971,684	6,917,484,841
Positive fair value of derivative products	227,748,388	245,883,149
Other assets	799,390,788	785,190,817
Total assets	<u>23,752,516,935</u>	<u>23,148,658,726</u>
<b>Liabilities</b>		
Amounts due to credit institutions	2,787,854,788	2,216,090,000
Amounts due to customers	16,315,477,809	16,129,249,400
Negative fair value of derivative products	384,294,457	436,598,717
Debt securities	2,356,384,789	2,409,814,596
Subordinated debts	281,864,136	293,936,368
Other liabilities	340,338,958	403,308,935

Shareholders' Equity	1,286,301,998	1,259,660,710
Total liabilities	<u>23,752,516,935</u>	<u>23,148,658,726</u>

<b>Profit or loss</b>	<u>31 December 2017</u> <i>(in EUR)</i>	<u>31 December 2016</u> <i>(in EUR)</i>
Income	552,629,414	541,383,276
Expenses	-396,946,626	-368,521,250
Gross operating income	<u>155,682,788</u>	<u>172,862,026</u>
Cost of risk and provisions for legal litigation	-19,801,868	-16,916,571
Net income before tax	<u>135,880,920</u>	<u>155,945,455</u>
Tax expense	-19,237,578	-45,583,434
Net Income	<u>116,643,342</u>	<u>110,362,021</u>
Net Income - Group share	116,643,342	110,362,021

## TAXATION

*The matters described below do not constitute, and should not be considered as, legal or tax advice to prospective purchasers. Prospective purchasers should consult legal or tax advisers in the country of their citizenship, residence or domicile to determine the possible tax or other consequences of purchasing, holding and redeeming Notes and/or Warrants, as the case may be, under the laws of the relevant jurisdiction.*

### **Luxembourg Tax Consequences**

*The following summary is of a general nature and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes and the Warrants should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

#### **1. Notes**

##### ***Withholding Tax***

###### *Non-Resident holders of Notes*

Under Luxembourg general tax laws currently in force there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

###### *Resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December, 2005 as amended (the "Relibi Law") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth.

Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Accordingly, payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 per cent.

Further, Luxembourg resident individuals who are the beneficial owners of interest payments and other similar income made or ascribed by a paying agent established outside Luxembourg in an EU Member State or the European Economic Area may opt for a final 20 per cent. levy. In such case, the 20 per cent. levy is calculated on the same amounts as for the payments made by Luxembourg paying agents. The option for the 20 per cent. final levy on interest payments must cover all interest payments made by paying agents to the beneficial owner during the entire civil year. Such 20 per cent. levy is final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

##### ***Income deriving from the Notes***

###### *Non-Resident holders*

Holders of Notes will not become residents, or be deemed to be resident in Luxembourg by reason only of the holding of the Notes.

Holders of Notes who are non-resident of Luxembourg and who do not hold the Notes through a permanent establishment or permanent representative in Luxembourg are not liable to any Luxembourg income tax, whether they receive payments of principal, payments of interest (including accrued but unpaid interest), payments received upon redemption, repurchase or exchange of the Notes, or realize capital gains on the sale of the Notes.



### *Resident holders – General*

Holders of Notes who are tax resident in Luxembourg, or non-resident holders of the Notes who have a permanent establishment or permanent representative in Luxembourg to which or to whom the Notes are attributable, must for income tax purposes include any interest and other income received or accrued on the Notes in their taxable income unless an individual holder holds the Notes in the frame of the management of its private wealth. If in this last case the aforementioned 20 per cent. withholding tax has been levied it can be credited against the overall income tax liability. They will not be liable to any Luxembourg income tax on repayment of principal.

### *Luxembourg Resident Individuals*

Luxembourg resident individual holders of Notes who do not hold Notes as business assets are not subject to taxation on capital gains upon the disposal of the Notes, unless their disposal precedes their acquisition or they are disposed of within six months of the date of their acquisition. Upon a repurchase, redemption or exchange of Notes, the portion of repurchase, redemption or exchange price corresponding to accrued but unpaid interest is subject to the aforementioned 20 per cent. withholding tax. When the aforementioned 20 per cent. withholding tax is applied, it may be credited against the resident individual's income tax liability. Luxembourg resident individual holders of Notes who hold Notes as business assets are subject to tax as described in relation to "*Luxembourg Resident Undertakings with a Collective Character*" below.

### *Luxembourg Resident Undertakings with a Collective Character*

Unless they benefit from an exemption under Luxembourg tax law, Luxembourg resident undertakings with a collective character (*organismes à caractère collectif*), holding Notes, or foreign entities of the same type who have a permanent establishment or permanent representative in Luxembourg to which or to whom the Notes are attributable, must include in their taxable income interests accrued in the Notes and, on a sale repurchase, redemption or exchange, the difference between the sale, repurchase, redemption or exchange price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold, repurchased, redeemed or exchanged.

### *Net Wealth Tax*

Luxembourg net wealth tax (without prejudice to the application of annual minimum net wealth tax rules) will not be levied on a corporate holder of the Notes, unless

(a) such holder of Notes is a Luxembourg resident other than a holder of Notes governed by (i) the amended laws of 17 December, 2010 and 13 February, 2007 on undertakings for collective investment; (ii) the amended law of 22 March, 2004 on securitisation; (iii) the amended law of 15 June, 2004 on the investment company in risk capital; (iv) the amended law of 11 May, 2007 on family estate management companies; or (v) the law of 23 July, 2016 on reserved alternative investment funds; or

(b) such Notes are attributable to a business enterprise or part thereof or which is carried on in Luxembourg or through a permanent establishment or a permanent representative of a non-resident company in Luxembourg. In such a case, the holder of Notes must take the Notes into account for the purposes of Luxembourg wealth tax.

### **Other Tax Consequences**

#### *Stamp Taxes and Transfer Taxes*

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the holders of Notes as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, repurchase or redemption of the Notes, unless the documents relating to the Notes are either (i) voluntarily registered in Luxembourg or (ii) attached as an annex to an act (*annexés à un acte*) that itself is subject to mandatory registration or (iii) deposited in the minutes of a notary (*déposés au rang des minutes d'un notaire*).

#### *Inheritance / Gift Taxes*

No estate or inheritance tax is levied on the transfer of Notes upon the death of a holder of Notes in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes and no gift tax is levied upon a gift of Notes if the gift is not passed before a Luxembourg notary or recorded in a deed registered in Luxembourg. Where a holder of Notes is a resident for tax purposes of Luxembourg at the time of his death, the Notes are included in its taxable estate for inheritance tax or estate tax purposes.

## **2. Warrants**

### *Non-resident Warrant holders*

Under the existing laws of Luxembourg, the exercise or sale of Warrants by a non-resident Holder does not give rise to taxable income in Luxembourg, unless such Warrants were held as business assets by such non-resident within a permanent establishment in Luxembourg.

### *Resident Warrantholders*

#### *Individuals*

The profit made by a resident individual Warrantholder not holding the Warrants as business assets, on the sale of Warrants or upon the exercise thereof against payment of a cash amount is taxable in Luxembourg if such Warrant is sold or exercised within a period of six months following the acquisition by such person. If Warrants are held by a resident individual Warrantholder as a business asset, they are subject to Luxembourg tax as described in the paragraph "*Luxembourg Resident Undertakings with a Collective Character*" here below.

#### *Luxembourg Resident Undertakings with a Collective Character*

Save where the Warrantholder is exempt from taxation under Luxembourg law, a holder who is an undertaking with a collective character resident of Luxembourg, or a non-resident holder of the same type who has a permanent establishment in Luxembourg with which the holding of the Warrants is connected must include in his taxable income the profit made on the sale of Warrants or upon the exercise thereof against payment of a cash amount.

#### *Other Taxes*

Luxembourg net wealth tax (without prejudice to the application of annual minimum net wealth tax rules) will not be levied on a Warrantholder, unless

(a) the Warrantholder is an undertaking with a collective character resident in Luxembourg other than a holder of Warrants governed by (i) the amended laws of 17 December, 2010 and 13 February, 2007 on undertakings for collective investment; (ii) the amended law of 22 March, 2004 on securitisation; (iii) the amended law of 15 June, 2004 on the investment company in risk capital; or (iv) the amended law of 11 May, 2007 on family estate management companies, or (v) the law of 23 July, 2016 on reserved alternative investment funds, or

(b) the Warrants are attributable to the permanent establishment in Luxembourg of a foreign entity of the same type as a Luxembourg organism with a collective character.

There is no Luxembourg registration tax, capital tax, stamp duty or any other similar tax or duty payable in Luxembourg in respect of or in connection with the execution and delivery of the Warrants or the performance of the Issuer's obligations under the Warrants, unless the Warrants are either (i) voluntarily registered in Luxembourg or (ii) attached as an annex to an act (*annexés à un acte*) that itself is subject to mandatory registration or (iii) deposited in the minutes of a notary (*déposés au rang des minutes d'un notaire*).

### **United Kingdom Taxation**

*The following is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs' practice relating only to the United Kingdom withholding tax treatment of payments in respect of Notes and Warrants. It does not deal with any other United Kingdom taxation implications of acquiring, holding, exercising or disposing of Notes or Warrants. The United Kingdom tax treatment of prospective Noteholders and Warrantholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders and Warrantholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.*

United Kingdom withholding taxes can apply to a number of different types of payments. Those which could be relevant to securities such as the Notes and the Warrants are: interest, annual payments and manufactured payments. As a general matter, the Issuer may make payments under the Notes and Warrants without any deduction of or withholding on account of United Kingdom income tax if the payments do not have a United Kingdom source and they are not made by the Issuer in the course of a trade carried on in the United Kingdom through a branch or agency. The following paragraphs summarise this in further detail.

### **Payments of interest on the Notes and Warrants**

Payments on the Notes described as "interest" would generally (although not always) be treated as "interest" for United Kingdom tax purposes. Whether or not payments or a part of any payment on a Warrant could constitute "interest" for these purposes will depend on the terms and conditions of the Warrants and the basis upon which any settlement amount is calculated. Payments on a Note or Warrant which constitute "interest" as that term is understood for United Kingdom tax purposes may in any event be made without deduction of or withholding on account of United Kingdom income tax if the interest does not have a United Kingdom source. If a payment of interest on a Note or Warrant were to have a United Kingdom source, then such payments of interest may be made without deduction or withholding on account of United Kingdom income tax in any of the following circumstances.

The Issuer will be entitled to make payments of interest on the Notes or Warrants without deduction of or withholding on account of United Kingdom income tax provided that:

- (a) the Issuer is and continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 ("ITA 2007");
- (b) the interest on the Notes or Warrants is and continues to be paid in the ordinary course of the Issuer's business within the meaning of section 878 ITA 2007; and
- (c) in the case of payments of interest on the Notes, the Notes are not "regulatory capital securities" as described below.

Payments of interest on the Notes (and perhaps the Warrants if they qualify as a "security" for the purposes of section 987 of the ITA 2007) may be made without deduction of or withholding on account of United Kingdom income tax provided that they carry a right to interest and they are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the ITA 2007. The Luxembourg Stock Exchange is a recognised stock exchange. The Notes (and perhaps the Warrants) will satisfy this requirement if they are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Luxembourg Stock Exchange. Provided, therefore, that the Notes (and perhaps the Warrants) carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes (and perhaps the Warrants) will be payable without deduction of or withholding on account of United Kingdom tax whether or not the Issuer is a bank and whether or not the interest is paid in the ordinary course of its business.

Payments of interest on Notes may be made without deduction of or withholding on account of United Kingdom income tax if the Notes are "regulatory capital securities". The Notes will be "regulatory capital securities" if they qualify, or have qualified, as Additional Tier 1 instruments under Article 52 or Tier 2 instruments under Article 63 of Commission Regulation (EU) No 575/2013 and form, or have formed a component of Additional Tier 1 capital or Tier 2 capital for those purposes. This is subject to there being no arrangements the main purpose, or one of the main purposes, of which is to obtain a tax advantage (as defined in section 1139 of the Corporation Tax Act 2010) for any person as a result of the application of the Taxation of Regulatory Capital Securities Regulations 2013 in respect of the Notes.

In other cases, an amount must generally be withheld from payments of interest on the Notes or Warrants that have a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20%), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder or Warrantholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder or Warrantholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

### **Annual Payments**

If a periodic payment on a Note were not "interest", and not repayment of principal, then such payment could constitute an "annual payment". In the case of Warrants, provided that the Issuer will only be required to make payment to its holders by way of a single settlement amount following exercise (including automatic exercise), no payment on a Warrant should constitute an "annual payment". However, if the terms and conditions of any Warrant were such that the Issuer could be required to make periodic payments before exercise then such payments could constitute "annual payments". Whether or not any such periodic payment were to constitute an "annual payment" for these purposes will depend on the terms and conditions of the Notes or Warrants and the basis upon

which they are calculated. Payments on a Note or Warrant which constitute "annual payments" may in any event be made without deduction of or withholding on account of United Kingdom income tax if the payment does not have a United Kingdom source. If an annual payment paid on a Note or Warrant were to have a United Kingdom source, then the Issuer may (subject to any available reliefs and exemptions) be required to make a deduction of or withholding on account of United Kingdom income tax from such payment on account of United Kingdom income tax at the basic rate (currently 20%).

### **Manufactured Payments**

Payments on the Notes or Warrants would not constitute "manufactured payments" subject to any deduction of or withholding on account of United Kingdom income tax unless (i) the Notes or Warrants will or may settle by way of physical delivery; (ii) the assets which will or may be delivered are shares issued by a "company UK REIT" or the "principal company" of a "group UK REIT" (all bearing the same meaning as in section 918 ITA 2007) or "UK securities" (other than shares in a UK resident company) issued by the United Kingdom government, a local or other public authority in the United Kingdom or any other United Kingdom resident company or body; and (iii) the payments are representative of dividends on those shares, or interest paid on those securities (as the case may be). Payments on a Note or Warrant which do constitute "manufactured payments" may in any event be made without deduction of or withholding on account of United Kingdom income tax unless the Issuer makes those payments in the course of a trade carried on through a branch or agency in the United Kingdom. If such a "manufactured payment" were paid by the Issuer in the course of a trade carried on through a branch or agency in the United Kingdom then the Issuer may (subject to any available reliefs and exemptions) be required to make a deduction of or withholding on account of United Kingdom income tax from such payment on account of United Kingdom income tax at the basic rate (currently 20%).

### **Taxation in Denmark**

*The following is a summary description of the taxation in Denmark of the Notes according to the Danish tax laws in force as of the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as professional dealers in securities) may be subject to special rules. Potential investors are under all circumstances strongly recommended to contact their own tax adviser to clarify the individual consequences of their purchase, holding and disposal of the Notes. The Issuer makes no representations regarding the tax consequences of purchase, holding or disposal of the Notes.*

#### *Taxation at source*

Under existing Danish tax laws, no general withholding tax or coupon tax will apply to payments of interest or principal or other amounts due on the Notes, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to in The Danish Corporation Tax Act (Selskabsskatteloven) of 6 September 2016 (as amended). This will not have any impact on Noteholders who are not in a relationship whereby they control, or are controlled by, the Issuer or where the Noteholders and the Issuer are not controlled by the same group of persons or shareholders.

#### *Resident Noteholders*

Private individuals, including individuals who are engaged in financial trade, companies and similar enterprises resident in Denmark for tax purposes or receiving interest on the Notes through their permanent establishment in Denmark are liable to pay tax on such interest.

Capital gains and losses are taxable to individuals and corporate entities in accordance with the Danish Capital and Exchange Gains Act (Kursgevinstloven) of 25 October 2016. Gains and losses on Notes issued to corporate entities are included in the taxable income in accordance with a mark-to-market principle (lagerprincippet), i.e. on an unrealised basis. Gains and losses on Notes issued to individuals are generally included in the taxable income on a realised basis. However, the gain or loss will only be included in the taxable income when the net gain or loss for the year on debt claims, net gains/losses on debt denominated in foreign currency and gains/losses on investment certificates in bond-based investment funds subject to minimum taxation in total exceeds DKK 2,000.

## Structured notes

Structured notes can be designed in many ways and with many different underlying assets or in a way that the yield will depend on various index or currency flows. When structured notes are issued the following tax rules apply.

Gains and losses on structured notes are generally treated as gains and losses on financial instruments in accordance with section 29(3) of the Danish Capital and Exchange Gains Act (Kursgevinstloven) of 25 October 2016. However, there are exceptions – for example, notes which are adjusted in relation to developments in the consumer prices index (as computed by Statistics Denmark (Danmarks Statistik)), the net consumer-price index or a similar index within the European Union or any of its member states. The gains and losses are calculated irrespective of the rules applying to the underlying asset.

Gains and losses on structured notes issued to both corporate entities and individuals are predominantly treated as taxable income in accordance with a mark-to-market principle (lagerprincippet), i.e. on an unrealised basis.

Corporate entities are generally able to deduct losses on structured notes, but individuals may only deduct losses on structured notes against gains on other financial instruments. However, in both cases, certain restrictions and exceptions apply.

### *Pension funds, etc.*

Pension funds and other entities governed by the Danish Act on Taxation of Pension Investments Returns (Pensionsafkastbeskatningsloven) of 10 October 2014 (as amended) are, irrespective of realisation, taxed on the annual increase or decrease on the market value of the Notes according to a mark-to-market principle (lagerprincippet) as specifically laid down in the act.

### *Non-resident Noteholders*

Under existing Danish tax laws, payments of interest or principal amounts to any non-resident Noteholder, irrespective of whether the Noteholder holds a note or a structured note, are not subject to taxation in Denmark. No withholding tax will be payable with respect to such payments and any capital gain realised upon the sale, exchange or retirement of a Note will not be subject to taxation in Denmark other than in certain cases on payments in respect to controlled debt in relation to the Issuer as referred to under “Taxation at source” above.

This tax treatment applies solely to Noteholders who are not subject to full tax liability in Denmark or included in a Danish joint taxation scheme and do not carry on business in Denmark through a permanent establishment.

## **French Tax Consequences**

*This overview is based on the laws and regulations in full force and effect in France as at the date of this Base Prospectus, which may be subject to change in the future, potentially with retroactive effect. It is prepared on the assumption that the Issuer is not (and will not be) and is not (and will not be) deemed to be, a French resident for French tax purposes and the Notes and/or Warrants (or any transaction in connection with the Notes and/or Warrants) are not (and will not be) attributed or attributable to a French branch, permanent establishment or other fixed place of business in France of the Issuer. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. Prospective investors are therefore advised to consult their own qualified advisers so as to determine, in the light of their individual situation, the tax consequences of the purchase, holding, redemption or disposal of the Notes and/or Warrants.*

### **Withholding tax**

*Please note that the treatment regarding withholding tax on payments in relation to the Notes and/or Warrants will depend on the nature and characterisation of the relevant Notes and/or Warrants.*

#### *Notes which are treated as debt instruments for French tax purposes*

Payments with respect to Notes issued by the Issuer which are treated as debt instruments for French tax purposes will be made free of any compulsory withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by France or any political subdivision or taxing authority thereof or therein.

However, pursuant to Article 125 A I of the French Code général des impôts, where the paying agent (*établissement payeur*) is established in France, interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 12.8 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made (subject to certain exceptions). Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at a global rate of 17.2 per cent. on such interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

*Notes and/or Warrants which are not treated as debt instruments for French tax purposes*

Payments with respect to Notes and/or Warrants issued by the Issuer which are not treated as debt instruments for French tax purposes would not be subject to any mandatory withholding tax in France.

### **Transfer tax and other taxes**

*Please note that the following may be relevant in connection with Notes and/or Warrants which may be settled or redeemed by way of physical delivery of certain listed shares (or certain assimilated securities) issued by a company whose registered office is located in France or other securities representing such listed shares or assimilated securities.*

Pursuant to Article 235 ter ZD of the French Code général des impôts, a French financial transaction tax (the "French FTT ") is applicable to any acquisition for consideration resulting in a transfer of ownership, of (i) an equity security (*titre de capital*) within the meaning of Article L. 212-1 A of the French Code monétaire et financier or an assimilated equity security (*titre de capital assimilé*) within the meaning of Article L. 211-41 of the French Code monétaire et financier, admitted to trading on a recognised stock exchange when the said security is issued by a company whose registered office is situated in France and whose market capitalisation exceeds EUR1 billion on 1 December of the year preceding the year in which the imposition occurs (the "French Share") or (ii) a security representing a French Share (irrespective of the location of the issuer of such security). The rate of the French FTT is 0.3 per cent. of the acquisition value of the French Share (or the security representing the French Share). There are a number of exemptions from the French FTT and prospective investors should revert to their counsel to identify whether they can benefit from them.

If the French FTT applies to an acquisition of a French Share, this transaction is exempt from transfer taxes (*droits de mutation à titre onéreux*) which generally apply at a rate of 0.1 per cent. to the disposal of shares issued by a company whose registered office is situated in France, provided that in case of shares listed on a recognised stock exchange, transfer taxes are due only if the transfer is evidenced by a written deed or agreement.

### **Belgian Tax Consequences**

The following summary *describes the principal Belgian tax considerations with respect to holding the Notes and/or the Warrants.*

*This information is of a general nature and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, to hold or to dispose of the Notes and/or the Warrants. In some cases, different rules may be applicable. Furthermore, tax rules may be amended in the future, possibly with retroactive effect, and the interpretation of tax rules may change.*

*This summary is based on Belgian tax legislation, treaties, rules, and administrative interpretations and similar documentation, in force as of the date of the Base Prospectus, without prejudice to any amendments introduced at a later date, even if implemented with retroactive effect.*

*Unless otherwise stated herein, this summary does not describe the tax consequences for a holder of Notes and/or Warrants that are redeemable in exchange for, or convertible into assets, of the exercise, settlement or redemption of such Notes and/or Warrants or any tax consequences after the moment of exercise, settlement or redemption.*

*For Belgian tax purposes, if interest is in a foreign currency, it is converted into euro on the date of payment or attribution.*

*Each prospective holder of Notes and/or Warrants should consult a professional adviser with respect to the tax consequences of an investment in the Notes and/or the Warrants, taking into account the influence of each regional, local or national law.*

## **Warrants and/or structured Notes**

On 25 January 2013, the Belgian tax authorities issued a circular letter on the Belgian tax treatment of income from structured securities characterised by an uncertain return on investment due to the variation of the coupons or the repayment terms at maturity, such as securities whose return is linked to the evolution of underlying products. According to the circular letter, the transfer of structured securities to a third party (other than the issuer) results in taxation as interest income of the "pro rata interest", calculated according to an unclear formula. In addition, any amount paid in excess of the initial issue price upon redemption or repayment of the structured securities is considered as interest for Belgian tax purposes. It is highly debatable whether the circular letter is in line with Belgian tax legislation. Furthermore, it is unclear whether the Belgian tax authorities will seek to apply the principles set out in the circular letter to the structured Notes and/or the Warrants (the "Structured Securities").

It is assumed that any gains realised upon redemption or repayment of the Structured Securities by the Issuer will indeed be viewed as interest by the Belgian tax authorities (and any such gains are therefore referred to as "interest" for the purposes of the following paragraphs), but that the effective taxation of the "pro rata interest" in case of sale of the Structured Securities to a third party (i.e. a party other than the Issuer) would not be feasible, on the basis that it is currently impossible to determine the amount of the "pro rata interest".

## **Withholding Tax and Income Tax**

### *Belgian resident individuals*

Individuals who are Belgian residents for tax purposes, i.e. who are subject to Belgian personal income tax ("*Personenbelasting*" / "*Impôt des personnes physiques*"), and who hold Structured Securities as a private investment, are subject to the following tax treatment in Belgium with respect to the Structured Securities. Other tax rules apply to Belgian resident individuals who do not hold the Structured Securities as a private investment.

Payments of interest on the Structured Securities made through a paying agent in Belgium will in principle be subject to a 30 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Structured Securities in their personal income tax return, provided that Belgian withholding tax was levied on the interest payments.

Nevertheless, Belgian resident individuals may elect to declare interest on the Structured Securities in their personal income tax return. Also, if the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return. Interest income which is declared in this way will in principle be taxed at a flat rate of 30 per cent. (or at the relevant progressive personal income tax rate(s), taking into account the taxpayer's other declared income, if this results in lower taxation) and no local surcharges will be due. The Belgian withholding tax levied may be credited against the income tax liability.

Capital gains realised on the transfer of the Structured Securities to a third party are in principle tax exempt, unless the capital gains are realised outside the scope of the normal management of the taxpayer's private estate. Capital losses are in principle not tax deductible.

### *Belgian resident companies*

Companies that are Belgian residents for tax purposes, i.e., companies subject to Belgian corporate income tax ("*Vennootschapsbelasting*" / "*Impôt des sociétés*"), are subject to the following tax treatment in Belgium with respect to Structured Securities.

Interest received by Belgian resident companies on the Structured Securities will be subject to Belgian corporate income tax at the applicable corporate income tax rate of in principle 29.58 per cent. (with a reduced rate of 20.40 per cent. applying to the first tranche of EUR 100,000 of taxable income of qualifying small companies), to be reduced to 25 per cent. (and 20 per cent.) as from 1 January 2020 onwards. If non-Belgian withholding tax has been levied on the interest, a foreign tax credit will be applied against the Belgian tax due. The foreign tax credit is determined by reference to a fraction where the numerator is equal to the rate of the foreign tax with a maximum of 15 and the denominator is equal to 100 minus the amount of the numerator (with a number of additional limitations).

Interest payments on the Structured Securities made through a paying agent in Belgium are in principle subject to a 30 per cent. withholding tax (calculated on the interest received after deduction of any non-Belgian withholding taxes). However, an exemption can apply subject to compliance with certain formalities. Any withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions.

Belgian resident companies will be subject to Belgian corporate income tax at the applicable corporate income tax rates on the gains realised on the transfer of the Structured Securities to a third party. Capital losses are in principle deductible.

#### *Organisations for Financing Pensions*

Belgian pension fund entities that have the form of an Organisation for Financing Pensions ("OFP") are subject to Belgian corporate income tax. OFPs are subject to the following tax treatment in Belgium with respect to the Structured Securities.

Capital gains realised on the transfer of the Structured Securities to a third party will in principle not be subject to Belgian corporate income tax. Capital losses are in principle not tax deductible.

Any Belgian withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions.

#### *Belgian resident legal entities*

Legal entities that are Belgian residents for tax purposes, i.e. that are subject to Belgian tax on legal entities ("*Rechtspersonenbelasting*" / "*Impôt des personnes morales*"), are subject to the following tax treatment in Belgium with respect to Structured Securities.

Payments of interest on the Structured Securities made through a paying agent in Belgium will in principle be subject to a 30 per cent. withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the legal entity itself is required to declare and pay the 30 per cent. withholding tax to the Belgian tax authorities.

Capital gains realised on the transfer of the Structured Securities to a third party will in principle not be subject to tax on legal entities. Capital losses are in principle not tax deductible.

#### *Belgian non-residents*

The interest income on the Structured Securities paid through a professional intermediary in Belgium will, in principle, be subject to a 30 per cent. withholding tax, unless a reduced rate or an exemption applies on the basis that the holder of the Structured Securities is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. If the income is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax is due.

Non-resident investors who have not allocated the Structured Securities to the exercise of a professional activity in Belgium through a permanent establishment can also obtain an exemption of Belgian withholding tax on interest from the Structured Securities paid through a credit institution, a stock market company or a clearing or settlement institution established in Belgium, provided that they deliver an affidavit to such institution or company confirming that: (i) they are non-residents; (ii) the Structured Securities are held in full ownership or in usufruct; and (iii) the Structured Securities are not allocated to the exercise of a professional activity in Belgium. No other Belgian income tax will be due by these investors.

Non-resident investors who have allocated the Structured Securities to the exercise of a professional activity in Belgium through a permanent establishment are subject to the same tax rules as Belgian resident companies (see above).

#### **Other Notes**

The following summary describes the principal Belgian withholding and income tax considerations with respect to Notes other than Structures Securities.



## **Withholding Tax and Income Tax**

### *Belgium resident individuals*

Individuals who are Belgian residents for tax purposes, i.e., who are subject to the Belgian personal income tax ("*Personenbelasting*" / "*Impôt des personnes physiques*") and who hold the Notes as a private investment, are subject to the following tax treatment in Belgium with respect to the Notes. Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

For Belgian tax purposes, the following amounts are classified as "interest": (i) periodic interest income; (ii) amounts paid by the Issuer in excess of the issue price (whether or not on the maturity date); (iii) if the Notes qualify as fixed income securities within the meaning of article 2, §1, 8<sup>o</sup> of the Belgian Income Tax Code of 1992, in case of a realisation of the Notes between two interest payment dates, the *pro rata* of accrued interest corresponding to the holding period. For the purposes of the following paragraphs, any such gains and accrued interest are therefore referred to as interest.

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 30 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided that Belgian withholding tax was levied on the interest payments.

Nevertheless, Belgian resident individuals may elect to declare interest on the Notes in their personal income tax return. Also, if the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return. Interest income which is declared in this way will in principle be taxed at a flat rate of 30 per cent. (or at the relevant progressive personal income tax rate(s), taking into account the taxpayer's other declared income, if this results in lower taxation) and no local surcharges will be due. The Belgian withholding tax levied may be credited against the income tax liability.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the normal management of the taxpayer's private estate or unless the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

### *Belgian resident companies*

Companies that are Belgian residents for tax purposes, i.e. that are subject to Belgian corporate income tax ("*Vennootschapsbelasting*" / "*Impôt des sociétés*") are subject to the following tax treatment in Belgium with respect to the Notes.

Interest received by Belgian companies on the Notes and capital gains realised on the Notes will be subject to Belgian corporate income tax at the applicable tax rate of in principle 29.58 per cent. (with a reduced rate of 20.40 per cent. applying to the first tranche of EUR 100,000 of taxable income of qualifying small companies), to be reduced to 25 per cent. (and 20 per cent.) as from 1 January 2020 onwards. If non-Belgian withholding tax has been levied on the interest, a foreign tax credit will be applied against the Belgian tax due. The foreign tax credit is determined by reference to a fraction where the numerator is equal to the rate of the foreign tax with a maximum of 15 and the denominator is equal to 100 minus the amount of the numerator (with a number of additional limitations). Capital losses are in principle deductible.

Interest payments on the Notes made through a paying agent in Belgium to Belgian companies will in principle be subject to a 30 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). However, an exemption can apply subject to compliance with certain formalities. For Zero Coupon Notes and other zero capitalisation Notes, an exemption will only apply if the Belgian company and the Issuer are associated companies within the meaning of article 105, 6<sup>o</sup> of the Royal Decree of 27 August, 1993 implementing the Belgian Income Tax Code of 1992. Any Belgian withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions.

### *Organisation for Financing Pensions*

Belgian pension fund entities that have the form of an Organisation for Financing Pensions ("OFP") are subject to Belgian corporate income tax. OFPs are subject to the following tax treatment in Belgium with respect to the Notes.

Interest obtained by OFPs on the Notes and capital gains realised on the Notes will in principle not be subject to Belgian corporate income tax. Capital losses are in principle not tax deductible.

Any Belgian withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions.

### *Belgian resident legal entities*

Legal entities that are Belgian residents for tax purposes i.e. that are subject to Belgian tax on legal entities ("*Rechtspersonenbelasting*" / "*impôt des personnes morales*") are subject to the following tax treatment in Belgium with respect to the Notes.

Payments of interest (as defined above in the section "*Belgium resident individuals*") on the Notes made through a paying agent in Belgium will in principle be subject to a 30 per cent. withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the legal entity itself is required to declare and pay the 30 per cent. withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Notes are in principle tax exempt, except to the extent the capital gain qualifies as interest (as defined above). Capital losses are in principle not tax deductible.

### *Belgian non-residents*

The interest income on the Notes paid through a professional intermediary in Belgium will, in principle, be subject to a 30 per cent. withholding tax, unless a reduced rate or an exemption applies on the basis that the holder of the Notes is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. If the income is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax is due.

Non-resident investors who have not allocated the Notes to the exercise of a professional activity in Belgium through a permanent establishment can also obtain an exemption of Belgian withholding tax on interest from the Notes paid through a credit institution, a stock market company or a clearing or settlement institution established in Belgium, provided that they deliver an affidavit to such institution or company confirming that: (i) they are non-residents; (ii) the Notes are held in full ownership or in usufruct; and (iii) the Notes are not allocated to the exercise of a professional activity in Belgium. No other Belgian income tax will be due by these investors.

Non-resident investors who have allocated the Notes to the exercise of a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident companies (see above).

### **Tax on stock exchange transactions and tax on repurchase transactions**

A tax on stock exchange transactions ("*taks op de beursverrichtingen*" / "*taxe sur les opérations de bourse*") will be levied on the purchase and sale of the Notes and/or the Warrants on a secondary market if (i) executed through a professional intermediary in Belgium, or (ii) deemed to be executed in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence in Belgium, or legal entities for the account of their seat or establishment in Belgium. The rate of the tax is generally 0.12 per cent. for Notes and 0.35 per cent. for the Warrants, with a maximum amount per transaction and per party of EUR 1,300 for Notes and EUR 1,600 for the Warrants. A separate tax is due from each of the seller and the purchaser, both collected by the professional intermediary. However, if the intermediary is established outside of Belgium, the tax will in principle be due by the ordering private individual or legal entity, unless that individual or entity can demonstrate that the tax has already been paid. Professional intermediaries established outside of Belgium can, subject to certain conditions and formalities, appoint a Belgian representative for tax purposes, which will be liable for the tax on stock exchange transactions in respect of the transactions executed through the professional intermediary.

A tax on repurchase transactions ("*taks op reportverrichtingen*" / "*taxe sur les reports*") at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in

Belgium in which a stockbroker acts for either party with a maximum amount per party and per transaction of EUR 1,300.

However, the tax on stock exchange transactions and the tax on repurchase transactions referred to above will not be payable by exempt persons acting for their own account, including investors who are not Belgian residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status, and certain Belgian institutional investors, as defined in Articles 126-1,2° and 139 of the Code of various duties and taxes ("*Wetboek diverse rechten en taksen*" / "*Code des droits et taxes divers*").

As stated below, the European Commission has published a proposal for a Directive for a common financial transactions tax (the "FTT"). The proposal currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions and the tax on repurchase transactions should thus be abolished once the FTT enters into force. The proposal is still subject to negotiation between the participating Member States and therefore may change at any time.

### **Annual tax on securities accounts**

The law of 7 February 2018 (published in the Belgian State Gazette on 9 March 2018) introduces a tax on securities accounts ("*taks op de effectenrekeningen*" / "*taxe sur les comptes-titres*"). Pursuant to this law, Belgian resident and non-resident individuals are taxed at a rate of 0.15 per cent. on their share in the average value of qualifying financial instruments (i.e. shares, share certificates, bonds, bond certificates, units or shares in investment funds or companies (except if acquired or subscribed to in the context of a life insurance or pension savings arrangement), medium-term notes ("*kasbons*" / "*bons de caisse*") and warrants) held on one or more securities accounts with one or more financial intermediaries during a reference period of 12 consecutive months starting on 1 October and ending on 30 September of the subsequent year ("Tax on Securities Accounts"). However, the first reference period starts as of the day following the publication of the law in the Belgian State Gazette (i.e. on 10 March 2018) and ends on 30 September 2018. However, the tax is not due if the holder's share in the average value of the qualifying financial instruments on those accounts amounts to less than EUR 500,000. If, however, the holder's share in the average value of the qualifying financial instruments on those accounts amounts to EUR 500,000 or more, the Tax on Securities Accounts is due on the entire share of the holder in the average value of the qualifying financial instruments on those accounts (and hence, not only on the part which exceeds the EUR 500,000 threshold).

Qualifying financial instruments held by non-resident individuals on securities accounts with a financial intermediary established or located in Belgium fall within the scope of the Tax on Securities Accounts. Note that, pursuant to certain double tax treaties entered into by Belgium, Belgium has no right to tax the capital. Hence, to the extent the Tax on Securities Accounts is viewed as a tax on capital within the meaning of these double tax treaties, treaty override may, subject to certain conditions, be claimed.

A financial intermediary is defined as (i) a credit institution or a listed company as defined by Article 1, §2 and §3 of the Law of 25 April 2014 on the legal status and supervision of credit institutions and listed companies and (ii) the investment companies as defined by Article 3, §1 of the Law of 25 October 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are pursuant to national law admitted to hold financial instruments for the account of customers.

The Tax on Securities Accounts is in principle due by the financial intermediary established or located in Belgium if (i) the holder's share in the average value of the qualifying financial instruments held on one or more securities accounts with said intermediary amounts to EUR 500,000 or more or (ii) the holder instructed the financial intermediary to levy the Tax on Securities Accounts due (e.g. in case such holder holds qualifying financial instruments on several securities accounts held with multiple intermediaries of which the average value of each of these accounts do not amount to EUR 500,000 or more but of which the holder's share in the total average value of these accounts exceeds EUR 500,000). If the Tax on Securities Accounts is not paid by the financial intermediary, such Tax on Securities Accounts has to be declared and is due by the holder itself, unless the holder provides evidence that the Tax has already been withheld, declared and paid by an intermediary which is not established or located in Belgium. In that respect, intermediaries located or established outside of Belgium could appoint a Tax on the Securities Accounts representative in Belgium, subject to certain conditions and formalities ("Tax on the Securities Accounts Representative"). Such Tax on the

Securities Accounts Representative will then be liable towards the Belgian Treasury for the Tax on the Securities Accounts due and for complying with certain reporting obligations in that respect.

Belgian resident individuals have to report in their annual income tax return all their securities accounts held with one or more financial intermediaries of which they are considered the holder within the meaning of the Tax on Securities Accounts. Non-resident individuals have to report in their annual Belgian non-resident income tax return all their securities accounts held with one or more financial intermediaries established or located in Belgium of which they are considered the holder within the meaning of the Tax on Securities Accounts.

Prospective holders of Notes and/or Warrants are strongly advised to seek their own professional advice in relation to the Tax on Securities Accounts.

### ***The proposed financial transactions tax ("FTT")***

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

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes and/or Warrants (including secondary market transactions) in certain circumstances.

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 and/or Warrants 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.

However, the FTT proposal remains subject to negotiation between participating Member States. 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 participating Member States may decide to withdraw.

Prospective holders of Notes and/or Warrants are advised to seek their own professional advice in relation to the FTT.

### ***FATCA Disclosure***

#### ***Foreign Account Tax Compliance Act***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, withholding may be required on, among other things, (i) certain payments made by "foreign financial institutions" ("foreign passthru payments"), (ii) dividend equivalent payments (as described below in "— U.S. Dividend Equivalent Withholding") and (iii) payments of gross proceeds from the disposition of securities that generate dividend equivalent payments, in each case, to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Luxembourg) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes and the Warrants, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes or the Warrants, are uncertain and may be subject to change. If withholding would be required pursuant to FATCA or an IGA with respect to foreign passthru payments or payments of gross proceeds from the disposition of Notes or Warrants that generate dividend equivalent payments, such withholding would not apply prior to 1 January 2019 and Notes or Warrants characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or before the relevant grandfathering date would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). The grandfathering date for (A) Notes or Warrants that give rise solely to foreign passthru payments, is the

date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, and (B) Notes or Warrants that give rise to a dividend equivalent pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder, is six months after the date on which obligations of its type are first treated as giving rise to dividend equivalents. If additional Notes or Warrants (as described under "Terms and Conditions of the Senior Notes – Further Issues", "Terms and Conditions of the Subordinated Notes – Further Issues" and "General Conditions of the Warrants – Further Issues") that are not distinguishable from such previously issued grandfathered Notes or Warrants, as applicable, are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes or Warrants (as applicable), including the Notes or Warrants (as applicable) offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes and/or Warrants.

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

### ***U.S. Dividend Equivalent Withholding***

Section 871(m) of the U.S. Internal Revenue Code of 1986 treats a "dividend equivalent" payment as a dividend from sources within the United States that is generally subject to a 30 per cent. U.S. withholding tax which may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the IRS. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) or (ii). U.S. Treasury regulations issued under Section 871(m) and applicable guidance (the "Section 871(m) Regulations") require withholding on certain non-U.S. holders of the Notes and Warrants with respect to amounts treated as dividend equivalent payments. Under the Section 871(m) Regulations, only a Note or Warrant that has an expected economic return sufficiently similar to that of the underlying U.S. security, based on tests set forth in the Section 871(m) Regulations, will be subject to the Section 871(m) withholding regime (making such Note or Warrant a "Specified Note" or "Specified Warrant", as applicable). Certain exceptions to this withholding requirement apply, in particular for instruments linked to certain broad-based indices.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on, or upon the date of maturity, lapse or other disposition of, the Specified Note or Specified Warrant. If the underlying U.S. security or securities are expected to pay dividends during the term of the Specified Note or Specified Warrant, withholding generally will still be required even if the Specified Note or Specified Warrant does not provide for payments explicitly linked to dividends. Additionally, the Issuer may withhold the full 30 per cent. tax on any payment on the Notes or Warrants in respect of any dividend equivalent arising with respect to such Notes or Warrants regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law (including, for the avoidance of doubt, where a non-U.S. holder is eligible for a reduced tax rate under an applicable tax treaty with the United States). A non-U.S. holder may be able to claim a refund of any excess withholding provided the required information is timely furnished to the U.S. Internal Revenue Service. Refund claims are subject to U.S. tax law requirements and there can be no assurance that a particular refund claim will be timely paid or paid at all. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

The Section 871(m) Regulations generally apply to Specified Notes and Specified Warrants issued on or after 1 January 2017. If the terms of a Note or Warrant are subject to a "significant modification" (as defined for U.S. tax purposes), the Note or Warrant generally would be treated as retired and reissued on the date of such modification for purposes of determining, based on economic conditions in effect at that time, whether such Note or Warrant is a Specified Note or Specified Warrant. Similarly, if additional Notes or Warrants of the same series are issued (or deemed issued for U.S. tax purposes, such as certain sales of Notes or Warrants out of inventory) after the original

issue date, the IRS could treat the issue date for determining whether the existing Notes or Warrants are Specified Notes or Specified Warrants as the date of such subsequent sale or issuance. Consequently, a previously out of scope Note or Warrant might be treated as a Specified Note or Specified Warrant following such modification or further issuance.

In addition, payments on Specified Notes or Specified Warrants may be calculated by reference to dividends on underlying U.S. securities that are reinvested at a rate of 70 per cent. In such case, in calculating the relevant payment amount, the holder will be deemed to receive, and the Issuer will be deemed to withhold, 30 per cent. of any dividend equivalent payments (as defined in Section 871(m) of the Code) in respect of the relevant U.S. securities. The Issuer will not pay any additional amounts to the holder on account of the Section 871(m) amount deemed withheld.

The applicable Final Terms or Pricing Supplement will indicate whether the Issuer has determined that Notes or Warrants are Specified Notes or Specified Warrants and may specify contact details for obtaining additional information regarding the application of Section 871(m) to Notes or Warrants. A non-U.S. holder of the Specified Notes or Specified Warrants should expect to be subject to withholding in respect of any underlying dividend-paying U.S. securities. The Issuer's determination is binding on non-U.S. holders of the Notes or Warrants, but it is not binding on the IRS. The Section 871(m) Regulations require complex calculations to be made with respect to Notes or Warrants linked to U.S. securities and their application to a specific issue of Notes or Warrants may be uncertain.

**Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Notes and Warrants.**

#### **CRS Disclosure**

##### **Common Reporting Standard**

The Organisation for Economic Co-operation and Development has developed a new global standard for the annual automatic exchange of financial information between tax authorities (the "CRS"). Luxembourg is a signatory jurisdiction to the CRS and conducted its first exchange of information with tax authorities of other signatory jurisdictions in September 2017, as regards reportable financial information gathered in relation to fiscal year 2016. The CRS has been implemented in Luxembourg via the law dated 18 December 2015 concerning the automatic exchange of information on financial accounts and tax matters and implementing the EU Directive 2014/107/EU (the "CRS Law"). The regulation may impose obligations on the Issuer and the holders of Notes and/or Warrants, if the Issuer is actually regarded as a reporting Financial Institution under the CRS Law, so that the latter could be required to conduct due diligence and obtain (among other things) confirmation of the tax residency (through the issuance of self-certifications forms by the holders of Notes and/or Warrants), tax identification number and CRS classification of the holders of Notes and/or Warrants in order to fulfil its own legal obligations pursuant to the CRS Law.

Each prospective investor and each holder of Notes and/or Warrants should consult its own tax advisors regarding the requirements under CRS with respect to its own situation as well as the determination of its tax residence.

Each holder of Notes and/or Warrants and each transferee of a Note or Warrant shall furnish (including by way of updates) to the Issuer, or any third party designated by the Issuer (a "Designated Third Party"), in such form and at such time as is reasonably requested by the Issuer (including by way of electronic certification) any information, representations, waivers and forms relating to the holders of Notes and/or Warrants (or the holders' direct or indirect owners or account holders) as shall reasonably be requested by the Issuer or the Designated Third Party to assist it in complying with the relevant CRS requirements.

As mentioned above, self-certification forms would need to be provided by some of the holders of Notes and/or Warrants. In this respect, the self-certification forms can be provided in any form but in order for them to be valid it must be (i) signed by the relevant holder of Notes and/or Warrants itself (where an individual) or a person authorised to sign on behalf of the holder of Notes and/or Warrants (where an entity as defined by the CRS Law), (ii) dated and (iii) include:

- where the holder of Notes and/or Warrants is an individual: its name, residence address, jurisdiction(s) of residence for tax purposes, tax identification number(s) and its date of birth; or
- where the holder of Notes and/or Warrants is an entity (as defined by the CRS Law): its name, address, jurisdiction(s) of residence for tax purposes and tax identification number(s).

Concurrently, if the relevant holder of Notes and/or Warrants is regarded as a passive non-financial entity under the CRS Law, separate individual self-certification forms would be needed for each of their Controlling Persons.

In this context, the term Controlling Person corresponds to the term "beneficial owner" as elaborated under recommendation 10 of the Financial Action Task Force recommendations dated February 2012 (the "Recommendation") and translated accordingly into Luxembourg Anti-Money Laundering regulation dated 12 November 2004, as amended. According to the Recommendation, a controlling ownership interest depends on the ownership structure of the entity. It may be based on a threshold, e.g. any person owning more than a certain percentage of the company (e.g. 25 per cent.). In case of a legal person/partnership (and equivalent arrangement), may be regarded as the Controlling Person any natural person who exercises control through direct or indirect ownership of the capital or profits of the legal person/partnership (and equivalent arrangement), voting rights in the legal person/partnership (and equivalent arrangement). If there are no natural person(s) who exercise control of the entity by ownership or other means, then the Controlling Person will be the natural person(s) who otherwise exercises control over the management of the entity (e.g. the senior managing official of the entity).

The Issuer or the Designated Third Party may disclose information regarding any holder of Notes and/or Warrants (including any information provided by the holder of Notes and/or Warrants pursuant to this section) to any person to whom information is required or requested to be disclosed by any taxing authority or other governmental agency including transfers to jurisdictions which do not have strict data protection or similar laws, to enable the Issuer to comply with any applicable law or regulation or agreement with a governmental authority.

By subscribing for the Notes and Warrants, each holder of Notes and/or Warrants irrevocably waives all rights it may have under applicable bank secrecy, data protection and similar legislation that would otherwise prohibit any such disclosure and warrants that each person whose information it provides (or has provided) to the Issuer or the Designated Third Party has been given such information, and has given such consent, as may be necessary to permit the collection, processing, disclosure, transfer and reporting of their information as set out in this section and this paragraph.

## **PLAN OF DISTRIBUTION**

### **Overview of Distribution Agreement**

Subject to the terms and on the conditions contained in a Distribution Agreement (as further amended and supplemented as at the date of issue of the Notes and/or Warrants) (the "Distribution Agreement") dated 9 November 1995 as amended and restated on 18 May 2018 between the Issuer, the Permanent Dealers and the Arranger, the Notes and the Warrants will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes and Warrants directly on its own behalf to Dealers that are not Permanent Dealers and to sell Notes and Warrants directly in its capacity as a Dealer. The Notes and the Warrants may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes and the Warrants may also be sold by the Issuer through the Dealers, acting as agents of the issuer. The Distribution Agreement also provides for Notes and Warrants to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission in respect of Notes or Warrants subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commission in respect of an issue of Notes or Warrants on a syndicated basis will be stated in the relevant Final Terms or Final Terms for the Warrants, as applicable.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes and the Warrants. The Distribution Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes or Warrants in certain circumstances prior to payment for such Notes or Warrants being made to the Issuer.

### **Selling Restrictions in respect of the Notes and the Warrants**

#### **United States**

The Notes, and the securities (if any) to be delivered under the terms of the Notes, have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "Securities Act") or under the securities laws of any state or other jurisdiction of the United States. No Notes, or interests therein, may be offered, sold, or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S except pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph and not otherwise defined herein have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has agreed, and each further bank appointed as Dealer will agree that, except as permitted by the Distribution Agreement, it will not offer, sell or in the case of Notes in bearer form, deliver the Notes of any identifiable tranche (i) as part of its distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such tranche as determined, and certified to each relevant Dealer, by the Issuer, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons (as defined herein). Each Dealer has agreed and each further bank appointed as Dealer will agree that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes set out above. Terms used in this paragraph and not otherwise defined herein have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of such Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Warrants and the securities (if any) to be delivered under the terms of the Warrants, have not been and will not be registered under the Securities Act or under the securities laws of any state



or other jurisdiction of the United States. No Warrant may be offered, sold, resold, transferred, pledged, delivered, exercised or redeemed, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. person (as defined in Regulation S). Furthermore, the Warrants do not constitute, and have not been marketed as, swaps or contracts of sale of a commodity for future delivery (or options thereon) subject to the CEA. Neither the sale or trading in Warrants has been approved by the CFTC pursuant to the CEA, and no U.S. person (as defined herein) may at any time trade, exercise or maintain a position in the Warrants.

The Warrants may not be exercised within the United States. The exercise of the Warrants will be conditional upon the holder (and any person on whose behalf the holder is acting) being a non-U.S. person. The securities to be delivered upon the exercise of the Warrants may not be delivered within the United States upon exercise other than in "offshore transactions" pursuant to Regulation S, unless registered under the Act or an exemption from such registration is available.

Each prospective purchaser of Warrants, by accepting delivery of this Base Prospectus and the Warrants, will be deemed to have represented and agreed as follows:

(a) it understands that Warrants and the securities (if any) to be delivered when Warrants are redeemed, have not been, and will not be, registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the United States; and that trading in Warrants has not been approved by the CFTC under the CEA, or by the SEC;

(b) it is not a U.S. person (as defined herein) and, if it is acting for the account or benefit of another person, such other person is also not a U.S. person (as defined herein);

(c) it understands and acknowledges that the Issuer has the right to compel any beneficial owner of an interest in Warrants to certify periodically that such beneficial owner is not a U.S. person;

(d) it understands and acknowledges that the Issuer has the right to refuse to honour the transfer of an interest in Warrants in violation of the transfer restrictions applicable to such Warrants;

(e) it understands and acknowledges that the Issuer has the right to compel any beneficial owner who is a U.S. person to (i) sell its interests in Warrants to a person who is not a U.S. person in an offshore transaction pursuant to Regulation S under the Securities Act, or (ii) transfer its interests in Warrants to the Issuer or an affiliate of the Issuer at a price equal to the lesser of (x) the purchase price therefor paid by such beneficial owner, (y) 100 per cent. of the principal amount thereof and (z) the fair market value thereof;

(f) it understands that the Warrants (other than ETF Linked Warrants) will bear a legend to the following effect:

THIS WARRANT AND THE SECURITIES (IF ANY) TO BE DELIVERED WHEN THIS WARRANT IS REDEEMED, HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND TRADING IN WARRANTS HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION (THE "CFTC") UNDER THE U.S. COMMODITY EXCHANGE ACT OF 1936, AS AMENDED (THE "CEA"), OR BY THE U.S. SECURITIES EXCHANGE COMMISSION (THE "SEC"). THIS WARRANT MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING: BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) CERTIFIES THAT (A) IT ACQUIRED THIS WARRANT OR SUCH BENEFICIAL INTEREST IN AN OFFSHORE TRANSACTION (AS SUCH TERM IS DEFINED UNDER REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")); (B) IT IS NOT (X) A "U.S. PERSON" AS DEFINED IN REGULATION S, AND (Y) A "U.S. PERSON" AS DEFINED IN THE INTERPRETIVE GUIDANCE AND POLICY STATEMENT REGARDING COMPLIANCE WITH CERTAIN SWAP REGULATIONS PROMULGATED BY THE CFTC, AS AMENDED, MODIFIED OR SUPPLEMENTED FROM TIME TO TIME, UNDER THE CEA, AND (Z) A PERSON OTHER THAN A "NON-UNITED STATES PERSON" AS DEFINED IN CFTC RULE 4.7 (ANY PERSON SATISFYING (X), (Y) OR (Z) ABOVE, A "U.S. PERSON"); AND (C) IF IT IS ACQUIRING THIS WARRANT OR A BENEFICIAL INTEREST HEREIN FOR THE ACCOUNT OR BENEFIT OF ANOTHER PERSON, SUCH OTHER PERSON IS ALSO NOT A U.S. PERSON;

(2) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOT, AT ANY TIME DURING THE TERM OF THIS WARRANT, OFFER, SELL, RESELL OR DELIVER, DIRECTLY OR

INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON AND ACKNOWLEDGES THAT THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF ANY WARRANT OR INTEREST THEREIN IN VIOLATION OF THE FOREGOING;

(3) ACKNOWLEDGES THAT ANY TRANSFER IN VIOLATION OF THE FOREGOING AT ANY TIME DURING THE TERM OF THIS WARRANT WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE REGISTRAR, ANY AGENT OR ANY INTERMEDIARY;

(4) ACKNOWLEDGES THAT IF AT ANY TIME THE ACQUIRER BECOMES A U.S. PERSON, THE ISSUER HAS THE RIGHT TO (A) COMPEL THE ACQUIRER TO SELL SUCH WARRANT OR BENEFICIAL INTEREST THEREIN, AS APPLICABLE, TO A PERSON WHO IS NOT A U.S. PERSON IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE SECURITIES ACT, OR (B) COMPEL THE BENEFICIAL OWNER TO TRANSFER SUCH WARRANT OR BENEFICIAL INTEREST THEREIN, AS APPLICABLE, TO THE ISSUER OR AN AFFILIATE OF THE ISSUER FOR THE LESSER OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE BENEFICIAL OWNER, (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF AND (Z) THE FAIR MARKET VALUE THEREOF; AND

(5) ACKNOWLEDGES THAT THE ISSUER MAY COMPEL EACH BENEFICIAL OWNER OF THE WARRANTS TO CERTIFY PERIODICALLY THAT SUCH BENEFICIAL OWNER IS NOT A U.S. PERSON.

and, that the ETF Linked Warrants will bear a legend to the following effect:

THIS WARRANT AND THE SECURITIES (IF ANY) TO BE DELIVERED WHEN THIS WARRANT IS REDEEMED, HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND TRADING IN WARRANTS HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION (THE "CFTC") UNDER THE U.S. COMMODITY EXCHANGE ACT OF 1936, AS AMENDED (THE "CEA"), OR BY THE U.S. SECURITIES EXCHANGE COMMISSION (THE "SEC"). THIS WARRANT MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING: BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) CERTIFIES THAT (A) IT ACQUIRED THIS WARRANT OR SUCH BENEFICIAL INTEREST IN AN OFFSHORE TRANSACTION (AS SUCH TERM IS DEFINED UNDER REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")); (B) IT IS NOT A "U.S. PERSON" AS DEFINED IN REGULATION S (A "U.S. PERSON"); AND (C) IF IT IS ACQUIRING THIS WARRANT OR A BENEFICIAL INTEREST HEREIN FOR THE ACCOUNT OR BENEFIT OF ANOTHER PERSON, SUCH OTHER PERSON IS ALSO NOT A U.S. PERSON;

(2) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOT, AT ANY TIME DURING THE TERM OF THIS WARRANT, OFFER, SELL, RESELL OR DELIVER, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON AND ACKNOWLEDGES THAT THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF ANY WARRANT OR INTEREST THEREIN IN VIOLATION OF THE FOREGOING;

(3) ACKNOWLEDGES THAT ANY TRANSFER IN VIOLATION OF THE FOREGOING AT ANY TIME DURING THE TERM OF THIS WARRANT WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE REGISTRAR, ANY AGENT OR ANY INTERMEDIARY;

(4) ACKNOWLEDGES THAT IF AT ANY TIME THE ACQUIRER BECOMES A U.S. PERSON, THE ISSUER HAS THE RIGHT TO (A) COMPEL THE ACQUIRER TO SELL SUCH WARRANT OR BENEFICIAL INTEREST THEREIN, AS APPLICABLE, TO A PERSON WHO IS NOT A U.S. PERSON IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE SECURITIES ACT, OR (B) COMPEL THE BENEFICIAL OWNER TO TRANSFER SUCH WARRANT OR BENEFICIAL INTEREST THEREIN, AS APPLICABLE, TO THE ISSUER OR AN AFFILIATE OF THE ISSUER FOR THE LESSER OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE

BENEFICIAL OWNER, (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF AND (Z) THE FAIR MARKET VALUE THEREOF; AND

(5) ACKNOWLEDGES THAT THE ISSUER MAY COMPEL EACH BENEFICIAL OWNER OF THE WARRANTS TO CERTIFY PERIODICALLY THAT SUCH BENEFICIAL OWNER IS NOT A U.S. PERSON.

(g) it has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of purchasing Warrants, and it can bear the economic risk of an investment therein; and

(h) the Issuer, the Registrar, the Dealers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

As used herein with respect to the Notes and ETF Linked Warrants, "U.S. person" means a person that is a "U.S. person" as defined in Regulation S under the Securities Act.

As used herein with respect to the Warrants (other than ETF Linked Warrants), "U.S. person" means a person that is any one or more of the following: (1) a "U.S. person" as defined in Regulation S under the Securities Act, (2) a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the CFTC, as amended, modified or supplemented from time to time, under the CEA, or (3) a person other than a "Non-United States Person" as defined in CFTC Rule 4.7 .

Each issuance of Exempt Notes which are also Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

#### **Prohibition of sales to EEA Retail Investors**

Unless the Final Terms in respect of any Notes or Warrants (or Pricing Supplement, in the case of Exempt Notes or Exempt Warrants) specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes or Warrants which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms or Final Terms for the Warrants (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression retail investor means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"); and
- (b) the expression "an offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes or Warrants to be offered so as to enable an investor to decide to purchase or subscribe the Notes or Warrants.

If the Final Terms in respect of any Notes or Warrants (or Pricing Supplement, in the case of Exempt Notes or Exempt Warrants) specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes or Warrants which are the subject of the offering contemplated by this Base Prospectus as completed by the relevant Final Terms or Final Terms for the Warrants in relation thereto, as the case may be, to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes or Warrants to the public in that Relevant Member State:

- (a) if the Final Terms or Final Terms for the Warrants specify that an offer of those Notes or Warrants, as the case may be, may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "Non-exempt Offer"), following the date of publication of a prospectus in relation to such Notes or Warrants, as the case may be, which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms or Final Terms for the Warrants contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms or Final Terms for the Warrants, as applicable and the Issuer has consented in writing to its use for the purposes of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes or Warrants, as the case may be, referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an "offer of Notes or Warrants to the public" in relation to any Notes or Warrants in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes or Warrants to be offered so as to enable an investor to decide to purchase or subscribe the Notes or Warrants, as the same may be varied in that Member State by any measure implementing the Prospectus Directive; and
- the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a Relevant Member State.

## United Kingdom

Each Dealer has represented and agreed that:

- (a) in relation to any Notes and/or Warrants which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes or Warrants other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes or Warrants would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of such Notes or Warrants in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (c) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes or Warrants in, from or otherwise involving the United Kingdom.

## France

Each Dealer and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes and/or Warrants to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes and Exempt Warrants) or any other offering material relating to the Notes and Warrants and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French *Code monétaire et financier*.

## Belgium

Other than in respect of Notes and/or Warrants for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes and Exempt Warrants), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes and/or Warrants may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "Belgian Consumer") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes and/or Warrants, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

## Germany

Each Dealer has represented and agreed that it has only offered or sold and that it shall only offer or sell the Notes or the Warrants in the Federal Republic of Germany in compliance with the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and any other laws applicable in the Federal Republic of Germany governing the issue, sale and offering of the Notes or the Warrants.

## Luxembourg

The Notes with a maturity at the issue of less than 12 months that may qualify as securities and money market instruments in accordance with article 4 2.(j) of the Prospectus Act 2005 may not be offered or sold to the public within the territory of the Grand-Duchy of Luxembourg unless:

- (a) a simplified prospectus has been duly approved by the CSSF and published pursuant to part III of the Prospectus Act 2005; or
- (b) the offer benefits from an exemption from or constitutes a transaction not subject to, the requirement to publish a simplified prospectus under part III of the Prospectus Act 2005.

## Japan

None of the Notes or the Warrants have been or will be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended the "FIEA") and each of the Dealers has represented and agreed, that it will not offer or sell any Notes or Warrants, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes and Warrants will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"). Accordingly, this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes or the Warrants may not be circulated or distributed, nor may the Notes or the Warrants 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 Securities and Futures Act, (ii) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes or the Warrants are subscribed or purchased under Section 275 of the Securities and Futures Act, by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) 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(1) of the Securities and Futures Act) 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 or the Warrants pursuant to an offer made under Section 275 of the Securities and Futures Act except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;
- (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 Securities and Futures Act; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## **The Netherlands**

Each Dealer has represented and agreed that the Notes may not be offered to the public in the Netherlands in reliance on Article 3(2) of the Prospectus Directive unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) or (ii) standard exemption wording is disclosed as required by Article 5:20(5) of the Dutch Financial Supervision Act, provided that no such offer of Notes shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

Zero coupon Notes in definitive form and other Notes in definitive form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*, the "SCA") may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such Notes if they are physically issued outside The Netherlands and are not immediately thereafter distributed in The Netherlands.

## **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms or Final Terms for the Warrants issued in respect of the issue of Notes or Warrants, as the case may be, to which it relates or in a supplement to this Base Prospectus.

Other than with respect to the listing of the Notes and the Warrants, no action has been taken in any jurisdiction that would permit a public offering of any of the Notes or the Warrants, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms or Final Terms for the Warrants, in any country or jurisdiction where action for that purpose is required.

**Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or Warrants or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility thereof.**

## FORM OF FINAL TERMS (NON-EXEMPT/ LESS THAN €100,000)

Set out below is the form of Final Terms which will be completed for each Tranche of Notes which are not Exempt Notes and which have a denomination of less than €100,000 (or its equivalent in any other currency) issued under the Programme.

**[PROHIBITION OF SALES TO EEA 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 ("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 Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive") where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been 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.]<sup>20</sup>

**[<sup>21</sup>MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "MiFID II")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer[*'s/s'*] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[*'s/s'*] target market assessment) and determining appropriate distribution channels.]

**OR**

**<sup>22</sup>[MIFID II product governance / Retail investors, professional investors and ECPs** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, "MiFID II")][MiFID II]; ***ETHER***<sup>23</sup> [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] **OR** <sup>24</sup>[(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[, / and] portfolio management[, / and] non-advised sales ][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer[*'s/s'*] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[*'s/s'*] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]<sup>25</sup>.]

<sup>20</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

<sup>21</sup> Legend to be included on front of the Final Terms if following the ICMA 1 "all bonds to all professionals" target market approach.

<sup>22</sup> Legend to be included on front of the Final Terms if following the ICMA 2 approach.

<sup>23</sup> Include for bonds that are not ESMA complex.

<sup>24</sup> Include for certain ESMA complex bonds. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability will be necessary. In addition, if the Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.

<sup>25</sup> If the Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II. If there are advised sales, a determination of suitability will be necessary.



Final Terms dated [●]

**Banque Internationale à Luxembourg, société anonyme**  
*(incorporated with limited liability in Luxembourg)*

**Legal entity identifier (LEI): [●]**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] [Series Number] [Tranche Number]  
under the €10,000,000,000

**Programme for the issue of Euro Medium Term Notes and Warrants**

**Part A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 18 May 2018 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "Base Prospectus"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [A summary of the Notes (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms]. The Base Prospectus has been published on [Issuer's/Financial Intermediaries'/regulated market's/competent authority's] website.]

*[(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus (or equivalent) with an earlier date.)*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the base prospectus dated [2 July 2003/30 September 2004/22 November 2005/14 December 2006/26 March 2008/3 April 2009/1 April 2010/31 March 2011/21 May 2012/31 May 2013/28 May 2014/22 May 2015/20 May 2016/19 May 2017] which are incorporated by reference in the base prospectus dated 18 May 2018. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the base prospectus dated 18 May 2018 [and the supplement to it dated [●] which together, constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "Base Prospectus"), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. A summary of the Notes (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus has been published on [Issuer's/Financial Intermediaries'/regulated market's/competent authority's] website.]

*(Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.)*

1. (i) [Series Number: [ ]]
  - (ii) [Tranche Number: [ ]]
  - (iii) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [provide issue amount/ISIN/maturity date/issue date of earlier Tranches] on [the Issue Date/exchange of the temporary Global Note for interests in the permanent Global Note, as referred to in paragraph 28 below, which is expected to occur on or about [date]][Not Applicable]
2. Specified Currency or Currencies: [ ]

3. Aggregate Nominal Amount: [ ]
- (i) [Series: [ ]]
- (ii) [Tranche: [ ]]
4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [date] (in the case of fungible issues only, if applicable)]
5. (i) Specified Denominations: [ ]
- (ii) Calculation Amount: [ ]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
6. (i) [Issue Date: [ ]]
- (ii) [Interest Commencement Date: [ ]]
7. Maturity Date: [Specify date or (for Floating Rate Notes or any other rate where the Interest Period end date(s) are adjusted) Interest Payment Date falling in or nearest to the relevant month and year]
- (N.B. The Maturity Date [should not be/may need to be not] less than one year after the Issue Date)*
8. Interest Basis: [ [ ] per cent. Fixed Rate]
- [Reset Notes]
- [[ [ ] month [LIBOR/EURIBOR] [+/-][ ] per cent. Floating Rate]
- [Zero Coupon]
- [Index Linked Interest]
- [Equity Linked Interest]
- [Floating Rate: CMS Linked Interest]
- [ [ ] per cent. Fixed Rate] [ [ ] month [LIBOR/EURIBOR] [+/-][ ] per cent. Floating Rate] Range Accrual]
- (further details specified below)*
9. Redemption Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount]
- [Index Linked Redemption]
- [Equity Linked Redemption]
- (If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes may be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply)*
10. Change of Interest Basis: [For the period from (and including) the Interest

- Commencement Date, up to (but excluding) [date] paragraph [14/16] applies and for the period from (and including) [date], up to (and including) the Maturity Date, paragraph [14/16] applies][Not Applicable]
11. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]  
[Not Applicable]
12. (i) [Status of the Notes: [Senior/Subordinated]]  
(ii) [Date [Board] approval for issuance of Notes obtained: [ ] [and [ ], respectively]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*
13. Governing law: [English/Luxembourg] law

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (Condition 5(a) in the Terms and Conditions of the Senior Notes and Condition 4(a) in the Terms and Conditions of the Subordinated Notes)
- (i) Rate[s] of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date [[adjusted in accordance with [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] and any applicable Business Centre(s) for the definition of "Business Day"]/[not adjusted]]  
*(Amend appropriately in the case of irregular coupons)*
- (iii) Fixed Coupon Amount[s]: [ ] per Calculation Amount
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [date]][Not Applicable]
- (v) Day Count Fraction: [30/360][Actual/Actual (ICMA)]  
[[Actual/Actual (ISDA)][Actual/Actual (Fixed)]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond basis]  
[30E/360 (ISDA)]]
- (vi) Determination Dates: [[ ] in each year][Not Applicable]  
*(N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)). In such a case, insert*

		<i>regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)</i>
(vi)	Adjustment of Rate of Interest:	[Applicable/Not Applicable]
		Adjustment      Adjustment Margin Date(s)
		[_]                  [_]
<b>15.</b>	<b>Reset Note Provisions:</b>	[Applicable/Not Applicable]
	(Condition 4(b) in the Terms and Conditions of the Subordinated Notes)	<i>(The following is only applicable in relation to Subordinated Notes. If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Initial Rate of Interest:	[_] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear on each Interest Payment Date
(ii)	First Margin:	[+/-][_] per cent. per annum
(iii)	Subsequent Margin:	[[+/-][ ] per cent. per annum] [Not Applicable]
(iv)	Interest Payment Dates:	[_] [and [_]] in each year up to and including the Maturity Date [[in each case,] subject to adjustment in accordance with paragraph 15(xiii)]
(v)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[[_] per Calculation Amount][Not Applicable]
(vi)	Broken Amount(s):	[[_] per Calculation Amount payable on the Interest Payment Date falling [in/on] [_]][Not Applicable]
(vii)	First Reset Date:	[_] [subject to adjustment in accordance with paragraph 15(xiii)]
(viii)	Second Reset Date:	[ ]/[Not Applicable]
(ix)	Subsequent Reset Date(s):	[_] [and [_]] [subject to adjustment in accordance with paragraph 15(xiii)] [Not Applicable]
(x)	Relevant Screen Page:	[_]
(xi)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]
(xii)	Mid-Swap Maturity:	[_]
(xiii)	Fixed Leg Swap Duration:	[_]
(xiv)	Day Count Fraction:	[Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)]
(xv)	Reset Determination Date:	[_] in each year
(xvi)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
(xvii)	Business Centre(s):	[_]
(xviii)	Party responsible for calculating the	[_][Not Applicable]

- Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):
- (xix) Mid-Swap Floating Leg Benchmark Rate:
- 16. Floating Rate Note Provisions:**  [Applicable/Not Applicable]
- (Condition 5(b) in the Terms and Conditions of the Senior Notes and Condition 4(c) in the Terms and Conditions of the Subordinated Notes *(If not applicable, delete the remaining subparagraphs of this paragraph)*)
- (i) Interest Period(s):
- (ii) Specified Interest Payment Dates:
- (iii) First Interest Payment Date:
- (iv) Interest Period Date:
- (Not applicable unless different from Interest Payment Date)*
- (v) Business Day Convention:  [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (vi) Business Centre(s):
- (vii) Manner in which the Rate(s) of Interest is/are to be determined:  [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):  [Not Applicable]
- (ix) Screen Rate Determination:
- Reference Rate:  month  [[LIBOR/EURIBOR]/[CMS Reference Rate/Leveraged CMS Reference Rate/Steepner CMS Reference Rate: [Unleveraged/Leveraged]/Call Spread Reference Rate/Collar Steepner CMS]]  
Reference Currency:   
Designated Maturity: /[The CMS Rate having a Designated Maturity of  shall be "CMS Rate 1" and the CMS Rate having a Designated Maturity of  shall be "CMS Rate 2"]]  
*(Where more than one CMS Rate, specify the Designated Maturity for each relevant CMS Rate)*
  - Interest Determination Date(s):   
*(In the case of a CMS Rate where the Reference Currency is euro):* [Second day on which the TARGET2 system is open prior to the start of each Interest Period]  
*(In the case of a CMS Rate where the Reference Currency is other than euro):* [Second  [specify type of day] prior to the start of each Interest Period]
  - Relevant Time:  [For example, 11.00 a.m. London time/Brussels time]

- Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
  - CMS Rate definitions: [Cap means [ ] per cent. per annum]  
[Floor means [ ] per cent. per annum]  
[Leverage means [ ] per cent.]  
[Leverage 1 means [ ] per cent.]  
[Leverage 2 means [ ] per cent.]
  - Relevant Screen Page: [For example, Reuters EURIBOR 01]  
*(In the case of a CMS Linked Interest Note, specify relevant screen page and any applicable headings and captions)*
- (x) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*  
*(N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)*
- (xi) Linear Interpolation: [Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)][Not Applicable]
- (xii) Margin(s): [ +/ - ] [ ] per cent. per annum
- (xiii) Minimum Rate of Interest: [ ] per cent. per annum
- (xiv) Maximum Rate of Interest: [ ] per cent. per annum
- (xv) Day Count Fraction: [[Actual/Actual (ISDA)][Actual/Actual (Fixed)]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond basis]  
[30E/360 (ISDA)]]
- (xvi) Adjustment of Rate of Interest: [Applicable/Not Applicable]  
Adjustment Date(s) Adjustment Margin  
[ ] [ ]
- 17. Zero Coupon Note Provisions:** [Applicable/Not Applicable]  
(Condition 7(b) in the Terms and Conditions of the Senior Notes and *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

Condition 5(b) in the Terms and Conditions on the Subordinated Notes)

- (i) Amortisation Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]

- 18. Range Accrual Notes Provisions:** [Fixed Rate Range Accrual Note]  
(Condition 6 in the Terms and Conditions of the Senior Notes) [Floating Rate Range Accrual Note]  
[CMS Range Accrual Note]  
[Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

*(The following is applicable in relation to Fixed Rate Range Accrual Notes or CMS Range Accrual Notes that bear fixed rate interest)*

- (i) Rate[(s)] of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date [[adjusted in accordance with [Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention] and any applicable Business Centre(s) for the definition of "Business Day"/[not adjusted]]  
*(Amend appropriately in the case of irregular coupons)*
- (iii) Day Count Fraction: [30/360][Actual/Actual (ICMA)]
- (iv) Determination Dates: [ ] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (v) Business Centre(s): [ ]
- (vi) Minimum Rate of Interest: [ ] per cent. per annum
- (vii) Maximum Rate of Interest: [ ] per cent. per annum

*(The following is applicable in relation to Floating Rate Range Accrual Notes or CMS Range Accrual Notes that bear floating rate interest)*

- (viii) Interest Period(s): [ ]
- (ix) Specified Interest Payment Dates: [ ]
- (x) First Interest Payment Date: [ ]
- (xi) Interest Period Date: [ ]  
*(Not applicable unless different from Interest Payment Date)*
- (xii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

- (xiii) Business Centre(s):
- (xiv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (xv) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [Not Applicable]
- (xvi) Screen Rate Determination:
- Reference Rate:  month [LIBOR/EURIBOR][*currency*] interbank offer rate
  - Interest Determination Date(s):
  - Relevant Screen Page:
- (xvii) ISDA Determination:
- Floating Rate Option:
  - Designated Maturity:
  - Reset Date:
- (xviii) Margin(s): [+/-] per cent. per annum
- (xix) Minimum Rate of Interest:  per cent. per annum
- (xx) Maximum Rate of Interest:  per cent. per annum
- (xxi) Day Count Fraction: [[Actual/Actual (ISDA)],[Actual/Actual (Fixed)],[Actual/365 (Fixed)],[Actual/365 (Sterling)],[Actual/360],[30/360],[360/360],[Bond Basis],[30E/360],[Eurobond basis],[30E/360 (ISDA)]]

*(The following must be completed in relation to all Range Accrual Notes)*

- (xxii) Upper Range:  per cent.  
*(If the Upper Range adjusts with various periods use the table below)*
- |                    |                 |                                    |
|--------------------|-----------------|------------------------------------|
| From and including | To be excluding | Upper Range                        |
| [ <i>date</i> ]    | [ <i>date</i> ] | <input type="checkbox"/> per cent. |
- (xxiii) Lower Range:  per cent.  
*(If the Lower Range adjusts with various periods use the table below)*
- |                    |                 |                                    |
|--------------------|-----------------|------------------------------------|
| From and including | To be excluding | Upper Range                        |
| [ <i>date</i> ]    | [ <i>date</i> ] | <input type="checkbox"/> per cent. |
- (xxiv) Range Accrual Reference Rate: [Screen Rate Determination/ISDA Determination]
- (A) Screen Rate Determination:
- Reference Rate: [[*For example, LIBOR or EURIBOR*]/[CMS Reference Rate/Leveraged CMS Reference Rate/Steepner CMS Reference Rate]:



		[Unleveraged/Leveraged]/Call Spread Reference Rate/Collar Steepner CMS]]
		Reference Currency: [ ]
		Designated Maturity: [[ ]/[The CMS Rate having a Designated Maturity of [ ]]]
	- Relevant Screen Page:	[For example, Reuters EURIBOR 01] <i>(In the case of a CMS Range Accrual Note, specify relevant screen page and any applicable headings and captions)</i>
	- Range Accrual Reference Rate Determination Date(s):	[Daily Observation]/[Specify other period]
	- Relevant Time:	[For example, 11.00 a.m. London time/Brussels time]
	- Relevant Financial Centre:	[For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
	- CMS Rate definitions:	[Cap means [ ] per cent. per annum] [Floor means [ ] per cent. per annum] [Leverage means [ ] per cent.]
	(B) ISDA Determination:	
	- Floating Rate Option:	[ ]
	- Designated Maturity:	[ ]
	- Reset Date:	[ ]
<b>19.</b>	<b>Index Linked Interest Note Provisions</b>	[Applicable/Not Applicable]
	(Condition 20 in the Terms and Conditions of the Senior Notes)	<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Index:	[ ] which is [not] a Multi-Exchange Index
	(ii) Exchange and Index Sponsor:	(i) the relevant Exchange is [ ] and (ii) the relevant Index Sponsor is [ ].
	(iii) Related Exchange:	[Specify/Condition 20 applies]
	(iv) Bloomberg Screen:	[Specify/Not Applicable]
	(v) Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(vi) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(vii) Business Centre(s):	[ ]
	(viii) Minimum Rate of Interest:	[[ ] per cent. per annum] [Not Applicable]
	(ix) Maximum Rate of Interest:	[[ ] per cent. per annum] [Not Applicable]
	(x) Day Count Fraction:	[[Actual/Actual (ISDA)] [Actual/Actual (Fixed)] [Actual/365 (Fixed)] [Actual/365 (Sterling)]

		[Actual/360]
		[30/360][360/360][Bond Basis]
		[30E/360][Eurobond basis]
		[30E/360 (ISDA)]
(xi)	Formula to be used to determine the Index Linked Interest Amount:	[Barrier Provisions applicable. Memory Effect is [not] applicable] [Not Applicable]
(xii)	Valuation Date(s):	[[ <i>Insert specific Valuation Dates</i> ]/[The definition set out in Condition 20(j) applies]]
(xiii)	Initial Valuation Date:	[ ]
(xiv)	Final Valuation Date:	[ ]
(xv)	Valuation Time:	[[ <i>Insert time</i> ]/[Condition 20(j) applies]]
(xvi)	Index Initial:	[ ]
(xvii)	Index Final:	[ ]
(xviii)	Interest Barrier Level:	[ ]
(xix)	Coupon Rate:	[ ] [If applicable specify in relation to each potential Interest Payment Date] [Not Applicable]
(xx)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s):	[ ] [The Calculation Agent] ( <i>N.B. Specify name and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address</i> )
(xxi)	Additional Disruption Events:	[ (i) The following Additional Disruption Events apply to the Notes: ( <i>Specify each of the following which applies</i> ) [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Loss of Stock Borrow] (ii) [The Trade Date is [ ] [If no Trade Date is specified, Issue Date will be the Trade Date]
<b>20.</b>	<b>Equity Linked Interest Note Provisions</b>	[Applicable/Not Applicable]
	(Condition 21 in the Terms and Conditions of the Senior Notes)	( <i>If not applicable, delete the remaining subparagraphs of this paragraph</i> )
(i)	Share:	[ ]
(ii)	ISIN of Share:	[ ]
(iii)	Exchange:	[ ]
(iv)	Related Exchange:	[ ]
(v)	Settlement Price:	[ ] [As set out in Condition 21]
(vi)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(vii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

- (viii) Business Centre(s):
- (ix) Minimum Rate of Interest: [] per cent. per annum] [Not Applicable]
- (x) Maximum Rate of Interest: [] per cent. per annum] [Not Applicable]
- (xi) Day Count Fraction: [Actual/Actual (ISDA)]  
Actual/Actual (Fixed)]  
Actual/365 (Fixed)]  
Actual/365 (Sterling)]  
Actual/360]  
30/360][360/360][Bond Basis]  
30E/360][Eurobond basis]  
30E/360 (ISDA)]]
- (xii) Formula to be used to determine the Equity Linked Interest Amount: [Barrier Provisions applicable. Memory Effect is [not] applicable] [Not Applicable]
- (xiii) Valuation Date(s): [*Insert specific Valuation Dates*]/[The definition set out in Condition 21(j)applies]]
- (xiv) Initial Valuation Date:
- (xv) Final Valuation Date:
- (xvi) Valuation Time: [[*Insert time*]/[Condition 21(j) applies]]
- (xvii) Exchange Business Day: [  ] [Condition 21(j) applies]
- (xviii) Scheduled Trading Day: [  ] [Condition 21(j) applies]
- (xix) Share Initial:
- (xx) Interest Barrier Level:
- (xxi) Coupon Rate:  [*If applicable specify in relation to each potential Interest Payment Date*] [Not Applicable]
- (xxii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s):  [The Calculation Agent] (*N.B. Specify name and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address*)
- (xxiii) Additional Disruption Events: [(i)] The following Additional Disruption Events apply to the Notes:  
*(Specify each of the following which applies)*  
Change in Law]  
Failure to Deliver]  
Hedging Disruption]  
Increased Cost of Hedging]  
Increased Cost of Stock Borrow]  
Insolvency Filing]  
Loss of Stock Borrow]  
 [(ii)] [The Trade Date is ] [*If no Trade Date is specified, Issue Date will be the Trade Date*]  
 [(iii)] [The Maximum Stock Loan Rate in respect of [*specify in relation to the relevant Share*] is ]. (*N.B. only applicable if Loss of Stock Borrow is applicable*)]

[(iv)] [The Initial Stock Loan Rate in respect of [specify in relation to the relevant Share] is  (N.B. only applicable if Increased Cost of Stock Borrow is applicable)]

**PROVISIONS RELATING TO REDEMPTION**

21. Index Linked Redemption Note Provisions (Condition 20 in the Terms and Conditions of the Senior Notes) [Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph and if applicable but item already completed in paragraph 19 above, state "See paragraph 19 above".)
- (i) Index:  which is [not] a Multi-Exchange Index
  - (ii) Exchange and Index Sponsor: (i) the relevant Exchange is  and (ii) the relevant Index Sponsor is .
  - (iii) Related Exchange: [Specify/Condition 20 applies]
  - (iv) Bloomberg Screen: [Specify/Not Applicable]
  - (v) Formula to determine the Index Linked Redemption Amount: [Barrier Provisions applicable. Memory Effect is [not] applicable.] [Leveraged Floored Index Linked Redemption applicable]  
Barrier Level:   
Floored Redemption Amount:   
Capped Redemption Amount:   
Leverage:
  - (vi) Valuation Date(s): [[Insert specific Valuation Dates]/[The definition set out in Condition 20 applies]]
  - (vii) Initial Valuation Date:
  - (viii) Final Valuation Date:
  - (ix) Valuation Time: [[Insert time]/[Condition 20(j) applies]]
  - (x) Index Initial:
  - (xi) Additional Disruption Events: [(i)] The following Additional Disruption Events apply to the Notes:  
(Specify each of the following which applies)  
[Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Loss of Stock Borrow]  
[(ii)] [The Trade Date is . [If no Trade Date is specified, Issue Date will be the Trade Date]]
  - (xii) Automatic Early Redemption Event: [Applicable:]["greater than"/"greater than or equal to"/"less than"/"less than or equal to"] Automatic Early Redemption Level][Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
  - Automatic Early Redemption Amount: [[Specify]/See definition in Condition 20(j)]

- Automatic Early Redemption Date(s):  [adjusted in accordance with [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [specify any applicable Business Centre (s)]/not adjusted]
  - Automatic Early Redemption Level:
  - Automatic Early Redemption Rate:
  - Automatic Early Redemption Valuation Date(s):
- 22. Equity Linked Redemption Note Provisions:** [Applicable/Not Applicable]  
 (Condition 21 in the Terms and Conditions of the Senior Notes) *(if not applicable, delete the remaining subparagraphs of this paragraph) and if applicable but item already completed in paragraph [20] above, stated: "See paragraph [20] above"*
- (i) Share:
  - (ii) ISIN of Share:
  - (iii) Exchange:
  - (iv) Related Exchange:
  - (v) Formula to determine the Equity Linked Redemption Amount: [Barrier Provisions applicable. Memory Effect is [not] applicable. Barrier Level [●]] [Reverse Convertible Notes and Physical Delivery] [Leveraged Floored Equity Linked Redemption applicable]  
 Barrier Level:   
 Floored Redemption Amount:   
 Capped Redemption Amount:   
 Leverage:
  - (vi) Settlement Price: [As set out in Condition 21]  
 [Exchange Rate:  [Not Applicable]
  - (vii) Party responsible for calculating any amount due under the Notes:  [The Calculation Agent] *(N.B. Specify name and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)*
  - (viii) Valuation Date(s):   
 Initial Valuation Date:   
 Final Valuation Date:
  - (ix) Valuation Time:  [[Insert time]/[Condition 21(j) applies]]
  - (x) Share Initial:
  - (xi) Exchange Business Day:  [Condition 21(j) applies]
  - (xii) Scheduled Trading Day:  [Condition 21(j) applies]
  - (xiii) Additional Disruption Events:  [(i) The following Additional Disruption Events apply to the Notes:  
*(Specify each of the following which applies)*  
 [Change of Law]

			[Failure to Deliver]
			[Hedging Disruption]
			[Increased Cost of Hedging]
			[Increased Cost of Stock Borrow]
			[Insolvency Filing]
			[Loss of Stock Borrow]
			[(ii)] [The Trade Date is [ ]]
			[If no Trade Date is specified, Issue Date will be the Trade Date]
			[(iii)] [The Maximum Stock Loan Rate in respect of [specify in relation to the relevant Share] is [ ]].
			<i>(N.B. only applicable if Loss of Stock Borrow is applicable)</i>
			[(iv)] [The Initial Stock Loan Rate in respect of [specify in relation to the relevant Share] is [ ]]
			<i>(N.B. only applicable if Increased Cost of Stock Borrow is applicable)</i>
(xiv)	Delayed Redemption on Occurrence of Extraordinary Events:		[Applicable/Not Applicable]
(xv)	Share Substitution Criteria:		[Reference Index/specify/As determined by the Calculation Agent]
(xvi)	Delayed Redemption on Occurrence of Additional Disruption Event:		[Applicable/Not Applicable]
(xvii)	Automatic Early Redemption Event:		[Applicable:]/["greater than"/"greater than or equal to"/"less than"/"less than or equal to"] Automatic Early Redemption Level][Not Applicable]
			<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	Automatic Early Redemption Amount:		[[Specify]/See definition in Condition 21]
	Automatic Early Redemption Date(s):		[ ] [adjusted in accordance with [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [specify any applicable Business Centre (s)]]/not adjusted]
	Automatic Early Redemption Level:		[ ]
	Automatic Early Redemption Rate:		[ ]
	Automatic Early Redemption Valuation Date(s):		[ ]
<b>23.</b>	Reverse Convertible Notes and Physical Delivery:		[Applicable/Not Applicable]
	(Condition 21 in the Terms and Conditions of the Senior Notes )		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	Initial FX:		[Insert cross-currency rate and page]
(ii)	Final FX		[Insert cross-currency rate and page]

- (iii) Strike Price Barrier: [ ] per cent.
- (iv) Strike Price: [ ] per cent.
- (v) Applicable Rate for Calculation of Number of Deliverable Shares: [Initial FX][Final FX]  
[Not Applicable]
- (vi) Physical Delivery Rounding Convention: [The number of Deliverable Shares will be rounded [up/down]wards to the nearest [ ] decimal place with 0.[ ]5 rounded upwards]/[See Condition 21]
- 24. Issuer Call Option:** [Applicable/Not Applicable]  
(Condition 7(d) in the Terms and Conditions of the Senior Notes and Condition 5(d) in the Terms and Conditions of the Subordinated Notes) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s): [ ] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption Amount: [ ] per Calculation Amount
- (iv) Notice periods: Minimum period: [15] days [/Not Applicable]  
Maximum period: [30] days [/Not Applicable]  
*(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Agent)*
- 25. Investor Put Option:** [Applicable/Not Applicable]  
(Condition 7(e) in the Terms and Conditions of the Senior Notes) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s): [ ] per Calculation Amount
- (iii) Notice periods: Minimum period: [15] days  
Maximum period: [30] days  
*(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Agent)*
- 26. Final Redemption Amount of each Note:** [See paragraph [20/21] above]/[ ] per Calculation Amount  
(Condition 7(a), Condition 20, Condition 21 in the Terms and Conditions of the Senior Notes and Condition 5(a) in the Terms and Conditions of the Subordinated Notes) *(If the Final Redemption Amount is different from 100 per cent. of the nominal value the Notes may*

Conditions of the Subordinated Notes)

*be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply)*

27. Early Redemption Amount:

[\_]/[Fair Market Value]

(Condition 7(b), Condition 20, Condition 21 in the Terms and Conditions of the Senior Notes and Condition 5 in the Terms and Conditions of the Subordinated Notes)

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

28. Form of Notes:

[Bearer Notes/Exchangeable Notes/Registered Notes] Bearer Notes/Registered Notes]

[Regulation S Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]

29. New Global Note:

[Yes] [No]

[Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes on [\_] days' notice/at any time/in the limited circumstances specified in the permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [\_] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [\_] days' notice/at any time/in the limited circumstances specified in the permanent Global Note]

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005]

30. Additional Financial Centre(s):

[Insert Additional Financial Centre(s)][Not Applicable]

*(Note that this paragraph relates to the date of payment, and not interest period end dates, to which sub-paragraphs [15(xiv), 16(vi), 18(v), 18(xiii) and 19(vii)] relate)*

31. Talons for future Coupons to be attached to Definitive Notes:

[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made][No]

## [THIRD PARTY INFORMATION]

*[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components] has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [\_], no facts have been omitted which would render the reproduced information inaccurate or misleading.]*

Signed on behalf of the Issuer:



By:

\_\_\_\_\_

Duly authorised

## Part B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

Admission to trading:

[Application has been made for the Notes to be admitted to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg) and, if relevant, listing on an official list of the Luxembourg Stock Exchange*] with effect from [ \_ ]] [Not Applicable]

*(Where documenting a fungible issue need to indicate that the original notes are already admitted to trading)*

### 2. RATINGS

Ratings:

[The Notes to be issued [[have been]/[are expected to be]] rated/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

*[Insert details]* by *[insert the legal name of the relevant credit rating agency entity(ies)]* and *associated defined terms*].

[Each of [*defined terms*] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation). As such each of [*defined terms*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.]

[S & P: [ \_ ]]

[Fitch: [ \_ ]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)*

### 3. NOTIFICATION

[The *Commission de Surveillance du Secteur Financier* [has been requested to provide/has provided – *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

[Not Applicable]

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees [of [*insert relevant fee disclosure*]] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.] [The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.] [Not Applicable]

**5. REASONS FOR THE OFFER[, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

- (i) Reasons for the offer:
- (See "Use of Proceeds" wording in the Base Prospectus – if reasons for offer different from general funding purposes of the Issuer, will need to include those reasons here)
- (ii) [Estimated net proceeds:
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)
- (iii) [Estimated total expenses:  [Include breakdown of expenses]]

**6. [FIXED RATE NOTES ONLY – YIELD]**

Indication of yield:

- 7. [FLOATING RATE NOTES ONLY – HISTORIC INTEREST RATES]** – Details of historic [LIBOR/EURIBOR/[specify other Reference Rate]] rates can be obtained from [Reuters]]

**8. PERFORMANCE OF THE SHARE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE SHARE**

[Need to include details of the share company, any security identification number of the shares, where pricing information about the shares is available, where past and further performance and volatility of the share can be obtained.] [An example of how the value of the investment is affected by the value of the share may be included.] [Not Applicable]

**9. PERFORMANCE OF THE INDEX, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE INDEX**

[Need to include the name of the index, the name of the index sponsor and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Need to include details of where past and future performance and volatility of the index can be obtained and where pricing information is available]. [An example of how the value of the investment is affected by the underlying index may be included.] [Not Applicable]

**10. OPERATIONAL INFORMATION**

ISIN:

Common Code:

CFI:  [Not Applicable]

FISN:  [Not Applicable]

(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")

Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s): [Give name(s) and number(s) [and address(es)]] [Not Applicable]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agents:

Names and addresses of additional Paying Agents (if any):  [Not Applicable]

Calculation Agent:  
[Intended to be held in a manner which would allow Eurosystem eligibility:

[BIL] [Insert name of entity]

[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)] [include this text for registered notes] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)] [include this text for registered notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 11. DISTRIBUTION

- (i) Method of distribution:  [Syndicated/Non-syndicated]
- (ii) If syndicated, names and addresses of Managers and underwriting commitments/quotas (material features):  [Give names, addresses and underwriting commitments] [Not Applicable]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (iii) Date of [Subscription] Agreement:  [Not Applicable]
- (iv) Stabilisation Manager(s) (if any):  [Not Applicable] [Give name]
- (v) If non-syndicated, name and address of relevant Dealer:  [Not Applicable] [Give name and address]
- (vi) Total commission and concession:  per cent. of the Aggregate Nominal Amount
- (vii) U.S. Selling Restrictions and U.S. Federal Income Tax Considerations:  [Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable] [The Notes are [not] Specified Notes for purposes of Section

871(m) of the U.S. Internal Revenue Code of 1986.] [Additional information regarding the application of Section 871(m) to the Notes will be available at [give name(s) and address(es) of Issuer contact].] (The Notes will not be Specified Notes if they (i) are issued prior to January 1, 2019 and are not "delta-one" for U.S. tax purposes or (ii) do not reference any U.S. equity or any index that contains any component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the Notes reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities and (i) are issued prior to January 1, 2019 and provide a return that does not differ significantly from the return on an investment in the underlying, or (ii) are issued on or after January 1, 2019, further analysis would be required. If the Notes are Specified Notes, include the "Additional information" sentence and provide the appropriate contact information at the Issuer.)

[As at the date of these Final Terms, the Issuer has not determined whether the Notes are Specified Notes for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986; however, indicatively it considers that they will [not] be Specified Notes for these purposes. This is indicative information only subject to change and if the Issuer's final determination is different then it will give notice of such determination. Please contact [name(s) and address(es) of Issuer contact] for further information regarding the application of Section 871(m) to the Notes.] (This formulation to be used if the Issuer has not made a final determination regarding whether the Notes are Specified Notes as of the date of the Final Terms)

- (viii) Non-exempt Offer: [Applicable/Not Applicable] (if not applicable delete the remaining placeholders of this paragraph (viii) and also paragraph 12 below)
- Non-exempt Offer Jurisdictions: [Specify relevant Member State(s) where the issuer intends to make Non-exempt Offers (where the Base Prospectus lists the Non-exempt Offer Jurisdictions, select from that list), which must therefore be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)]
- Offer Period: [Specify date] until [specify date] (the "Offer Period") [save in case of early termination due to oversubscription]
- Financial intermediaries granted specific consent to use the Base Prospectus in accordance with the Conditions in it: [Insert names and addresses of financial intermediaries receiving consent (specify consent)] [Please refer to the Dealer specified above]
- (ix) General Consent: [Not Applicable/Applicable]
- (x) Other Authorised Offeror Terms: [Not Applicable][Add here any other Authorised

*Offeror Terms]*

*(Authorised Offeror Terms should only be included here where General Consent is applicable)*

*(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a Non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)*

- (xi) Prohibition of Sales to EEA Retail Investors:

[Applicable/Not Applicable]

*(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)*

- (xii) [Prohibition of Sales to Belgian Consumers:

[Applicable/Not Applicable]

*(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)]*

**12. [TERMS AND CONDITIONS OF THE OFFER**

*(Delete whole section if sub-paragraph 11(viii) above is specified to be Not Applicable because there is no Non-exempt Offer)*

- (i) Offer Price: [Issue Price][Specify]
- (ii) Conditions to which the offer is subject: [Not Applicable][Give details]
- (iii) Description of the application process: [Not Applicable][Give details]
- (iv) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable][Give details]
- (v) Time period (including any possible amendments) during which the offer will be open and description of the application process: [ ]
- (vi) Details of the minimum and/or maximum amount of application: [Not Applicable][Give details]
- (vii) Details of the method and time limits for paying up and delivering the Notes: [Not Applicable][Give details]
- (viii) Manner in and date on which results of the offer are to be made public: [Not Applicable][Give details]
- (ix) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable][Give details]
- (x) Whether tranche(s) have been [Not Applicable][Give details]

reserved for certain countries:

- (xi) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable][ *Give details*]
- (xii) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable][ *Give details*]
- (xiii) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place. [The Authorised Offerors identified in paragraph [11] above and identifiable from the Base Prospectus/None][ *Give details*]
- (xiv) [Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment: [None][ *Give details*]

**ANNEX**

**SUMMARY OF THE NOTES**

*[Only insert for Notes which have a denomination of less than €100,000 (or its equivalent in any other currency) issued under the Programme.]*



## FORM OF FINAL TERMS (NON-EXEMPT/ €100,000 OR MORE)

Set out below is the form of Final Terms which will be completed for each Tranche of Notes which are not Exempt Notes and which have a denomination of €100,000 or more (or its equivalent in any other currency) issued under the Programme.

**[PROHIBITION OF SALES TO EEA 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 ("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 Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive") where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been 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.]<sup>26</sup>

**[<sup>27</sup>MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "MiFID II")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*] . Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer[ 's/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[ 's/s'] target market assessment) and determining appropriate distribution channels.]

**OR**

<sup>28</sup> **[MIFID II product governance / Retail investors, professional investors and ECPs** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, "MiFID II")][MiFID II]; ***ETHER***<sup>29</sup> [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] **OR**<sup>30</sup> [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[, / and] portfolio management[, / and] non-advised sales ] [and pure execution services], subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer[ 's/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[ 's/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]<sup>31</sup> .]]

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<sup>26</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

<sup>27</sup> Legend to be included on front of the Final Terms if following the ICMA 1 "all bonds to all professionals" target market approach.

<sup>28</sup> Legend to be included on front of the Final Terms if following the ICMA 2 approach.

<sup>29</sup> Include for bonds that are not ESMA complex.

<sup>30</sup> Include for certain ESMA complex bonds. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability will be necessary. In addition, if the Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.

<sup>31</sup> If the Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II. If there are advised sales, a determination of suitability will be necessary.

Final Terms dated [●]

**Banque Internationale à Luxembourg, société anonyme**  
*(incorporated with limited liability in Luxembourg)*

**Legal entity identifier (LEI): [●]**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] [Series Number] [Tranche Number]  
under the €10,000,000,000

**Programme for the issue of Euro Medium Term Notes and Warrants**

**Part A– CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 18 May 2018 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "Base Prospectus"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [Issuer's /Financial Intermediaries'/regulated market's/competent authority's] website.]

*[(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus (or equivalent) with an earlier date.)]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the base prospectus dated [2 July 2003/30 September 2004/22 November 2005/14 December 2006/26 March 2008/3 April 2009/1 April 2010/31 March 2011/21 May 2012/31 May 2013/28 May 2014/22 May 2015/20 May 2016/19 May 2017] which are incorporated by reference in the base prospectus dated 18 May 2018. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the base prospectus dated 20 May 2016 [and the supplement to it dated [●] which together, constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "Base Prospectus"), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [Issuer's /Financial Intermediaries'/regulated market's/competent authority's] website.]

*(Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.)*

1. (i) [Series Number: [ ]]
- (ii) [Tranche Number: [ ]]
- (iii) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [provide issue amount/ISIN/maturity date/issue date of earlier Tranches] on [the Issue Date/exchange of the temporary Global Note for interests in the permanent Global Note, as referred to in paragraph 28 below, which is expected to occur on or about [date]][Not Applicable]
2. Specified Currency or Currencies: [ ]
3. Aggregate Nominal Amount: [ ]
  - (i) [Series: [ ]]
  - (ii) [Tranche: [ ]]
4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount

- [plus accrued interest from [date] (in the case of fungible issues only, if applicable)]
5. (i) Specified Denominations: [ ]  
(ii) Calculation Amount: [ ]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations)*
6. (i) [Issue Date: [ ]]  
(ii) [Interest Commencement Date: [ ]]
7. Maturity Date: [Specify date or (for Floating Rate Notes or any other rate where the Interest Period end date(s) are adjusted) Interest Payment Date falling in or nearest to the relevant month and year]  
*(N.B. The Maturity Date [should not be/may need to be not] less than one year after the Issue Date)*
8. Interest Basis: [ [ ] per cent. Fixed Rate]  
[Reset Notes]  
[ [ ] month [LIBOR/EURIBOR] [+/-][ ] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Equity Linked Interest]  
[Floating Rate: CMS Linked Interest]  
[ [ ] per cent. Fixed Rate] [ [ ] month [LIBOR/EURIBOR] [+/-][ ] per cent. Floating Rate] Range Accrual  
(further details specified below)
9. Redemption Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount]  
[Index Linked Redemption]  
[Equity Linked Redemption]  
*(If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes may be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply)*
10. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) [date] paragraph [14/16] applies and for the period from (and including) [date], up to (and including) the Maturity Date, paragraph [14/16] applies][Not Applicable]
11. Put/Call Options: [Investor Put]  
[Issuer Call]

[(further particulars specified below)]

[Not Applicable]

12. (i) [Status of the Notes: [Senior/Subordinated]]  
(ii) [Date [Board] approval for issuance of Notes obtained: [ ] [and [ ], respectively]

*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

13. Governing law: [English/Luxembourg] law

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions: [Applicable/Not Applicable]

(Condition 5(a) in the Terms and Conditions of the Senior Notes and Condition 4(a) in the Terms and Conditions of the Subordinated Notes) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Rate[(s)] of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date

- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date [[adjusted in accordance with [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] and any applicable Business Centre(s) for the definition of "Business Day"]/[not adjusted]]

*(Amend appropriately in the case of irregular coupons)*

- (iii) Day Count Fraction: [30/360][Actual/Actual (ICMA)]

- (iv) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount

- (v) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] [Not Applicable]

- (vi) Day Count Fraction: [30/360 / Actual/Actual (ICMA)]

- (vii) Determination Dates: [[ ] in each year][Not Applicable] *(N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*

- (viii) Adjustment of Rate of Interest: [Applicable/Not Applicable]

Adjustment Date(s) Adjustment Margin

[ ] [ ]

15. Reset Note Provisions: [Applicable/Not Applicable]

(Condition 4(b) in the Terms and Conditions of the Subordinated Notes) *(The following is only applicable in relation to Subordinated Notes. If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Initial Rate of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear [on each Interest Payment Date]

- (ii) First Margin: [ +/- ] [ ] per cent. per annum
- (iii) Subsequent Margin: [ +/- ] [ ] per cent. per annum [Not Applicable]
- (iv) Interest Payment Dates: [ ] [and [ ]] in each year up to and including the Maturity Date [[in each case,] subject to adjustment in accordance with paragraph 15(xiii)]
- (v) Fixed Coupon Amount up to (but excluding) the First Reset Date: [ ] per Calculation Amount [Not Applicable]
- (vi) Broken Amount(s): [ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ] [Not Applicable]
- (vii) First Reset Date: [ ] [subject to adjustment in accordance with paragraph 15(xiii)]
- (viii) Second Reset Date: [ ]/[Not Applicable]
- (ix) Subsequent Reset Date(s): [ ] [and [ ]] [subject to adjustment in accordance with paragraph 15(xvi)] [Not Applicable]
- (x) Relevant Screen Page: [ ]
- (xi) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate]
- (xii) Mid-Swap Maturity: [ ]
- (xiii) Fixed Leg Swap Duration: [ ]
- (xiv) Day Count Fraction: [Actual/Actual(ICMA)]  
[Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360]  
[30E/360][30E/360 (ISDA)]
- (xv) Reset Determination Date: [ ] in each year
- (xvi) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (xvii) Business Centre(s): [ ]
- (xviii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [ ] [Not Applicable]
- (xix) Mid-Swap Floating Leg Benchmark Rate: [ ]
- 16. Floating Rate Note Provisions:** *(If not applicable, delete the remaining subparagraphs of this paragraph)*  
(Condition 5(b) in the Terms and Conditions of the Senior Notes and Condition 4(c) in the Terms and Conditions of the Subordinated Notes
- (i) Interest Period(s): [ ], subject to adjustment in accordance with the Business Day Convention set out in (v) below
- (ii) Specified Interest Payment Dates: [ ]
- (iii) First Interest Payment Date: [ ]
- (iv) Interest Period Date: [ ]

- (Not applicable unless different from Interest Payment Date)*
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (vi) Business Centre(s): [ ]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [ ] [Not Applicable]
- (ix) Screen Rate Determination:
- Reference Rate: [ ] month [[LIBOR/EURIBOR]/[CMS Reference Rate/Leveraged CMS Reference Rate/Steepner CMS Reference Rate: [Unleveraged/Leveraged]/Call Spread Reference Rate/Collar Steepner CMS]]  
Reference Currency: [ ]  
Designated Maturity: [[ ]/[The CMS Rate having a Designated Maturity of [ ] shall be "CMS Rate 1" and the CMS Rate having a Designated Maturity of [ ] shall be "CMS Rate 2"]]  
*(Where more than one CMS Rate, specify the Designated Maturity for each relevant CMS Rate)*
  - Interest Determination Date(s): [ ]  
*(In the case of a CMS Rate where the Reference Currency is euro): [Second day on which the TARGET2 system is open prior to the start of each Interest Period]*  
*(In the case of a CMS Rate where the Reference Currency is other than euro): [Second [specify type of day] prior to the start of each Interest Period]*
  - Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
  - Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
  - CMS Rate definitions: [Cap means [ ] per cent. per annum]  
[Floor means [ ] per cent. per annum]  
[Leverage means [ ] per cent.]  
[Leverage 1 means [ ] per cent.]  
[Leverage 2 means [ ] per cent.]
  - Relevant Screen Page: [For example, Reuters EURIBOR 01]  
*(In the case of a CMS Linked Interest Note, specify relevant screen page and any applicable headings and captions)*
- (x) ISDA Determination:

- Floating Rate Option:
- Designated Maturity:
- Reset Date:

*(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*

*(N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)*

- (xi) Linear Interpolation: [Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation [specify for each short or long interest period]][Not Applicable]
- (xii) Margin(s): [ +/- ][  ] per cent. per annum
- (xiii) Minimum Rate of Interest:  per cent. per annum
- (xiv) Maximum Rate of Interest:  per cent. per annum
- (xv) Day Count Fraction: [[Actual/Actual (ISDA)],[Actual/Actual (Fixed)]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond basis]  
[30E/360 (ISDA)]]
- (xvi) Adjustment of Rate of Interest: [Applicable/Not Applicable]  
Adjustment Date(s) Adjustment Margin

**17. Zero Coupon Note Provisions:** [Applicable/Not Applicable]  
(Condition 7(b) in the Terms and Conditions of the Senior Notes and Condition 5(b) in the Terms and Conditions on the Subordinated Notes) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Amortisation Yield:  per cent. per annum
- (ii) Reference Price:
- (iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]

**18. Range Accrual Notes Provisions:** [Fixed Rate Range Accrual Note]  
(Condition 6 of the Terms and Conditions of the Senior Notes) [Floating Rate Range Accrual Note]  
[CMS Range Accrual Note][Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

*(The following is applicable in relation to Fixed Rate Range Accrual Notes or CMS Range Accrual*

*Notes that bear fixed rate interest)*

- (i) Rate[(s)] of Interest:  per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s):  in each year up to and including the Maturity Date [[adjusted in accordance with [Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention] and any applicable Business Centre(s) for the definition of "Business Day"]/[not adjusted]]  
*(Amend appropriately in the case of irregular coupons)*
- (iii) Day Count Fraction: [30/360][ Actual/Actual (ICMA)]
- (iv) Determination Dates:  in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*) (N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (v) Business Centre(s):
- (vi) Minimum Rate of Interest:  per cent. per annum
- (vii) Maximum Rate of Interest:  per cent. per annum

*(The following is applicable in relation to Floating Rate Range Accrual Notes or CMS Range Accrual Notes that bear floating rate interest)*

- (viii) Interest Period(s):
- (ix) Specified Interest Payment Dates:
- (x) First Interest Payment Date:
- (xi) Interest Period Date:   
*(Not applicable unless different from Interest Payment Date)*
- (xii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (xiii) Business Centre(s):
- (xiv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (xv) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [Not Applicable]
- (xvi) Screen Rate Determination:
- Reference Rate:  month [LIBOR/EURIBOR][*currency*] interbank offer rate
  - Interest Determination Date(s):
  - Relevant Screen Page:
- (xvii) ISDA Determination:
- Floating Rate Option:
  - Designated Maturity:



- Reset Date: [ ]
- (xviii) Margin(s): [ +/- ] [ ] per cent. per annum
- (xix) Minimum Rate of Interest: [ ] per cent. per annum
- (xx) Maximum Rate of Interest: [ ] per cent. per annum
- (xxi) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual (Fixed)]  
[[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond basis]  
[30E/360 (ISDA)]

*(The following must be completed in relation to all Range Accrual Notes)*

- (xxii) Upper Range: [ ] per cent.  
*(If the Upper Range adjusts with various periods use the table below)*

From and including	To be excluding	Upper Range
[ date ]	[ date ]	[ ] per cent.

- (xxiii) Lower Range: [ ] per cent.  
*(If the Lower Range adjusts with various periods use the table below)*

From and including	To be excluding	Upper Range
[ date ]	[ date ]	[ ] per cent.

- (xxiv) Range Accrual Reference Rate: [Screen Rate Determination/ISDA Determination]

(A) Screen Rate Determination:

- Reference Rate: [[For example, LIBOR or EURIBOR]/[CMS Reference Rate/Leveraged CMS Reference Rate/Steepner CMS Reference Rate: [Unleveraged/Leveraged]/Call Spread Reference Rate/Collar Steepner CMS]]

Reference Currency: [ ]

Designated Maturity: [ ]/[The CMS Rate having a Designated Maturity of [ ]]

- Relevant Screen Page: [For example, Reuters EURIBOR 01]  
*(In the case of a CMS Range Accrual Note, specify relevant screen page and any applicable headings and captions)*

- Range Accrual Reference Rate Determination Date(s): [Daily Observation][Specify other period]

- Relevant Time: [For example, 11.00 a.m. London time/Brussels time]

- Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]

- CMS Rate definitions: [Cap means  per cent. per annum]  
[Floor means  per cent. per annum]  
[Leverage means  per cent.]
- (B)ISDA Determination:
  - Floating Rate Option:
  - Designated Maturity:
  - Reset Date:
- 19. Index Linked Interest Note Provisions** [Applicable/Not Applicable]  
(Condition 20 of the Terms and Conditions of the Senior Notes) *(If not applicable, delete the remaining subparagraphs of this paragraph)*
  - (i) Index:  which is [not] a Multi-Exchange Index
  - (ii) Exchange and Index Sponsor: (i) the relevant Exchange is  and  
(ii) the relevant Index Sponsor is .
  - (iii) Related Exchange: [Specify/Condition 20 applies]
  - (iv) Bloomberg Screen: [Specify/Not Applicable]
  - (v) Specified Period(s)/Specified Interest Payment Dates:
  - (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
  - (vii) Business Centre(s):
  - (viii) Minimum Rate of Interest: [ per cent. per annum] [Not Applicable]
  - (ix) Maximum Rate of Interest: [ per cent. per annum] [Not Applicable]
  - (x) Day Count Fraction: [[Actual/Actual (ISDA)]  
[Actual/Actual (Fixed)]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond basis]  
[30E/360 (ISDA)]]
  - (xi) Formula to be used to determine the Index Linked Interest Amount: [Barrier Provisions applicable. Memory Effect is [not] applicable] [Not Applicable]
  - (xii) Valuation Date(s): [[*Insert specific Valuation Dates*]/[The definition set out in Condition 20 applies]]
  - (xiii) Initial Valuation Date:
  - (xiv) Final Valuation Date:
  - (xv) Valuation Time: [[*Insert time*]/[Condition 20(j) applies]]
  - (xvi) Index Initial:
  - (xvii) Interest Barrier Level:
  - (xviii) Coupon Rate:  [If applicable specify in relation to each potential Interest Payment Date][Not Applicable]

- (xix) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s):  [The Calculation Agent] *(N.B. Specify name and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)*
- (xx) Additional Disruption Events:  (i) The following Additional Disruption Events apply to the Notes:  
*(Specify each of the following which applies)*  
 [Change in Law]  
 [Hedging Disruption]  
 [Increased Cost of Hedging]  
 [Increased Cost of Stock Borrow]  
 [Loss of Stock Borrow]  
 (ii) [The Trade Date is ]. *[If no Trade Date is specified, Issue Date will be the Trade Date]*
- 20. Equity Linked Interest Note Provisions**  [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (Condition 21 in the Terms and Conditions of the Senior Notes)
- (i) Share:
- (ii) ISIN of Share:
- (iii) Exchange:
- (iv) Related Exchange:
- (v) Settlement Price:  [As set out in Condition 21]
- (vi) Specified Period(s)/Specified Interest Payment Dates:
- (vii) Business Day Convention:  [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (viii) Business Centre(s):
- (ix) Minimum Rate of Interest:  [per cent. per annum] [Not Applicable]
- (x) Maximum Rate of Interest:  [per cent. per annum] [Not Applicable]
- (xi) Day Count Fraction:  [Actual/Actual (ISDA)]  
 [Actual/Actual (Fixed)]  
 [Actual/365 (Fixed)]  
 [Actual/365 (Sterling)]  
 [Actual/360]  
 [30/360][360/360][Bond Basis]  
 [30E/360][Eurobond basis]  
 [30E/360 (ISDA)]
- (xii) Formula to be used to determine the Equity Linked Interest Amount:  [Barrier Provisions applicable. Memory Effect is [not] applicable] [Not Applicable]
- (xiii) Valuation Date(s):  [*Insert specific Valuation Dates*]/[The definition set out in Condition 21(j)applies]
- (xiv) Initial Valuation Date:

- (xv) Final Valuation Date:
- (xvi) Valuation Time:  [Insert time]/[Condition 21(j) applies]
- (xvii) Exchange Business Day:  [Condition 21(j) applies]
- (xviii) Scheduled Trading Day:  [Condition 21(j) applies]
- (xix) Share Initial:
- (xx) Interest Barrier Level:
- (xxi) Coupon Rate:  [If applicable specify in relation to each potential Interest Payment Date] [Not Applicable]
- (xxii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s):  [The Calculation Agent] (N.B. Specify name and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)
- (xxiii) Additional Disruption Events:  (i) The following Additional Disruption Events apply to the Notes:  
*(Specify each of the following which applies)*  
 [Change in Law]  
 [Failure to Deliver]  
 [Hedging Disruption]  
 [Increased Cost of Hedging]  
 [Increased Cost of Stock Borrow]  
 [Insolvency Filing]  
 [Loss of Stock Borrow]  
 (ii) [The Trade Date is  [If no Trade Date is specified, Issue Date will be the Trade Date]  
 (iii) [The Maximum Stock Loan Rate in respect of [specify in relation to the relevant Share] is . (N.B. only applicable if Loss of Stock Borrow is applicable)]  
 (iv) [The Initial Stock Loan Rate in respect of [specify in relation to the relevant Share] is  (N.B. only applicable if Increased Cost of Stock Borrow is applicable)]

## PROVISIONS RELATING TO REDEMPTION

21. Index Linked Redemption Note Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph and if applicable but item already completed in paragraph 19 above, state "See paragraph 19 above.")*  
 (Condition 20 of the Terms and Conditions of the Senior Notes)
- (i) Index:  which is [not] a Multi-Exchange Index
- (ii) Exchange and Index Sponsor: (i) the relevant Exchange is  and  
 (ii) the relevant Index Sponsor is .
- (iii) Related Exchange: [Specify/Condition 20 applies]
- (iv) Bloomberg Screen: [Specify/Not Applicable]
- (v) Formula to determine the Index Linked Redemption Amount: [Barrier Provisions applicable. Memory Effect is [not] applicable] [Leveraged Floored Index Linked Redemption applicable]

	Barrier Level: [ ]
	Floored Redemption Amount: [ ]
	Capped Redemption Amount: [ ]
	Leverage: [ ]
(vi) Valuation Date(s):	[[ <i>Insert specific Valuation Dates</i> ]/[The definition set out in Condition 20 applies]] ]
(vii) Initial Valuation Date:	[ ]
(viii) Final Valuation Date:	[ ]
(ix) Valuation Time:	[[ <i>Insert time</i> ]/[Condition 20(j) applies]]
(x) Index Initial:	[ ]
(xi) Additional Disruption Events:	[(i)] The following Additional Disruption Events apply to the Notes: ( <i>Specify each of the following which applies.</i> ) [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Loss of Stock Borrow] [(ii)] [The Trade Date is [ ]]. [ <i>If no Trade Date is specified, Issue Date will be the Trade Date</i> ]
(xii) Automatic Early Redemption Event:	[[Applicable:]/["greater than"/"greater than or equal to"/"less than"/"less than or equal to"] Automatic Early Redemption Level][Not Applicable] ( <i>If not applicable, delete the remaining subparagraphs of this paragraph</i> )
– Automatic Early Redemption Amount:	[ <i>Specify</i> ][See definition in Condition 20(j)]
– Automatic Early Redemption Date(s):	[ ] [adjusted in accordance with [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [ <i>specify any applicable Business Centre (s)</i> ]/not adjusted]
– Automatic Early Redemption Level:	[ ]
– Automatic Early Redemption Rate:	[ ]
– Automatic Early Redemption Valuation Date(s):	[ ]
<b>22. Equity Linked Redemption Note Provisions:</b>	[Applicable/Not Applicable] ( <i>if not applicable, delete the remaining subparagraphs of this paragraph</i> )
(Condition 21 in the Terms and Conditions of the Senior Notes)	
(i) Share:	[ ]
(ii) ISIN of Share:	[ ]
(iii) Exchange:	[ ]

- (iv) Related Exchange:
- (v) Formula to determine the Equity Linked Redemption Amount:  [Barrier Provisions applicable. Memory Effect is [not] applicable. Barrier Level ] [Reverse Convertible Notes and Physical Delivery] [Leveraged Floored Equity Linked Redemption applicable]  
 Barrier Level:   
 Floored Redemption Amount:   
 Capped Redemption Amount:   
 Leverage:
- (vi) Settlement Price:  [As set out in Condition 21]  
 [Exchange Rate: ][Not Applicable]
- (vii) Party responsible for calculating any amount due under the Notes:  [The Calculation Agent] (*N.B. Specify name and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address*)
- (viii) Valuation Date(s):   
 Initial Valuation Date:   
 Final Valuation Date:
- (ix) Valuation Time:  [*Insert time*]/[Condition 21(k) applies]
- (x) Exchange Business Day:  [Condition 21(k) applies]
- (xi) Scheduled Trading Day:  [Condition 21(k) applies]
- (xii) Additional Disruption Events:  [(i) The following Additional Disruption Events apply to the Notes:  
*(Specify each of the following which applies)*  
 [Change of Law]  
 [Failure to Deliver]  
 [Hedging Disruption]  
 [Increased Cost of Hedging]  
 [Increased Cost of Stock Borrow]  
 [Insolvency Filing]  
 [Loss of Stock Borrow]  
 [(ii) [The Trade Date is   
 [If no Trade Date is specified, Issue Date will be the Trade Date]  
 [(iii) [The Maximum Stock Loan Rate in respect of [*specify in relation to the relevant Share*] is   
*(N.B. only applicable if Loss of Stock Borrow is applicable)*  
 [(iv) [The Initial Stock Loan Rate in respect of [*specify in relation to the relevant Share*] is   
*(N.B. only applicable if Increased Cost of Stock Borrow is applicable)*
- (xiii) Delayed Redemption on Occurrence  [Applicable/Not Applicable]

- of Extraordinary Events:
- (xiv) Share Substitution Criteria: [Reference Index/specify/As determined by the Calculation Agent]
- (xv) Delayed Redemption on Occurrence of Additional Disruption Event: [Applicable/Not Applicable]
- (xvi) Automatic Early Redemption Event: [[Applicable:]/["greater than"/"greater than or equal to"/"less than"/"less than or equal to"] Automatic Early Redemption Level] [Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- Automatic Early Redemption Amount: [[Specify][See definition in Condition [21]]
- Automatic Early Redemption Date(s): [ ] [adjusted in accordance with [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [specify any applicable Business Centre (s)]/not adjusted]
- Automatic Early Redemption Level: [ ]
- Automatic Early Redemption Rate: [ ]
- Automatic Early Redemption Valuation Date(s): [ ]
- 23. Reverse Convertible Notes and Physical Delivery:** [Applicable/Not Applicable]
- (Condition 21 in the Terms and Conditions of the Senior Notes )
- (if not applicable, delete the remaining subparagraphs of this paragraph)*
- Initial FX: [Insert cross-currency rate and page]
- Final FX: [Insert cross-currency rate and page]
- Strike Price Barrier: [ ] per cent.
- Strike Price: [ ] per cent.
- Applicable Rate for Calculation of Number of Deliverable Shares: [Initial FX][Final FX]
- Physical Delivery Rounding Convention: [[The number of Deliverable Shares will be rounded [up/down]wards to the nearest [ ] decimal place with 0.[ ]5 rounded upwards]/[See Condition 21]]
- 24. Issuer Call Option:** [Applicable/Not Applicable]
- (Condition 7(d) in the Terms and Conditions of the Senior Notes and Condition 5(d) in the Terms and Conditions of the Subordinated Notes)
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s): [ ] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption: [ ] per Calculation Amount

- Amount:
- (iv) Notice periods: Minimum period: [15] days  
Maximum period: [30] days  
*(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Agent.)*
25. Investor Put Option: [Applicable/Not Applicable]  
(Condition 7(e) in the Terms and Conditions of the Senior Notes) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s): [ ] per Calculation Amount
- (iii) Notice periods: Minimum period: [15] days  
Maximum period: [30] days  
*(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Agent)*
26. Final Redemption Amount of each Note: [See paragraph [19/20] above/[ ] per Calculation Amount  
(Condition 7(a), Condition 20, Condition 21 in the Terms and Conditions of the Senior Notes and Condition 5(a) in the Terms and Conditions of the Subordinated Notes ) *(If the Final Redemption Amount is different from 100 per cent. of the nominal value the Notes may be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply)*
27. Early Redemption Amount: [ ]/[Fair Market Value]  
(Condition 7(b), Condition 20, Condition 21 in the Terms and Conditions of the Senior Notes and Condition 5 in the Terms and Conditions of the Subordinated Notes)

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

28. Form of Notes: [Bearer Notes/Exchangeable Bearer Notes/Registered Notes]  
[Regulation S Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]
29. New Global Note: [Yes][No]  
[Temporary Global Note exchangeable for a permanent Global Note which is exchangeable



for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the permanent Global Note]

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005]

30. Additional Financial Centre(s):

[Insert Additional Financial Centre(s)][Not Applicable]

*(Note that this paragraph relates to the date of payment, and not interest period end dates, to which sub-paragraphs [15(xiv), 16(vi), 18(v), 18(xiii) and 19(vii)] relate)*

31. Talons for future Coupons to be attached to Definitive Notes:

[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made][No]

### [THIRD PARTY INFORMATION]

*[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components] has been extracted from [specify source.]* The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

\_\_\_\_\_   
Duly authorised

## Part B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

Admission to trading:

[Application has been made for the Notes to be admitted to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg) and, if relevant, listing on an official list of the Luxembourg Stock Exchange*] with effect from [ ]][Not Applicable]

*(Where documenting a fungible issue need to indicate that the original notes are already admitted to trading)*

Estimated expenses in relation to the admission to trading:

[ ]

### 2. RATINGS

Ratings:

[The Notes to be issued [[have been]/[are expected to be]] rated/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

*[Insert details]* by *[insert the legal name of the relevant credit rating agency entity(ies)]* and *associated defined terms*

[Each of *[defined terms]* is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation). As such each of *[defined terms]* is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.]

[S & P: [ ]]

[Fitch: [ ]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)*

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees [of *[insert relevant fee disclosure]*] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.][Not Applicable]

### 4. [FIXED RATE NOTES ONLY – YIELD

Indication of yield:

[ ]

**5. [FLOATING RATE NOTES ONLY – HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR][specify other Reference Rate] rates can be obtained from [Reuters].]

**6. PERFORMANCE OF THE SHARE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE SHARE**

*[Need to include details of the share company, any security identification number of the shares, where pricing information about the shares is available, and where past and further performance and volatility of the share can be obtained.] [An example of how the value of the investment is affected by the share may be included.]*

**7. PERFORMANCE OF THE INDEX, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE INDEX**

*[Need to include the name of the index, the name of the index sponsor and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]*

*[Need to include details of where past and future performance and volatility of the index can be obtained and where pricing information is available]. [An example of how the value of the investment is affected by the underlying index may be included.]*

**8. OPERATIONAL INFORMATION**

ISIN:

Common Code:

CFI: [Not Applicable]

FISN: [Not Applicable]

*(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")*

Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s): [Give name(s) and number(s)][and address(es)][Not Applicable]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agents:

Names and addresses of additional Paying Agents (if any): [Not Applicable]

Calculation Agent: [BIL][Insert name of entity]

[Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)]*[include this text for registered notes]* and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the

date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)]*[include this text for registered notes]*. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 9. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names and addresses of Managers and underwriting commitments: [Give names, addresses and underwriting commitments] [Not Applicable]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (iii) Date of [Subscription] Agreement: [ ]
- (iv) Stabilisation Manager(s) (if any): [Not Applicable][Give name]
- (v) If non-syndicated, name and address of relevant Dealer: [Not Applicable][Give name and address]
- (vi) Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount
- (vii) U.S. Selling Restrictions and U.S. Federal Income Tax Considerations: [Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable] [The Notes are [not] Specified Notes for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986.] [Additional information regarding the application of Section 871(m) to the Notes will be available at [give name(s) and address(es) of Issuer contact].] *(The Notes will not be Specified Notes if they (i) are issued prior to January 1, 2019 and are not "delta-one" for U.S. tax purposes or (ii) do not reference any U.S. equity or any index that contains any component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the Notes reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities and (i) are issued prior to January 1, 2019 and provide a return that does not differ significantly from the return on an investment in the underlying, or (ii) are issued on or after January 1, 2019, further analysis would be required. If the Notes are Specified Notes, include the "Additional information" sentence and provide the appropriate contact information at the Issuer.)*  
 [As at the date of these Final Terms, the Issuer has not determined whether the Notes are Specified

Notes for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986; however, indicatively it considers that they will [not] be Specified Notes for these purposes. This is indicative information only subject to change and if the Issuer's final determination is different then it will give notice of such determination. Please contact [*name(s) and address(es) of Issuer contact*] for further information regarding the application of Section 871(m) to the Notes.] (*This formulation to be used if the Issuer has not made a final determination regarding whether the Notes are Specified Notes as of the date of the Final Terms*)

- (viii) Prohibition of Sales to EEA Retail Investors:

[Applicable/Not Applicable]

*(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute 'packaged' products and no key information document will be prepared, "Applicable" should be specified.)*

- (ix) [Prohibition of Sales to Belgian Consumers:

[Applicable/Not Applicable]

*(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)]*

## FORM OF PRICING SUPPLEMENT (EXEMPT)

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme.

**[PROHIBITION OF SALES TO EEA 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 ("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 Directive 2014/65/EU (as amended, "MiFID II"); (ii) or a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been 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.]<sup>32</sup>

**[MIFID II product governance / target market** – *[appropriate target market legend to be included]*]

### NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW.

Pricing Supplement dated [●]

**Banque Internationale à Luxembourg, société anonyme**  
*(incorporated with limited liability in Luxembourg)*

**Legal entity identifier (LEI): [●]**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] [Series Number] [Tranche Number]  
under the €10,000,000,000

Programme for the issue of Euro Medium Term Notes and Warrants

#### Part A– CONTRACTUAL TERMS

Any person making or intending to make an offer of the Notes may only do so 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 to supplement a prospectus pursuant to Article 13 of the Luxembourg Law dated 10 July 2005 relating to prospectuses for securities, as amended, in each case, in relation to such offer.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 18 May 2018 [[and the supplement[s] to it dated [date] [and [date]] ([together,] the "Base Prospectus").

*[(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus (or equivalent) with an earlier date.)*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the base prospectus dated [original date] which are incorporated by reference in the base prospectus dated [current date].

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

1. (i) [Series Number: [ ]]
- (ii) [Tranche Number: [ ]]

<sup>32</sup> Legend to be included on front of the Pricing Supplement if the Notes potentially constitute "packaged" products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

- (iii) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [provide issue amount/ISIN/maturity date/issue date of earlier Tranches] on [the Issue Date/exchange of the temporary Global Note for interests in the permanent Global Note, as referred to in paragraph 28 below, which is expected to occur on or about [date]][Not Applicable]
2. Specified Currency or Currencies: [ ]
3. Aggregate Nominal Amount: [ ]
- (i) [Series: [ ]]
- (ii) [Tranche: [ ]]
4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [date]] (in the case of fungible issues only, if applicable)
5. (i) Specified Denominations: [ ]
- (ii) Calculation Amount: [ ]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
6. (i) [Issue Date: [ ]]
- (ii) [Interest Commencement Date: [ ]]
7. Maturity Date: [Specify date or (for Floating Rate Notes or any other rate where the Interest Period end date(s) are adjusted) Interest Payment Date falling in or nearest to the relevant month and year]
- (N.B. The Maturity Date [should not be/may need to be not] less than one year after the Issue Date)*
8. Interest Basis: [ ] per cent. Fixed Rate]
- [Reset Notes]
- [[ ] month [LIBOR/EURIBOR] [+/-][ ] per cent. Floating Rate]
- [Zero Coupon]
- [Floating Rate: CMS Linked Interest]
- [ ] per cent. Fixed Rate] [[ ] month [LIBOR/EURIBOR] [+/-][ ] per cent. Floating Rate] Range Accrual]
- [Equity Linked Interest]
- [Index Linked Interest]
- [Dual Currency Interest]
- [Specify other]
- [(further details specified below)]
9. Redemption Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their

- nominal amount]  
 [Equity Linked Redemption]  
 [Index Linked Redemption]  
 [Dual Currency Redemption]  
 [Partly Paid]  
 [Instalment]  
 [Specify other]
10. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]
11. Put/Call Options: [Investor Put]  
 [Issuer Call]  
 [(further particulars specified below)]  
 [Not Applicable]
12. (i) [Status of the Notes: [Senior/Subordinated]]  
 (ii) [Date [Board] approval for issuance of Notes obtained: [\_] [and [\_], respectively]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]
13. Governing law: [English/Luxembourg] law

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions: [Applicable/Not Applicable]  
 (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [\_] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [\_] in each year up to and including the Maturity Date [[adjusted in accordance with [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] and any applicable Business Centre(s) for the definition of "Business Day"]/[not adjusted]]  
 (Amend appropriately in the case of irregular coupons)
- (iii) Fixed Coupon Amount[(s)]: [\_] per Calculation Amount
- (iv) Broken Amount(s): [\_] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [\_] ][Not Applicable]
- (v) Day Count Fraction: [30/360][Actual/Actual (ICMA)]
- (vi) Determination Dates: [[\_] in each year][Not Applicable] (N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)



- (vi) Adjustment of Rate of Interest: [Applicable/Not Applicable]  
Adjustment Date(s) Adjustment Margin  
[ ] [ ]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes which are Exempt Notes: [None][Give details]
- 15. Reset Note Provisions** [Applicable/Not Applicable]  
*(The following is only applicable in relation to Subordinated Notes. If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Initial Rate of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear [on each Interest Payment Date]
- (ii) First Margin: [+/-][ ] per cent. per annum
- (iii) Subsequent Margin: [[+/-][ ] per cent. per annum] [Not Applicable]
- (iv) Interest Payment Dates: [ ] [and [ ]] in each year up to and including the Maturity Date [[in each case,] subject to adjustment in accordance with paragraph 15(xvi)]
- (v) Fixed Coupon Amount up to (but excluding) the First Reset Date: [ ] per Calculation Amount][Not Applicable]
- (vi) Broken Amount(s): [ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
- (vii) First Reset Date: [ ] [subject to adjustment in accordance with paragraph 15(xiii)]
- (viii) Second Reset Date: [ ]/[Not Applicable]
- (ix) Reset Date(s) (other than the First Reset Date): [ ] [and [ ]] [subject to adjustment in accordance with paragraph 15(xiii)]
- (x) Relevant Screen Page: [ ]
- (xi) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate]
- (xii) Mid-Swap Maturity: [ ]
- (xiii) Fixed Leg Swap Duration: [ ]
- (xiv) Day Count Fraction: [Actual/Actual(ICMA)]  
[Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360]  
[30E/360]  
[30E/360 (ISDA)]
- (xv) Reset Determination Date: [ ] in each year
- (xvi) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (xvii) Business Centre(s): [ ]
- (xviii) Party responsible for calculating the Rate(s) of Interest and Interest: [None][Give details][Not Applicable]

- Amount(s) (if not the Calculation Agent):
- (xix) Mid-Swap Floating Leg Benchmark Rate:
- 16. Floating Rate Note Provisions:**  [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest Period(s): [, subject to adjustment in accordance with the Business Day Convention set out in (v) below]
- (ii) Specified Interest Payment Dates:
- (iii) First Interest Payment Date:
- (iv) Interest Period Date:   
*(Not applicable unless different from Interest Payment Date)*
- (v) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (vi) Business Centre(s):
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [Not Applicable]
- (ix) Screen Rate Determination:
- Reference Rate:  month [[LIBOR/EURIBOR]/[CMS Reference Rate/Leveraged CMS Reference Rate/Steepner CMS Reference Rate: [Unleveraged/Leveraged]/Call Spread Reference Rate/Collar Steepner CMS]]  
Reference Currency:   
Designated Maturity: []/[The CMS Rate having a Designated Maturity of  shall be "CMS Rate 1" and the CMS Rate having a Designated Maturity of  shall be "CMS Rate 2"]  
*(Where more than one CMS Rate, specify the Designated Maturity for each relevant CMS Rate)*
  - Interest Determination Date(s):   
*(In the case of a CMS Rate where the Reference Currency is euro):* [Second day on which the TARGET2 system is open prior to the start of each Interest Period]  
*(In the case of a CMS Rate where the Reference Currency is other than euro):* [Second [specify type of day] prior to the start of each Interest Period]
  - Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
  - Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the

- CMS Rate definitions: *countries whose lawful currency is the euro)*  
 [Cap means [ ] per cent. per annum]  
 [Floor means [ ] per cent. per annum]  
 [Leverage means [ ] per cent.]  
 [Leverage 1 means [ ] per cent.]  
 [Leverage 2 means [ ] per cent.]
- Relevant Screen Page: *[For example, Reuters EURIBOR 01]*  
*(In the case of a CMS Linked Interest Note, specify relevant screen page and any applicable headings and captions)*
- (x) ISDA Determination:
- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date: [ ]
- (In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*  
*(N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)*
- (xi) Linear Interpolation: [Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)] [Not Applicable]
- (xii) Margin(s): [+/-][ ] per cent. per annum
- (xiii) Minimum Rate of Interest: [ ] per cent. per annum
- (xiv) Maximum Rate of Interest: [ ] per cent. per annum
- (xv) Day Count Fraction: [[Actual/Actual (ISDA)],[Actual/Actual (Fixed)]  
 [Actual/365 (Fixed)]  
 [Actual/365 (Sterling)]  
 [Actual/360]  
 [30/360][360/360][Bond Basis]  
 [30E/360][Eurobond basis]  
 [30E/360 (ISDA)]]
- (xvi) Adjustment of Rate of Interest: [Applicable/Not Applicable]  
 Adjustment Date(s) Adjustment Margin  
 [ ] [ ]
- (xvii) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions: [ ]

17. Zero Coupon Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [ ] per cent. per annum
- (ii) Any other formula/basis of determining amount payable: [ ]
18. Dual Currency Interest Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Fiscal Agent): [ ]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]
19. Range Accrual Notes Provisions: [Fixed Rate Range Accrual Note]  
[Floating Rate Range Accrual Note]  
[ CMS Range Accrual Note]  
[Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (The following is applicable in relation to Fixed Rate Range Accrual Notes or CMS Range Accrual Notes that bear fixed rate interest)*
- (i) Rate[(s)] of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date [[adjusted in accordance with [Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention] and any applicable Business Centre(s) for the definition of "Business Day"/[not adjusted]]  
*(Amend appropriately in the case of irregular coupons)*
- (iii) Day Count Fraction: [30/360][Actual/Actual (ICMA)]
- (iv) Determination Dates: [ ] in each year [*(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*] (N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (v) Business Centre(s): [ ]
- (vi) Minimum Rate of Interest: [ ] per cent. per annum
- (vii) Maximum Rate of Interest: [ ] per cent. per annum

*(The following is applicable in relation to Floating Rate Range Accrual Notes or CMS Range Accrual Notes that bear floating rate interest)*

- (vii) Interest Period(s):
- (ix) Specified Interest Payment Dates:
- (x) First Interest Payment Date:
- (xi) Interest Period Date:   
*(Not applicable unless different from Interest Payment Date)*
- (xii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (xiii) Business Centre(s):
- (xiv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (xv) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):
- (xvi) Screen Rate Determination:
- Reference Rate:
  - Interest Determination Date(s):
  - Relevant Screen Page:
- (xvii) ISDA Determination:
- Floating Rate Option:
  - Designated Maturity:
  - Reset Date:
- (xviii) Margin(s): [ +/- ]  per cent. per annum
- (xix) Minimum Rate of Interest:  per cent. per annum
- (xx) Maximum Rate of Interest:  per cent. per annum
- (xxi) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual (Fixed)]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond basis]  
[30E/360 (ISDA)]

*(The following must be completed in relation to all Range Accrual Notes)*

- (xxii) Upper Range:  per cent.  
*(If the Upper Range adjusts with various periods use the table below)*
- |                    |                 |                                    |
|--------------------|-----------------|------------------------------------|
| From and including | To be excluding | Upper Range                        |
| [date]             | [date]          | <input type="checkbox"/> per cent. |

- (xxiii) Lower Range:  per cent.  
*(If the Lower Range adjusts with various periods use the table below)*
- |                                 |                                 |                                    |
|---------------------------------|---------------------------------|------------------------------------|
| From and including              | To be excluding                 | Upper Range                        |
| <input type="checkbox"/> [date] | <input type="checkbox"/> [date] | <input type="checkbox"/> per cent. |
- (xxiv) Range Accrual Reference Rate:  [Screen Rate Determination/ISDA Determination]
- (A) Screen Rate Determination:
- Reference Rate:  [*For example, LIBOR or EURIBOR*]/[CMS Reference Rate/Leveraged CMS Reference Rate/Steepner CMS Reference Rate: [Unleveraged/Leveraged]/Call Spread Reference Rate/Collar Steepner CMS]
  - Reference Currency:
  - Designated Maturity:  [The CMS Rate having a Designated Maturity of
  - Relevant Screen Page:  [*For example, Reuters EURIBOR 01*]  
*(In the case of a CMS Range Accrual Note, specify relevant screen page and any applicable headings and captions)*
  - Range Accrual Reference Rate Determination Date(s):  [Daily Observation][*Specify other period*]
  - Relevant Time:  [*For example, 11.00 a.m. London time/Brussels time*]
  - Relevant Financial Centre:  [*For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)*]
  - CMS Rate definitions:  [Cap means  per cent. per annum]  
 [Floor means  per cent. per annum]  
 [Leverage means  per cent.]  
 [Leverage 1 means  per cent.]  
 [Leverage 2 means  per cent.]
- (B) ISDA Determination:
- Floating Rate Option:
  - Designated Maturity:
  - Reset Date:
- 20. Index Linked Interest Note Provisions**  [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index:  which is [not] a Multi-Exchange Index
  - (ii) Exchange and Index Sponsor: (i) the relevant Exchange is  and  
(ii) the relevant Index Sponsor is .
  - (iii) Related Exchange:  [*Specify/Condition 20 applies*]
  - (iv) Bloomberg Screen:  [*Specify/Not Applicable*]

- (v) Specified Period(s)/Specified Interest Payment Dates:
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (vii) Business Centre(s):
- (viii) Minimum Rate of Interest: [ per cent. per annum] [Not Applicable]
- (ix) Maximum Rate of Interest: [ per cent. per annum] [Not Applicable]
- (x) Day Count Fraction: [[Actual/Actual (ISDA)]  
[Actual/Actual (Fixed)]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond basis]  
[30E/360 (ISDA)]]
- (xi) Formula to be used to determine the Index Linked Interest Amount: [Barrier Provisions applicable. Memory Effect is [not] applicable] [*insert other*]
- (xii) Valuation Date(s): [[*Insert specific Valuation Dates*]/[The definition set out in Condition 20 applies]]
- (xiii) Initial Valuation Date:
- (xiv) Final Valuation Date:
- (xv) Valuation Time: [*Insert time*]/[Condition 20(j) applies]
- (xvi) Index Initial:
- (xvii) Interest Barrier Level:
- (xviii) Coupon Rate:  [If applicable specify in relation to each potential Interest Payment Date][Not Applicable]
- (xix) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s): [The Calculation Agent]
- (xx) Additional Disruption Events: [(i)] The following Additional Disruption Events apply to the Notes:  
*(Specify each of the following which applies)*  
[Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Loss of Stock Borrow]  
[(ii)] [The Trade Date is ] [*If no Trade Date is specified, Issue Date will be the Trade Date*]
- 21. Equity Linked Interest Note Provisions** [Applicable/Not Applicable]  
(Condition 21 in the Terms and Conditions of the (If not applicable, delete the remaining

Senior Notes)	subparagraphs of this paragraph)
(i) Share:	[ ]
(ii) ISIN of Share:	[ ]
(iii) Exchange:	[ ]
(iv) Related Exchange:	[ ]
(v) Settlement Price:	[ ] [As set out in Condition 21]
(vi) Specified Period(s)/Specified Interest Payment Dates:	[ ]
(vii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(viii) Business Centre(s):	[ ]
(ix) Minimum Rate of Interest:	[ ] per cent. per annum] [Not Applicable]
(x) Maximum Rate of Interest:	[ ] per cent. per annum] [Not Applicable]
(xi) Day Count Fraction:	[[Actual/Actual (ISDA)] [Actual/Actual (Fixed)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond basis] [30E/360 (ISDA)]]
(xii) Formula to be used to determine the Equity Linked Interest Amount:	[Barrier Provisions applicable. Memory Effect is [not] applicable] [Not Applicable]
(xiii) Valuation Date(s):	[[ <i>Insert specific Valuation Dates</i> ]/[The definition set out in Condition 21(j) applies]]
(xiv) Initial Valuation Date:	[ ]
(xv) Final Valuation Date:	[ ]
(xvi) Valuation Time:	[[ <i>Insert time</i> ]/[Condition 21(j) applies]]
(xvii) Exchange Business Day:	[ ] [Condition 21(j) applies]
(xviii) Scheduled Trading Day:	[ ] [Condition 21(j) applies]
(xix) Share Initial:	[ ]
(xx) Interest Barrier Level:	[ ]
(xxi) Coupon Rate:	[ ] [ <i>If applicable specify in relation to each potential Interest Payment Date</i> ] [Not Applicable]
(xxii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s):	[ ] [The Calculation Agent] ( <i>N.B. Specify name and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address</i> )
(xxiii) Additional Disruption Events:	[(i)] The following Additional Disruption Events apply to the Notes: <i>(Specify each of the following which applies)</i> [Change in Law]



[Failure to Deliver]  
 [Hedging Disruption]  
 [Increased Cost of Hedging]  
 [Increased Cost of Stock Borrow]  
 [Insolvency Filing]  
 [Loss of Stock Borrow]  
 [(ii)] [The Trade Date is ] [*If no Trade Date is specified, Issue Date will be the Trade Date*]  
 [(iii)] [The Maximum Stock Loan Rate in respect of *[specify in relation to the relevant Share]* is . (N.B. only applicable if Loss of Stock Borrow is applicable)]  
 [(iv)] [The Initial Stock Loan Rate in respect of *[specify in relation to the relevant Share]* is  (N.B. only applicable if Increased Cost of Stock Borrow is applicable)]

**PROVISIONS RELATING TO REDEMPTION**

- 22. Index Linked Redemption Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph and if applicable but item already completed in paragraph 20 above, state: "See paragraph 20 above"*)
- (i) Index:  which is [not] a Multi-Exchange Index
  - (ii) Exchange and Index Sponsor: (i) the relevant Exchange is  and (ii) the relevant Index Sponsor is .
  - (iii) Related Exchange: [*Specify/Condition 20 applies*]
  - (iv) Bloomberg Screen: [*Specify /Not Applicable*]
  - (v) Formula to determine the Index Linked Redemption Amount: [Barrier Provisions applicable. Memory Effect is [not] applicable] [Leveraged Floored Index Linked Redemption applicable]  
 Barrier Level:   
 Floored Redemption Amount:   
 Capped Redemption Amount:   
 Leverage:
  - (vi) Valuation Date(s): [*Insert specific Valuation Dates*]/[The definition set out in Condition 20 applies]
  - (vii) Initial Valuation Date:
  - (viii) Final Valuation Date:
  - (ix) Valuation Time: [*Insert time*]/[Condition 20(j) applies]
  - (x) Index Initial:
  - (xi) Additional Disruption Events: [(i)] The following Additional Disruption Events apply to the Notes:  
 (*Specify each of the following which applies*)  
 [Change in Law]  
 [Hedging Disruption]

		[Increased Cost of Hedging]
		[Increased Cost of Stock Borrow]
		[Loss of Stock Borrow]
		[(ii)] [The Trade Date is [_]. <i>[If no Trade Date is specified, Issue Date will be the Trade Date]</i> ]
(xii)	Automatic Early Redemption Event:	[[Applicable:]/["greater than"/"greater than or equal to"/"less than"/"less than or equal to"] Automatic Early Redemption Level][Not Applicable]
		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	– Automatic Early Redemption Amount:	[_][See definition in Condition [20(j)]]
	– Automatic Early Redemption Date(s):	[_] [adjusted in accordance with [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [specify any applicable Business Centre (s)]/not adjusted]
	– Automatic Early Redemption Level:	[_]
	– Automatic Early Redemption Rate:	[_]
	– Automatic Early Redemption Valuation Date(s):	[_]
<b>23.</b>	Equity Linked Redemption Note Provisions:	[Applicable/Not Applicable]
		<i>(if not applicable, delete the remaining subparagraphs of this paragraph and if applicable but item already completed in paragraph 22 above, state: "See paragraph 22 above")</i>
(i)	Share	[_]
(ii)	ISIN of Share:	[_]
(iii)	Exchange:	[_]
(iv)	Related Exchange:	[_]
(v)	Settlement Price:	[_][As set out in Condition 21] [Not Applicable]
		[Exchange Rate: [_] ] [Not Applicable]
(vi)	Formula to determine the Equity Linked Redemption Amount:	[Barrier Provisions applicable. Memory Effect is [not] applicable. Barrier Level [●]] [Reverse Convertible Notes and Physical Delivery] [Leveraged Floored Equity Linked Redemption applicable]
		Barrier Level: [_]
		Floored Redemption Amount: [_]
		Capped Redemption Amount: [_]
		Leverage: [_]
(vii)	Party responsible for calculating any amount due under the Notes:	[[The Calculation Agent][ ]]
(viii)	Valuation Date(s):	[_]

	Initial Valuation Date: [ ]
	Final Valuation Date: [ ]
(ix) Valuation Time:	[[ <i>Insert time</i> ]/[Condition 21(j) applies]]
(x) Share Initial:	[ ]
(xi) Share Final:	[ ]
(xii) Exchange Business Day:	[ ] [Condition 21(j) applies]
(xiii) Scheduled Trading Day:	[ ] [Condition 21(j) applies]
(xiv) Additional Disruption Events:	<p>[(i)] The following Additional Disruption Events apply to the Notes:  <i>(Specify each of the following which applies.)</i></p> <p>[Change of Law]  [Failure to Deliver]  [Hedging Disruption]  [Increased Cost of Hedging]  [Increased Cost of Stock Borrow]  [Insolvency Filing]  [Loss of Stock Borrow]</p> <p>[(ii)] [The Trade Date is [ ]].  [If no Trade Date is specified, Issue Date will be the Trade Date]</p> <p>[(iii)] [The Maximum Stock Loan Rate in respect of [<i>specify in relation to the relevant Share</i>] is [ ]  <i>(N.B. only applicable if Loss of Stock Borrow is applicable)</i></p> <p>[(iv)] [The Initial Stock Loan Rate in respect of [<i>specify in relation to the relevant Share</i>] is [ ]  <i>(N.B. only applicable if Increased Cost of Stock Borrow is applicable)</i></p>
(xv) Delayed Redemption on Occurrence of Extraordinary Events:	[Applicable/Not Applicable]
(xvi) Share Substitution Criteria:	[Reference Index/ <i>specify</i> /As determined by the Calculation Agent]
(xvii) Delayed Redemption on Occurrence of Additional Disruption Event:	[Applicable/Not Applicable]
(xviii) Automatic Early Redemption Event:	<p>[[Applicable:]/["greater than"/"greater than or equal to"/"less than"/"less than or equal to"] Automatic Early Redemption Level][Not Applicable]</p> <p><i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i></p>
Automatic Early Redemption Amount:	[Specify][See definition in Condition [21]]
Automatic Early Redemption Date(s):	[Specify] [adjusted in accordance with [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [ <i>specify any applicable Business Centre (s)</i> ]/not adjusted]

- Automatic Early Redemption Level: [ ]
- Automatic Early Redemption Rate: [ ]
- Automatic Early Redemption Valuation Date(s): [ ]
- 24. Reverse Convertible Notes and Physical Delivery:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Initial FX: [Insert cross-currency rate and page]
- (ii) Final FX: [Insert cross-currency rate and page]
- (iii) Strike Price Barrier: [ ] per cent.
- (iv) Strike Price: [ ] per cent.
- (v) Applicable Rate for Calculation of Number of Deliverable Shares: [Initial FX][Final FX]
- (vi) Physical Delivery Rounding Convention: [The number of Deliverable Shares will be rounded [up/down]wards to the nearest [ ] decimal place with 0.[ ]5 rounded upwards]/[See Condition 21]]
- 25. Issuer Call Option:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption Amount: [ ] per Calculation Amount
- (iv) Notice periods: Minimum period: [15] days  
Maximum period: [30] days  
*(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Agent.)*
- 26. Investor Put Option:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s): [ ] per Calculation Amount
- (iii) Notice periods: Minimum period: [15] days  
Maximum period: [30] days  
*(When setting notice periods, the Issuer is*

*advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Agent)*

27. Final Redemption Amount of each Note: [[See [paragraph 23/24][Annex]/[\_] per Calculation Amount]
28. Early Redemption Amount: [\_]/[Fair Market Value]]

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

29. Form of Notes: [Bearer Notes/Exchangeable Bearer Notes/Registered Notes]
- [Regulation S Global Note (U.S.\$/€ [\_] nominal amount) registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]
- [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]
30. New Global Note: [Yes][No]
- [Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes on [\_] days' notice/at any time/in the limited circumstances specified in the permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [\_] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes on [\_] days' notice/at any time/in the limited circumstances specified in the permanent Global Note]
- [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005]
31. Additional Financial Centre(s): [*Insert Additional Financial Centre(s)*][Not Applicable]
- (Note that this paragraph relates to the date of payment, and not interest period end dates, to which sub-paragraphs [15(xiv), 16(vi), 19(v), 19(xiii) and 20(vii)] relate)*
32. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made][No]
33. Details relating to Partly Paid Notes: amount of each payment comprising the [Not Applicable][Give details] (N.B. A new form of temporary Global Note and/or permanent

Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment.

*Global Note may be required for Partly Paid issues)*

34. Details relating to Instalment Notes: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Instalment Amount(s): [Give details]
- (ii) Instalment Date(s): [Give details]
35. Other terms or special conditions: [Not Applicable][give details]

**[THIRD PARTY INFORMATION]**

*[[ Relevant third party information] has been extracted from [specify source].* The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

\_\_\_\_\_

Duly authorised

## Part B – OTHER INFORMATION

### 1. LISTING

[Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on [*specify market – Note this should not be a regulated market*] with effect from [..]] [Not Applicable]

### 2. RATINGS

Ratings:

[The Notes to be issued [[have been]/[are expected to be]] rated/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[S & P: [..]]

[Moody's: [..]]

[Fitch: [..]]

[[Other]: [..]]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees [of [*insert relevant fee disclosure*]] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.] [Not Applicable]

### 4. OPERATIONAL INFORMATION

ISIN: [..]

Common Code: [..]

Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s): [Not Applicable][*Give name(s) and number(s) [and address(es)]*]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agents: [..]

Names and addresses of additional Paying Agents (if any): [..]

Calculation Agent: [BIL][*Insert name of entity*]

[Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)[*include this text for registered notes*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at

the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)]*[include this text for registered notes]*. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 5. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names and addresses of Managers and underwriting commitments: *[Give names, addresses and underwriting commitments]*[Not Applicable]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers)*
- (iii) Date of [Subscription] Agreement: [\_]
- (iv) Stabilisation Manager(s) (if any): [Not Applicable]*[Give name(s)]*
- (v) If non-syndicated, name and address of relevant Dealer: [Not Applicable]*[Give name(s) and address(es)]*
- (vi) Total commission and concession: [\_] per cent. of the Aggregate Nominal Amount
- (vii) U.S. Selling Restrictions and U.S. Federal Income Tax Considerations: [Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable] [The Notes are [not] Specified Notes for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986.] [Additional information regarding the application of Section 871(m) to the Notes will be available at *[give name(s) and address(es) of Issuer contact]*.] *(The Notes will not be Specified Notes if they (i) are issued prior to January 1, 2019 and are not "delta-one" for U.S. tax purposes or (ii) do not reference any U.S. equity or any index that contains any component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the Notes reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities and (i) are issued prior to January 1, 2019 and provide a return that does not differ significantly from the return on an investment in the underlying, or (ii) are issued on or after January 1, 2019, further analysis would be required. If the Notes are Specified Notes, include the "Additional information" sentence and provide the appropriate contact information at the Issuer.)*  
 [As at the date of this Pricing Supplement, the



Issuer has not determined whether the Notes are Specified Notes for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986; however, indicatively it considers that they will [not] be Specified Notes for these purposes. This is indicative information only subject to change and if the Issuer's final determination is different then it will give notice of such determination. Please contact [*name(s) and address(es) of Issuer contact*] for further information regarding the application of Section 871(m) to the Notes.] (*This formulation to be used if the Issuer has not made a final determination regarding whether the Notes are Specified Notes as of the date of the Pricing Supplement*)

(viii) Prohibition of Sales to EEA Retail Investors:

[Applicable/Not Applicable]

*(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*

(ix) [Prohibition of Sales to Belgian Consumers:

[Applicable/Not Applicable]

*(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)]*

## FORM OF FINAL TERMS FOR THE WARRANTS (NON-EXEMPT)

Set out below is the form of Final Terms for the Warrants which will be completed for each Tranche of Warrants which are not Exempt Warrants issued under the Programme.

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS –** The Warrants 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 ("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 Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive") where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Warrants or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Warrants or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>33</sup>

**[<sup>34</sup>MIFID II product governance / Professional investors and ECPs only target market –** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Warrants has led to the conclusion that: (i) the target market for the Warrants is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "MiFID II")][MiFID II]; and (ii) all channels for distribution of the Warrants to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*] . Any person subsequently offering, selling or recommending the Warrants (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Warrants (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**OR**

**[<sup>35</sup>MIFID II product governance / Retail investors, professional investors and ECPs –** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Warrants has led to the conclusion that: (i) the target market for the Warrants is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, "MiFID II")][MiFID II]; ***EITHER***<sup>36</sup> [and (ii) all channels for distribution of the Warrants are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] **OR**<sup>37</sup> [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Warrants to retail clients are appropriate - investment advice[, / and] portfolio management[, / and] [ non-advised sales ] [and pure execution services] [, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Warrants (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Warrants (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]<sup>38</sup> .]

Final Terms dated [●]

<sup>33</sup> Legend to be included on front of the Final Terms if the Warrants potentially constitute "packaged" products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

<sup>34</sup> Legend to be included on front of the Final Terms if following the ICMA 1 "all bonds to all professionals" target market approach.

<sup>35</sup> Legend to be included on front of the Final Terms if following the ICMA 2 approach.

<sup>36</sup> Include for bonds that are not ESMA complex.

<sup>37</sup> Include for certain ESMA complex bonds. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability will be necessary. In addition, if the Warrants constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.

<sup>38</sup> If the Warrants constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II. If there are advised sales, a determination of suitability will be necessary.

**Banque Internationale à Luxembourg, société anonyme**  
*(incorporated with limited liability in Luxembourg)*

**Legal entity identifier (LEI): [●]**

Issue of [Title of Warrants] [Series Number] [Tranche Number]

under the €10,000,000,000

**Programme for the issue of Euro Medium Term Notes and Warrants**

**Part A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 18 May 2018 [and the supplement[s] to it dated [ *date*] [and [ *date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "Base Prospectus"). This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Base Prospectus. [A summary of the Warrants (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus has been published on [ *Issuer's /Financial Intermediaries'/regulated market's/competent authority's*] website.]

*(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus (or equivalent) with an earlier date.)*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the base prospectus dated [2 July 2003/30 September 2004/22 November 2005/14 December 2006/26 March 2008/3 April 2009/1 April 2010/31 March 2011/21 May 2012/31 May 2013/28 May 2014/22 May 2015/20 May 2016/19 May 2017] which are incorporated by reference in the base prospectus dated 18 May 2018. This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the base prospectus dated 18 May 2018 [and the supplement to it dated [●] which together, constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "Base Prospectus"), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Base Prospectus. [A summary of the Warrants (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms.] The Base Prospectus has been published on [ *Issuer's /Financial Intermediaries'/regulated market's/competent authority's*] website.]

*(N.B. If there has been any adverse change in the financial position or results of operations of the Issuer or of the BIL Group in each case which is material in the context of the Programme or the issue and offering of Warrants thereunder, since the date of last audited accounts or interim accounts (if later), then such disclosure should be made by means of a prospectus supplement.)*

**A. ISSUE DETAILS**

- |    |   |  |
|----|---|--|
| 1. | (i) Series Number:  | [ ]  |
|    | [(ii) [Tranche Number:  | [ ]]   |
|    | (iii) Date on which the Warrants will be consolidated and form a single Series: | The Warrants will be consolidated and form a single Series with [ <i>provide issue amount/ISIN/settlement date/issue date of earlier Tranches</i> ] on [the Issue Date][Not Applicable]] |
| 2. | Title:  | [Call/Put] Warrants linked to [ ]  |
| 3. | Number:   | [ ] [Not Applicable]   |
| 4. | Call:   | The Warrants are [Call/Put] Warrants.  |
| 5. | Warrant Style:  | The Warrants are [American/European] Style Warrants.   |
| 6. | Issue Date:   | [ ]  |

7. Trade Date:
8. First Exercise Date:  [Not Applicable]
9. Final Exercise Date:  [Not Applicable]
10. Exercise Date or Exercise Dates (European Style only):  [Not Applicable]
11. Automatic Exercise: [Applicable/Not Applicable]
12. Minimum Exercise Number:  [Not Applicable]
13. Maximum Exercise Number (American Style only):  [Not Applicable]
14. Calculation Agent: [Name and address]
15. Date of resolution of Board of Directors of the Issuer approving the issue of the Warrants:
16. Issue Price:

**B. PROVISIONS RELATING TO THE TYPE OF WARRANTS**

17. Cash Settlement Provisions in relation to Index Linked Warrants: [Applicable/Not Applicable]  
(General Condition 4(b)(i))

*This section should set out the rights attaching to the Warrants on exercise. It should generally include definitions of:*

- (i) "Index":
- (ii) "Index Sponsor":
- (iii) "Bloomberg Screen":
- (iv) "Exchange":
- (v) "Business Day": [means a day (other than a Saturday or a Sunday) on which banks are open for business in  and London].
- (vi) "Settlement Date": means [the [*number of days*] Business Day following the Valuation Date].
- (vii) "Settlement Currency":
- (viii) "Initial Valuation Date":
- (ix) "Final Valuation Date":
- (x) "NA": [ ] per Warrant

18. Cash Settlement Provisions in relation to ETF Linked Warrants: [Applicable. The Warrants are [Call][Put] ETF Linked Warrants/Not Applicable]  
(General Condition 4(b)(ii))

*This section should set out the rights attaching to the Warrants on exercise. It should generally include definitions of:*

- (i) "Exchange Traded Fund":
- (ii) "ETF Issuer":
- (iii) "ETF Share":
- (iv) ISIN of ETF Share:
- (v) "Bloomberg Screen":
- (vi) "Business Day": [means a day (other than a Saturday or a

- Sunday) on which banks are open for business in [ ] and London].
- (vii) "Settlement Date": [means [the [number of days] Business Day following the Valuation Date] / [the [number of days] Business Day following receipt of the Exercise Notice by the Issuer].
- (viii) "Settlement Currency": [ ]
- (ix) "Initial Valuation Date": [ ]
- (x) "Final Valuation Date": [ ]
- (xi) "Strike Price": [[ ] per cent.] [Not Applicable]
- (xii) "NA": [ ] per Warrant
- 19.** Physical Settlement Provisions in relation to ETF Linked Warrants: [Applicable/Not Applicable]  
(General Condition 4(c))
- This section should set out the rights attaching to the Warrants on exercise. It should generally include definitions of:*
- (i) "Exchange Traded Fund": [ ]
- (ii) "ETF Issuer": [ ]
- (iii) "ETF Share": [ ]
- (iv) ISIN of ETF Share: [ ]
- (v) "Bloomberg Screen": [ ]
- (vi) "Exchange": [ ]
- (vii) "Exercise Price": means the Closing Price which will be notified to Warrantholder in accordance with Warrant Condition 15.
- (viii) "Share Amount": means a fraction of ETF Shares calculated in accordance with
- $$\frac{1}{\text{Parity}}$$
- (ix) "Parity": means the number of Warrants required for the delivery of one ETF Share to the relevant Warrantholder and the Parity will be notified to Warrantholders on the Initial Valuation Day in accordance with Warrant Condition 15. [The Parity is expected to be [ ] Warrants for delivery of one ETF Share.]
- (x) "Business Day": means [a day (other than a Saturday or a Sunday) on which banks are open for business in [ ] and London].
- (xi) "Settlement Date": means [the [number of days] Business Day following the Valuation Date].
- (xii) "Initial Valuation Date": [ ]
- (xiii) ["Cash Floor": [Not Applicable/Applicable:  
"Cash Floor Barrier Level": [ ]  
"Cash Settlement Amount": [ ]]
- (xiv) "NA": [ ] per Warrant

**C. GENERAL PROVISIONS APPLICABLE TO THE WARRANTS**

Form of Warrants:

Permanent Global Warrant exchangeable for Definitive Warrants in the limited circumstances specified in the permanent Global Warrant.

[Warrants shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]

**[THIRD PARTY INFORMATION]**

*[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components] has been extracted from [specify source.]* The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

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Duly authorised

## Part B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

Admission to trading:

[Application has been made for the Warrants to be admitted to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg)*] and, if relevant, listing on an official list of the Luxembourg Stock Exchange] with effect from [ ]][Not Applicable]

*(Where documenting a fungible issue need to indicate that the original Warrants are already admitted to trading)*

### 2. RATINGS

Ratings:

[The Warrants to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Warrants of this type issued under the Programme generally]:

[*Insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*] and associated defined terms]

[Each of [*defined terms*] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation). As such each of [*defined terms*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.]

[S & P: [ ]]

[Moody's: [ ]]

[Fitch: [ ]]

[[Other]: [ ]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider]*

*(The above disclosure should reflect the rating allocated to Warrants of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)*

### 3. NOTIFICATION

[The *Commission de Surveillance du Secteur Financier* [has been requested to provide/has provided [*include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*]] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not Applicable]

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees [of [*insert relevant fee disclosure*]] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Warrants has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in

investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.] [Not Applicable]

## 5. REASONS FOR THE OFFER[, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]

- (i) Reasons for the offer:
- (See "Use of Proceeds" wording in the Base Prospectus – if reasons for offer different from general funding purposes of the Issuer, will need to include those reasons here.)*
- (ii) [Estimated net proceeds:
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding)*
- (iii) [Estimated total expenses:  [Include breakdown of expenses]]

## 6. PERFORMANCE OF THE [INDEX] [ETF SHARE] [AND OTHER INFORMATION CONCERNING [THE [INDEX] [ETF SHARE]

- *(Need to include details of where past and future performance and volatility of the [Index] [ETF Share] can be obtained.)*
- *(Where the underlying is an index, include the name of the index and details of where information about the index can be obtained.)*
- *(Where the underlying is an exchange traded fund, include the name of the exchange traded fund and details of where information about exchange traded fund can be obtained.)*

*(When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*

The Issuer [intends to provide post-issuance information (specify what information will be reported and where it can be obtained)][does not intend to provide post-issuance information].

## 7. OPERATIONAL INFORMATION

- ISIN:
- Common Code:
- Any clearing system(s) other than Euroclear or Clearstream Luxembourg and the relevant identification number(s):  [Not Applicable][Give name(s) and number(s) [and address(es)]]
- Delivery: Delivery [against/free of] payment
- Names and addresses of Fiscal Agent:

## 8. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names and addresses of Managers and underwriting commitments:
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (iii) Date of [Subscription] Agreement:



- (iv) If non-syndicated, name and address of relevant Dealer: [Not Applicable][Give name and address]
- (v) Total commission and concession: [\_] per cent. of the Aggregate Nominal Amount
- (vi) U.S. Selling Restrictions: [Reg. S Compliance Category [1/2/3]]; TEFRA not applicable
- (vii) Non-exempt Offer: [Applicable][Not Applicable] *(If not applicable delete the remaining placeholders of this paragraph (vii) and also paragraph 9 below)*
- Non-exempt Offer Jurisdictions: [Specify relevant Member State(s) where the issuer intends to make Non-exempt Offers (where the Base Prospectus lists the Non-exempt Offer Jurisdictions, select from that list), which must therefore be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)]
- Offer Period: [Specify date] until [specify date] (the "Offer Period")[save in case of early termination due to oversubscription]
- Financial intermediaries granted specific consent to use the Base Prospectus in accordance with the Conditions in it: [Insert names and addresses of financial intermediaries receiving consent (specify consent)] [Please refer to the Dealer specified above]
- (viii) General Consent: [Not Applicable/Applicable]
- (ix) Other conditions to consent: [Not Applicable][Add here any other conditions to which the consent given is subject].
- (N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a Non-exempt offer [where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus] in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)*
- (x) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
- (If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*
- (xi) [Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]
- (N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)]*

## 9. [TERMS AND CONDITIONS OF THE OFFER

*(Delete whole section if sub-paragraph 8(vii) above is specified to be Not Applicable because there is no Non-exempt Offer)*

- (i) Offer Price: [Issue Price – specify]

- |        |   |  |
|--------|---|--|
| (ii)   | Conditions to which the offer is subject:   | [Not Applicable][ <i>Give details</i> ]                    |
| (iii)  | Description of the application process:   | [Not Applicable][ <i>Give details</i> ]                    |
| (iv)   | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:   | [Not Applicable][ <i>Give details</i> ]                    |
| (v)    | Time period (including any possible amendments) during which the offer will be open and description of the application process:   | [ ]  |
| (vi)   | Details of the minimum and/or maximum amount of application:  | [Not Applicable][ <i>Give details</i> ]                    |
| (vii)  | Details of the method and time limits for paying up and delivering the Warrants:  | [Not Applicable][ <i>Give details</i> ]                    |
| (viii) | Manner in and date on which results of the offer are to be made public:   | [Not Applicable][ <i>Give details</i> ]                    |
| (ix)   | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:  | [Not Applicable][ <i>Give details</i> ]                    |
| (x)    | Whether tranche(s) have been reserved for certain countries:  | [Not Applicable][ <i>Give details</i> ]                    |
| (xi)   | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:   | [Not Applicable][ <i>Give details</i> ]                    |
| (xii)  | Amount of any expenses and taxes specifically charged to the subscriber or purchaser:   | [Not Applicable][ <i>Give details</i> ]                    |
| (xiii) | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place. ]  | The Authorised Offerors identified in paragraph [8] above. |
| (xiv)  | [Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment:] | [None][ <i>Give details</i> ]                              |

## 10. U.S. TAX CONSIDERATIONS

[The Warrants are [not] Specified Warrants for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986.] [Additional information regarding the application of Section 871(m) to the Warrants will be available at [give name(s) and address(es) of Issuer contact].] (*The Warrants will not be Specified Warrants if they (i) are issued prior to January 1, 2019 and are not "delta-one" for U.S. tax purposes or (ii) do not reference any U.S. equity or any index that contains any component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the Warrants reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities and (i) are issued prior to January 1, 2019 and provide a return that does not differ significantly from the return on an investment in the underlying, or (ii) are issued on or after January 1, 2019, further analysis would be required. If the Warrants are Specified Warrants, include*

*the “Additional information” sentence and provide the appropriate contact information at the Issuer.)*

[As at the date of these Final Terms, the Issuer has not determined whether the Warrants are Specified Warrants for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986; however, indicatively it considers that they will [not] be Specified Warrants for these purposes. This is indicative information only subject to change and if the Issuer’s final determination is different then it will give notice of such determination. Please contact [*name(s) and address(es) of Issuer contact*] for further information regarding the application of Section 871(m) to the Warrants.] (*This formulation to be used if the Issuer has not made a final determination regarding whether the Warrants are Specified Warrants as of the date of the Final Terms*)

**SUMMARY OF THE WARRANTS**

*[Insert completed issue-specific Summary for the Warrants]*

## FORM OF PRICING SUPPLEMENT FOR THE WARRANTS (EXEMPT)

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Warrants, whatever the denomination of those Warrants, issued under the Programme.

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Warrants 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 ("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 Directive 2014/65/EU (as amended, "MiFID II"); (ii) or a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Warrants or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Warrants or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>39</sup>

**[MIFID II product governance / target market** – *[appropriate target market legend to be included]*]

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF WARRANTS DESCRIBED BELOW.**

Pricing Supplement dated [●]

**Banque Internationale à Luxembourg, société anonyme**  
*(incorporated with limited liability in Luxembourg)*

**Legal entity identifier (LEI): [●]**

Issue of [Title of Warrants] [Series Number] [Tranche Number]  
under the €10,000,000,000

**Programme for the issue of Euro Medium Term Notes and Warrants**

### Part A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the Warrants may only do so 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 to supplement a prospectus pursuant to Article 13 of the Luxembourg Law dated 10 July 2005 relating to prospectuses for securities, as amended, in each case, in relation to such offer.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 18 May 2018 [and the supplement[s] to it dated [date] [and [date]] ([together] the "Base Prospectus").

*(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus (or equivalent) with an earlier date.)*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the base prospectus dated [original date] which are incorporated by reference in the base prospectus dated [current date].

*(Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual)*

*(N.B. If there has been any adverse change in the financial position or results of operations of the Issuer or of the BIL Group in each case which is material in the context of the Programme or the issue and offering of Warrants thereunder, since the date of last audited accounts or interim accounts (if later), then such disclosure should be made by means of a prospectus supplement.)*

## A. ISSUE DETAILS

<sup>39</sup> Legend to be included on front of the Pricing Supplement if the Warrants potentially constitute "packaged" products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

1. (i) Series Number:
- (ii) [Tranche Number:
- (iii) [Date on which the Warrants will be consolidated and form a single Series: The Warrants will be consolidated and form a single Series with [provide issue amount/ISIN/settlement date/issue date of earlier Tranches] on [the Issue Date] [Not Applicable]]
2. Title: [Call/Put] Warrants linked to
3. Number:  [Not Applicable]
4. Call / Put: The Warrants are [Call/Put] Warrants.
5. Warrant Style: The Warrants are [American/European] Style Warrants.
6. Issue Date:
7. Trade Date:
8. First Exercise Date:  [Not Applicable]
9. Final Exercise Date:  [Not Applicable]
10. Exercise Date or Exercise Dates (European Style only):  [Not Applicable]
11. Automatic Exercise: [Applicable/Not Applicable]
12. Minimum Exercise Number:  [Not Applicable]
13. Maximum Exercise Number (American Style only):  [Not Applicable]
14. Calculation Agent: [Name and address]
15. Date of resolution of Board of Directors of the Issuer approving the issue of the Warrants:
16. Issue Price:

**B. PROVISIONS RELATING TO THE TYPE OF WARRANTS**

17. Cash Settlement Provisions in relation to Index Linked Warrants: [Applicable/Not Applicable]

*This section should set out the rights attaching to the Warrants on exercise. It should generally include definitions of:*

- (i) "Index":
- (ii) "Index Sponsor":
- (iii) "Bloomberg Screen":
- (iv) "Exchange":
- (v) "Business Day": [means a day (other than a Saturday or a Sunday) on which banks are open for business in  and London]
- (vi) "Settlement Date": [means the [number of days] Business Day following the Valuation Date].
- (vii) "Settlement Currency":
- (viii) "Initial Valuation Date":
- (ix) "Final Valuation Date":
- (x) "NA": [ ] per Warrant
18. Cash Settlement Provisions in relation to [Applicable. The Warrants are [Call][Put]

ETF Linked Warrants: Warrants /Not Applicable]

(General Condition 4(b)(ii))

*This section should set out the rights attaching to the Warrants on exercise. It should generally include definitions of:*

- (i) "Exchange Traded Fund":
- (ii) "ETF Issuer":
- (iii) "ETF Share":
- (iv) ISIN of ETF Share:
- (v) "Bloomberg Screen":
- (vi) "Business Day": [means a day (other than a Saturday or a Sunday) on which banks are open for business in  and London].
- (vii) "Settlement Date": means [the [*number of days*] Business Day following the Valuation Date].
- (viii) "Settlement Currency":
- (ix) "Initial Valuation Date":
- (x) "Final Valuation Date":
- (xi) "Strike Price": [[  ] per cent.] [Not Applicable]
- (xii) "NA": [  ] per Warrant

**19. Physical Settlement Provisions in relation to ETF Linked Warrants:** [Applicable/Not Applicable]

*This section should set out the rights attaching to the Warrants on exercise. It should generally include definitions of:*

- (i) "Exchange Traded Fund":
- (ii) "ETF Issuer":
- (iii) "ETF Share":
- (iv) "ISIN of ETF Share":
- (v) "Bloomberg Screen":
- (vi) "Exchange":
- (vii) "Exercise Price": means the Closing Price which will be notified to Warrantholder in accordance with Warrant Condition 15.
- (viii) "Share Amount": means [a fraction] of ETF Shares calculated in accordance with
$$\frac{1}{\text{Parity}}$$
- (ix) "Parity": means the number of Warrants required for the delivery of one ETF Share to the relevant Warrantholder and the Parity will be notified to Warrantholders on the Initial Valuation Day in accordance with Warrant Condition 15. [The Parity is expected to be  Warrants for delivery of one ETF Share.]
- (x) "Business Day": [means a day (other than a Saturday or a Sunday) on which banks are open for business in  and London].

- (xi) "Settlement Date": [means the *[number of days]* Business Day following the Valuation Date].
- (xii) "Initial Valuation Date": [ ]
- (xiii) "Cash Floor": [Not Applicable/Applicable:  
"Cash Floor Barrier Level": [ ]  
"Cash Settlement Amount": [ ]]
- (xiv) "NA": [ ] per Warrant

**C. GENERAL PROVISIONS APPLICABLE TO THE WARRANTS**

- Form of Warrants: Permanent Global Warrant exchangeable for Definitive Warrants in the limited circumstances specified in the permanent Global Warrant
- [Warrants shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]

**[THIRD PARTY INFORMATION]**

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

\_\_\_\_\_

Duly authorised



## Part B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [The official list of the Luxembourg Stock Exchange/other [*specify*][None]
- (ii) Admission to trading: [Application has been made for the Warrants to be admitted to trading on [*specify market – note this should not be a regulated market*] with effect from [ \_ ] [Not Applicable]
- (Where documenting a fungible issue need to indicate that the original Warrants are already admitted to trading)*

### 2. RATINGS

- Ratings: [The Warrants to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Warrants of this type issued under the Programme generally]:
- [Insert details] by [insert the legal name of the relevant credit rating agency entity(ies)]. and associated defined terms].*
- [Each of [*defined terms*] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation).]
- [S & P: [ \_ ]]
- [Moody's: [ \_ ]]
- [Fitch: [ \_ ]]
- [[Other]: [ \_ ]]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*
- (The above disclosure should reflect the rating allocated to Warrants of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees [of [*insert relevant fee disclosure*]] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Warrants has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.] [Not Applicable]

### 4. PERFORMANCE OF THE [INDEX] [ETF SHARE] AND OTHER INFORMATION CONCERNING THE [INDEX] [ETF SHARE]

- *(Need to include details of where past and future performance and volatility of the [Index] [ETF Share] can be obtained).*
- *(Where the underlying is an index, include the name of the index and details of where information about the index can be obtained.)*
- *(Where the underlying is an exchange traded fund, include the name of the exchange traded fund and details of where information about exchange traded fund can be obtained.)*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]][does not intend to provide post-issuance information].

**5. OPERATIONAL INFORMATION**

ISIN:

Common Code:

Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s):  [Not Applicable][Give name(s) and number(s) [and address(es)]]

Delivery: Delivery [against/free of] payment

Names and addresses of Fiscal Agent:

**6. PROHIBITION OF SALES TO EEA RETAIL INVESTORS:**

[Applicable/Not Applicable]

*(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*

**7. PROHIBITION OF SALES TO BELGIAN CONSUMERS:**

[Applicable/Not Applicable]

*(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)*

**8. U.S. TAX CONSIDERATIONS**

[The Warrants are [not] Specified Warrants for purposes of Section 871(m).] [Additional information regarding the application of Section 871(m) to the Warrants will be available at [give name(s) and address(es) of Issuer contact].] *(The Warrants will not be Specified Warrants if they (i) are issued prior to January 1, 2019 and are not "delta-one" for U.S. tax purposes or (ii) do not reference any U.S. equity or any index that contains any component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the Warrants reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities and (i) are issued prior to January 1, 2019 and provide a return that does not differ significantly from the return on an investment in the underlying, or (ii) are issued on or after January 1, 2019, further analysis would be required. If the Warrants are Specified Warrants, include the "Additional information" sentence and provide the appropriate contact information at the Issuer.)*

[As at the date of this Pricing Supplement, the Issuer has not determined whether the Warrants are Specified Warrants for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986; however, indicatively it considers that they will [not] be Specified Warrants for these purposes. This is indicative information only subject to change and if the Issuer's final determination is different then it will give notice of such determination. Please contact [name(s) and address(es) of Issuer contact] for further information regarding the application of Section 871(m) to the Warrants.] *(This formulation to be used if the Issuer has not made a final determination regarding whether the Warrants are Specified Warrants as of the date of the Pricing Supplement)*

## GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the amending and updating of the Programme. The issue of the Notes and the Warrants and the supplementing and/or restating of the Programme and the increases in the limit of the Programme were authorised by resolutions of the Board of Directors passed on 19 September 1995, 17 September 1996, 16 September 1997, 21 February 2005, 3 October 2005 and 25 February 2008.
2. There has been no significant change in the financial or trading position of the BIL Group since 31 December 2017 and there has been no material adverse change in the prospects of the Issuer or the BIL Group since 31 December 2017.
3. Neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer.
4. The issue price and the amount of the relevant Notes and/or Warrants will be determined before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any related underlying assets, except if required by any applicable laws and regulations.
5. In relation to any Tranche of Fixed Rate Notes, an indication of yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date on the basis of the Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.
6. Each Bearer Note and Exchangeable Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
7. Notes and Warrants have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number ("ISIN") and the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms and the Common Code and ISIN for each Series of Warrants will be set out in the relevant Final Terms for the Warrants. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms or Final Terms for the Warrants.
8. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. 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 the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such 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 securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. 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.
9. Copies in physical form of the Articles of Association of the Issuer, the annual report (which includes audited consolidated and non-consolidated figures) of the Issuer for the years ended

31 December 2016 and 31 December 2017, including the reports of statutory auditors in respect thereof, may be obtained, and copies in physical form of this Base Prospectus and any supplement hereto and each Final Terms and Final Terms for the Warrants, the Distribution Agreement (as amended, restated or supplemented from time to time), the Agency Agreement (as amended, restated or supplemented from time to time), the Deed of Covenant (as amended, restated or supplemented from time to time) and the Undertaking (as amended, restated or supplemented from time to time) will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes and/or Warrants are outstanding. Copies in physical form of the Final Terms, or Final Terms for the Warrants in respect of any Tranche of Notes or Warrants listed on the Official List of the Luxembourg Stock Exchange, as the case may be, will be obtainable at the specified offices of the Issuer in Luxembourg during normal business hours, so long as any of the Notes or Warrants listed on the Official List of the Luxembourg Stock Exchange, as the case may be, of any such Tranche is outstanding.

10. Ernst & Young (a member of the *Institut des Réviseurs d'Entreprises* (the Luxembourg institute of chartered accountants)) has audited, and rendered the unqualified audit report on, the consolidated and non-consolidated accounts of BIL for the years ended 31 December 2016 and 31 December 2017.
11. The Base Prospectus and the Final Terms listed on the Official List of the Luxembourg Stock Exchange and all documents that have been incorporated by reference will be available to view on the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)).
12. Investors should consult the Issuer should they wish to see a copy of the 2006 ISDA Definitions.

## REGISTERED OFFICE OF THE ISSUER

**Banque Internationale à Luxembourg, société anonyme**  
69 route d'Esch  
L-2953 Luxembourg

### DEALERS

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA  
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60311 Frankfurt am Main  
Federal Republic of Germany

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United Kingdom

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**MUFG Securities EMEA plc**  
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**Morgan Stanley & Co. International plc**  
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United Kingdom

**UBS Limited**  
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London EC2M 2QS  
United Kingdom

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**PAYING AGENTS**

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United Kingdom

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**LUXEMBOURG LISTING AGENT**

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**AUDITORS**

**Ernst & Young**

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**LEGAL ADVISERS**

*To the Issuer*  
*in respect of Luxembourg law*  
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*To the Dealers*  
*in respect of English law*  
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United Kingdom