

High Level Contingency plan* as per article 28(2) of BMR in case of Benchmark change or cessation

As supervised entity and as a benchmark user, Banque Internationale à Luxembourg (BIL) is required to comply with the article 28(2) of the European Benchmarks Regulation (BMR) and ensure that it only uses benchmarks issued by authorized administrators. As such, BIL maintains a robust written plan defining the actions that BIL will take in the event that such benchmarks (i) **materially change**, (ii) **cease to be provided** or the administrator of the benchmark (or the benchmark itself in the case of third country benchmarks) has not been **registered** or will **no longer be registered** on the **ESMA register** or (iv) are declared **non representative** by its **National Competent Authority**.

Key points of BIL actions are:

Identification and monitoring of a benchmark:

In order to ensure, that only BMR compliant benchmarks are used at BIL, the **Supervisory and Regulatory department** maintains a list with the authorized benchmarks. The list is initially validated by the **Board of Directors** on proposal by the **Board Risk Committee**, after recommendation of the **Asset and Liabilities Committee**.

To determine if a benchmark is BMR compliant, the **Financial Markets department** will check, on a monthly basis, the list of authorized benchmark in the ESMA register of benchmark administrators and third country benchmarks.

Decision on change of benchmark:

The **Asset and Liability Committee** is mandated by the **Board of Directors** and the **Board Risk Committee** to review any changes with the regards to the benchmark. The **Asset and Liabilities Committee** will decide on the alternative to be implemented.

Implementation changes:

The implementation includes among other things: internal and external communication to clients, introduction of new clauses into contracts impacted by a benchmark transition, assurance that all contracts reference only authorized benchmark rates.

In case a dispute with a client arises, the case will be transferred to **BIL Litigation department**. Furthermore, Financial Markets in collaboration with Risk Management, Accounting, IT and Legal departments assess the materiality changes in terms of valuation, IT impacts, legal aspects, hedge accounting impacts, IFRS9 and IFRS39 amendments and processes.

Communication and reflection in contractual documentations:

- BIL's *Euro Medium Term Note (EMTN)* prospectus and *Swiss Insurance Program (SIP)*: BIL has currently two existing prospectus, one more dedicated for funding purpose (the *EMTN program*) and *SIP* more dedicated to structured products. Both prospectus provide fallback provisions in case of disruption event affecting an "IBOR" product or index-linked products:
 - (i) IBOR benchmark discontinuation: Investors are informed that **BIL's Terms & Conditions** in both BIL's prospectus with respect to Notes and Certificates using a LIBOR, EURIBOR or other benchmark (each, the "Original Rate") foresee that if the Original Rate is subject to a Benchmark Event, this will trigger adjustments to be made by BIL or the Calculation Agent;
 - (ii) Benchmark event in connection with an index Linked Product issued by BIL: In connection with the EMTN prospectus and SIP, investors are informed that **BIL's Terms & Conditions** contain an adjustment provision in case of market disruption event affecting an Index-linked product;
 - (iii) Management of investor claims in connection with a benchmark adjustment affecting an IBOR product or an Index-linked product: the following options should be considered by BIL in case of investors' claims:
 - ◆ For IBOR products BIL would consider to propose either to continue with the last available rate published for the original rate, or propose to purchase the product at market price with the last available reference rate;
 - ◆ For index-linked products BIL would consider to propose to purchase the product at market price with the last available index level.
- *Loans agreements*: The necessary amendments will be made to any loan agreements impacted by the benchmark transition following the applicable provisions of the loan agreement. The relevant clients will be contacted in a timely manner to inform them of the changes to be made.

As a reminder, this publication only provides general information background regarding these potential issues and regulatory obligations.

This publication and internal plans may also be subject to updates without notice and especially in case where the regulation would change or any cases where adjustments will need to be considered.

* This document is a summary of the action plan. A full copy can be provided on request to your Relationship Manager.